CITY OF
MONTEZUMA, GEORGIA



ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025

CITY OF MONTEZUMA, GEORGIA

FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2025
AND INDEPENDENT AUDITOR'S REPORT

CITY OF MONTEZUMA, GEORGIA

CONTENTS

Financial Section

Independent Auditor's Report 1

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position 4
Statement of Activities 6

Fund Financial Statements

Balance Sheet – Governmental Funds 8
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position 9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 10
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities 11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and American Rescue Plan Act Fund 12
Statement of Net Position – Proprietary Funds 15
Statement of Revenues, Expenses, and Change in Net Position – Proprietary Funds 19
Statement of Cash Flows – Proprietary Funds 21

Notes to the Financial Statements 25

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios 47
Schedule of City Contributions 49
Notes to the Required Supplementary Information 50

Supplementary Information

Combining and Individual Fund Statements and Schedules

Combining Balance Sheet – Nonmajor Governmental Funds 51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds 52

CITY OF MONTEZUMA, GEORGIA

CONTENTS

Supplementary Information (Continued)

Special Revenue Funds

Revolving Loan Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual 53

Flood Revolving Loan Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual 54

Hotel / Motel Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual 55

TSPLOST Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual 56

Schedule of Projects Constructed with Special Sales Tax Proceeds 57

Water Improvement Community Development Block Grant 20p-x-096-2-6149 58

Water Improvement Community Development Block Grant 24p-x-096-2-6383 59

Component Unit

Downtown Development Authority

Balance Sheet 60

Statement of Revenues, Expenditures, and Changes in Fund Balance 61

Governmental Reports Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 62

Schedule of Findings and Responses 64

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March 27, 2026

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Montezuma, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Montezuma, Georgia** (the "**City**"), as of and for the year ended September 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the American Rescue Plan Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 16 to the financial statements, the City restated its prior year governmental activities, business-type activities, Water Fund, Sewer Fund, Solid Waste Fund, and Downtown Development Authority net positions / fund balance for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and for the correction of an error. Our opinions are not modified with respect to those matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *GAS*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in the City's net pension liability and related ratios on page 47-48, the schedule of City contributions on page 49, and the notes to the required supplementary information on page 50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements, budgetary comparison schedules, schedules of projects constructed with special sales tax proceeds, schedules of water improvement community development block grant expenditures, and the Downtown Development Authority's financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, budgetary comparison schedules, schedules of projects constructed with special sales tax proceeds, schedules of water improvement community development block grant expenditures, and the Downtown Development Authority's financial statements are the responsibility of management and were derived from and relate 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 nonmajor fund financial statements, budgetary comparison schedules, schedules of projects constructed with special sales tax proceeds, schedules of water improvement community development block grant expenditures, and the Downtown Development Authority's financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

FINANCIAL STATEMENTS

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Cash and Cash Equivalents	$ 1,879,715	$ 849,059	$ 2,728,774	$ 62,825
Investments	-	126,040	126,040	-
Receivables (Net of Allowance)				
Taxes	966,573	-	966,573	-
Accounts	81,843	653,178	735,021	-
Loans	109,760	-	109,760	-
Due from Other Governments	154,997	-	154,997	-
Internal Balances	3,016,987	(3,016,987)	-	-
Restricted Assets				
Cash and Cash Equivalents	-	16,823	16,823	-
Asset Held for Resale	39,627	-	39,627	-
Net Pension Asset	49,673	24,467	74,140	-
Capital Assets				
Nondepreciable Assets	371,645	2,278,537	2,650,182	4,732
Depreciable Assets, Net	3,628,784	14,444,152	18,072,936	118,701
Total Assets	10,299,604	15,375,269	25,674,873	186,258
Deferred Outflows of Resources				
Deferred Outflows of Resources Related to Pensions	31,263	15,397	46,660	-
Total Deferred Outflows of Resources	31,263	15,397	46,660	-

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025
(CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Liabilities				
Accounts Payable	52,673	144,648	197,321	-
Accrued Liabilities	19,804	8,721	28,525	-
Accrued Interest	-	1,385	1,385	-
Unearned Revenue	-	598,542	598,542	-
Escrow Payables	12,713	-	12,713	-
Customer Deposits	-	103,753	103,753	375
Noncurrent Liabilities				
Due Within One Year				
Notes Payable	-	156,419	156,419	-
Compensated Absences	45,789	15,132	60,921	-
Due in More Than One Year				
Notes Payable	-	1,234,852	1,234,852	32,000
Compensated Absences	19,624	6,485	26,109	-
Total Liabilities	150,603	2,269,937	2,420,540	32,375
Deferred Inflows of Resources				
Deferred Revenue - Property Taxes	844,082	-	844,082	-
Related to Pensions	248,471	116,928	365,399	-
Total Deferred Inflows of Resources	1,092,553	116,928	1,209,481	-
Net Position				
Net Investment in Capital Assets	4,000,429	15,331,418	19,331,847	91,433
Restricted for				
Capital Outlay	634,726	-	634,726	-
Loans	170,090	-	170,090	-
Tourism	60,577	-	60,577	-
Transportation	347,020	-	347,020	-
Unrestricted (Deficit)	3,874,869	(2,327,617)	1,547,252	62,450
Total Net Position	$ 9,087,711	$ 13,003,801	$ 22,091,512	$ 153,883

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	$ 1,408,436	$ 66,279	$ 207,399	$ -
Judicial	79,234	90,204	-	-
Public Safety	1,423,514	15,000	-	394,228
Public Works	808,373	-	133,704	154,575
Health and Welfare	30,800	-	-	-
Culture and Recreation	222,919	-	-	-
Housing and Development	47,452	-	-	-
Total Governmental Activities	4,020,728	171,483	341,103	548,803
Business-Type Activities				
Water Fund	942,188	632,894	-	152,202
Sewer Fund	3,313,789	4,908,153	-	-
Solid Waste Fund	695,500	761,364	-	-
Airport Fund	160,138	7,710	-	371,737
Fire & Emergency Fund	497,435	58,250	5,000	-
Total Business-Type Activities	5,609,050	6,368,371	5,000	523,939
Total Primary Government	$ 9,629,778	$ 6,539,854	$ 346,103	$ 1,072,742
Component Unit				
Downtown Development Authority	$ 17,244	$ 607	$ 27,500	$ -
General Revenues				
Property Taxes				
Sales Taxes				
Insurance Premium Tax				
Franchise Tax				
Other Taxes				
Investment Earnings				
Gain (Loss) on Sale of Asset				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position - Beginning of Year, as Previously Reported				
Implementation of GASB 101				
Correction of an Error				
Net Position - Beginning of Year, as Restated				
Net Position - End of Year				

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			
Governmental Activities	Business-type Activities	Total	Downtown Development Authority
$ (1,134,758)	$ -	$ (1,134,758)	$ -
10,970	-	10,970	-
(1,014,286)	-	(1,014,286)	-
(520,094)	-	(520,094)	-
(30,800)	-	(30,800)	-
(222,919)	-	(222,919)	-
(47,452)	-	(47,452)	-
(2,959,339)	-	(2,959,339)	-
-	(157,092)	(157,092)	-
-	1,594,364	1,594,364	-
-	65,864	65,864	-
-	219,309	219,309	-
-	(434,185)	(434,185)	-
-	1,288,260	1,288,260	-
(2,959,339)	1,288,260	(1,671,079)	-
			10,863
869,456	-	869,456	-
423,002	-	423,002	-
291,853	-	291,853	-
335,016	-	335,016	-
221,023	-	221,023	-
3,324	5,471	8,795	-
4,980	-	4,980	-
49,333	14,143	63,476	-
2,197,987	19,614	2,217,601	-
959,322	(959,322)	-	-
197,970	348,552	546,522	10,863
8,928,908	12,659,572	21,588,480	200,239
(39,167)	(4,323)	(43,490)	-
-	-	-	(57,219)
8,889,741	12,655,249	21,544,990	143,020
$ 9,087,711	$ 13,003,801	$ 22,091,512	$ 153,883

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 813,665	$ -	$ 1,066,050	$ 1,879,715
Asset Held for Resale	-	-	39,627	39,627
Receivables, Net of Allowance				
Taxes	966,573	-	-	966,573
Accounts	80,060	-	1,783	81,843
Loans	-	-	109,760	109,760
Due from Other Governments	35,035	-	119,962	154,997
Due from Other Funds	2,619,176	-	-	2,619,176
Advances to Other Funds	398,733	-	-	398,733
Total Assets	$ 4,913,242	$ -	$ 1,337,182	$ 6,250,424
Liabilities				
Accounts Payable	$ 38,467	$ -	$ 14,206	$ 52,673
Accrued Liabilities	19,804	-	-	19,804
Escrow Payables	12,713	-	-	12,713
Due to Other Funds	-	-	922	922
Total Liabilities	70,984	-	15,128	86,112
Deferred Inflows of Resources				
Deferred Revenue - Property Taxes	844,082	-	-	844,082
Unavailable Revenue - Property Taxes	115,988	-	-	115,988
Total Deferred Inflows of Resources	960,070	-	-	960,070
Fund Balances				
Nonspendable	398,733	-	109,760	508,493
Restricted	-	-	1,212,413	1,212,413
Unassigned	3,483,455	-	(119)	3,483,336
Total Fund Balances	3,882,188	-	1,322,054	5,204,242
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,913,242	$ -	$ 1,337,182	$ 6,250,424

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Total Fund Balances - Governmental Funds		$ 5,204,242
Amounts reported for governmental activities in the statement of net position are different because:		
Capital Assets		
Capital assets used in governmental activities are not financed resources and, therefore, are not reported in the funds.		
Cost of Assets	8,410,852	
Accumulated Depreciation	(4,410,423)	
Deferred Outflows of Resources		
Related to Pensions	31,263	
Long-Term Liabilities		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:		
Compensated Absences	(65,413)	
Net Pension Asset	49,673	
Deferred Inflows of Resources		
Related to Pensions	(248,471)	
Revenues		
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	115,988	
Total Net Position of Governmental Activities		$ 9,087,711

See accompanying notes which are an integral part of these financial statements.

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

	General	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Property	$ 901,582	$ -	$ -	$ 901,582
Sales	423,002	-	-	423,002
Other Taxes	824,617	-	23,275	847,892
Licenses and Permits	17,205	-	-	17,205
Intergovernmental	164,848	176,255	548,774	889,877
Charges for Services	64,074	-	-	64,074
Fines and Forfeitures	90,204	-	-	90,204
Investment Earnings	2	9	3,341	3,352
Miscellaneous	39,776	-	-	39,776
Total Revenues	2,525,310	176,264	575,390	3,276,964
Expenditures				
Current				
General Government	1,362,836	2,500	1,767	1,367,103
Judicial	79,234	-	-	79,234
Public Safety	1,359,715	-	3,963	1,363,678
Public Works	748,805	-	85,567	834,372
Health and Welfare	30,800	-	-	30,800
Culture and Recreation	201,138	-	-	201,138
Economic Development	129,635	-	9,317	138,952
Capital Outlay	-	-	266,805	266,805
Total Expenditures	3,912,163	2,500	367,419	4,282,082
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,386,853)	173,764	207,971	(1,005,118)
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	4,980	-	-	4,980
Insurance Proceeds	9,556	-	-	9,556
Transfers In	1,624,949	-	-	1,624,949
Transfers Out	(311,940)	(173,764)	(179,923)	(665,627)
Total Other Financing Sources and (Uses)	1,327,545	(173,764)	(179,923)	973,858
Net Change in Fund Balances	(59,308)	-	28,048	(31,260)
Fund Balances - Beginning	3,941,496	-	1,294,006	5,235,502
Fund Balances - Ending	$ 3,882,188	$ -	$ 1,322,054	$ 5,204,242

See accompanying notes which are an integral part of these financial statements.

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

Net Change in Fund Balances - Total Governmental Funds	$	(31,260)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital Assets		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Total Capital Outlays		525,607
Total Depreciation		(284,358)
Deferred Outflows of Resources Related to Pensions is not Available During the Current Period and Therefore is not Reported in the Funds.		
Change in Deferred Outflows of Resources Related to Pensions		(105,124)
Long-Term Liabilities		
Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:		
Compensated Absences		6,267
Net Pension Asset		367,435
Deferred Inflows of Resources Related to Pensions is not Available During the Current Period and Therefore is not Reported in the Funds.		
Change in Deferred Inflows of Resources Related to Pensions		(248,471)
Revenues		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(32,126)
Change in Net Position of Governmental Activities	$	197,970

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 2,041,295	$ 2,041,295	$ 2,149,201	$ 107,906
Licenses and Permits	17,000	17,000	17,205	205
Intergovernmental	79,500	164,700	164,848	148
Charges for Services	75,000	75,000	64,074	(10,926)
Fines and Forfeitures	89,000	89,000	90,204	1,204
Investment Earnings	-	-	2	2
Miscellaneous	32,604	32,604	39,775	7,171
Total Revenues	2,334,399	2,419,599	2,525,309	105,710
Expenditures				
Current				
General Government				
Mayor and Council	91,703	76,500	76,407	93
Board of Elections	250	350	340	10
Administration	793,657	888,600	888,552	48
Public Buildings	378,370	397,600	397,536	64
Judicial				
Municipal Court	92,202	80,000	79,234	766
Public Safety				
Police	1,449,641	1,360,000	1,359,715	285
Animal Control	700	700	-	700
Public Works				
Streets	443,770	620,170	610,039	10,131
Stormwater	144,572	91,000	90,747	253
Cemetery	44,825	48,741	48,019	722
Health and Welfare				
Mosquito Control	35,000	31,000	30,800	200
Culture and Recreation				
Parks	105,122	105,122	102,551	2,571
Library	130,234	99,000	98,587	413

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(CONTINUED)

	Budget			Variance with
	Original	Final	Actual	Final Budget
Expenditures				
Housing and Development				
Planning and Zoning	-	1,500	1,282	218
Economic Development	131,037	129,000	128,353	647
Total Expenditures	3,841,083	3,929,283	3,912,162	17,121
Excess (Deficiency) of Revenues Over Expenditures	(1,506,684)	(1,509,684)	(1,386,853)	122,831
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	-	-	4,980	4,980
Insurance Proceeds	-	-	9,556	9,556
Transfers from Other Funds	1,809,864	1,809,864	1,624,949	(184,915)
Transfer to Other Funds	(311,940)	(311,940)	(311,940)	-
Total Other Financing Sources (Uses)	1,497,924	1,497,924	1,327,545	(170,379)
Net Change in Fund Balance	(8,760)	(11,760)	(59,308)	(47,548)
Fund Balance - Beginning	3,941,496	3,941,496	3,941,496	-
Fund Balance - Ending	$ 3,932,736	$ 3,929,736	$ 3,882,188	$ (47,548)

See accompanying notes which are an integral part of these financial statements.

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CITY OF MONTEZUMA, GEORGIA
AMERICAN RESCUE PLAN ACT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(CONTINUED)

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	$ 187,500	$ 187,500	$ 176,255	$ (11,245)
Investment Earnings	-	-	9	9
Total Revenues	187,500	187,500	176,264	(11,236)
Expenditures				
Current				
General Government	187,500	187,500	2,500	185,000
Total Expenditures	187,500	187,500	2,500	185,000
Excess (Deficiency) of Revenues Over Expenditures	-	-	173,764	173,764
Other Financing Sources (Uses)				
Transfer to Other Funds	-	-	(173,764)	(173,764)
Total Other Financing Sources (Uses)	-	-	(173,764)	(173,764)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	$ -	$ -	$ -	$ -

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-Type Activities Enterprise Funds		
	Water Fund	**Sewer Fund**	**Solid Waste Fund**
Assets			
Current Assets			
Cash and Cash Equivalents	$ 64,249	$ 663,711	$ 76,576
Investments	-	126,040	-
Restricted Cash and Cash Equivalents	16,823	-	-
Accounts Receivable (Net of Allowance for Uncollectibles)	140,569	377,434	125,973
Due from Other Funds	1,122	4,173	4,099
Total Current Assets	222,763	1,171,358	206,648
Noncurrent Assets			
Net Pension Asset	5,190	9,639	4,449
Capital Assets			
Nondepreciable Assets	1,061,900	803,008	-
Depreciable Assets, Net	3,190,780	5,588,306	-
Total Capital Assets	4,252,680	6,391,314	-
Total Noncurrent Assets	4,257,870	6,400,953	4,449
Total Assets	4,480,633	7,572,311	211,097
Deferred Outflows of Resources			
Related to Pensions	3,266	6,066	2,799
Total Deferred Outflows of Resources	$ 3,266	$ 6,066	$ 2,799

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-Type Activities Enterprise Funds		
	Airport Fund	Fire & Emergency Fund	Total
$	37,779	$ 6,744	$ 849,059
	-	-	126,040
	-	-	16,823
	-	9,202	653,178
	-	23	9,417
	37,779	15,969	1,654,517
	-	5,189	24,467
	413,629	-	2,278,537
	5,452,071	212,995	14,444,152
	5,865,700	212,995	16,722,689
	5,865,700	218,184	16,747,156
	5,903,479	234,153	18,401,673
	-	3,266	15,397
$	-	$ 3,266	$ 15,397

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025
(CONTINUED)

	Business-Type Activities Enterprise Funds		
	Water Fund	**Sewer Fund**	**Solid Waste Fund**
Liabilities			
Current Liabilities			
Accounts Payable	$ 23,258	$ 44,619	$ 67,603
Accrued Liabilities	2,047	3,600	618
Accrued Interest	260	1,125	-
Customer Deposits Payable	103,753	-	-
Compensated Absences - Current	2,324	5,317	2,547
Unearned Revenue - Leachate	-	598,542	-
Due to Other Funds	782,229	154,627	356,006
Advance from Other Funds	-	-	398,733
Notes Payable - Current	38,922	117,497	-
Total Current Liabilities	952,793	925,327	825,507
Noncurrent Liabilities			
Compensated Absences	996	2,278	1,091
Notes Payable	654,391	580,461	-
Total Noncurrent Liabilities	655,387	582,739	1,091
Total Liabilities	1,608,180	1,508,066	826,598
Deferred Inflows of Resources			
Related to Pensions	25,578	43,848	21,924
Total Deferred Inflows of Resources	25,578	43,848	21,924
Net Position			
Net Investment in Capital Assets	3,559,367	5,693,356	-
Unrestricted (Deficit)	(709,226)	333,107	(634,626)
Total Net Position (Deficit)	$ 2,850,141	$ 6,026,463	$ (634,626)

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

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025
(CONTINUED)

	Business-Type Activities Enterprise Funds		
	Airport Fund	Fire & Emergency Fund	Total
$	7,714	$ 1,454	$ 144,648
	-	2,456	8,721
	-	-	1,385
	-	-	103,753
	-	4,944	15,132
	-	-	598,542
	267,658	1,067,151	2,627,671
	-	-	398,733
	-	-	156,419
	275,372	1,076,005	4,055,004
	-	2,120	6,485
	-	-	1,234,852
	-	2,120	1,241,337
	275,372	1,078,125	5,296,341
	-	25,578	116,928
	-	25,578	116,928
	5,865,700	212,995	15,331,418
	(237,593)	(1,079,279)	(2,327,617)
$	5,628,107	$ (866,284)	$ 13,003,801

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

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities Enterprise Funds					
	Water Fund	Sewer Fund	Solid Waste Fund	Airport Fund	Fire & Emergency Fund	Total
Operating Revenues						
Charges for Sales and Services						
Water Sales	$ 623,519	$ -	$ -	$ -	$ -	$ 623,519
Charges for Services	9,375	4,908,153	761,364	7,710	58,250	5,744,852
Miscellaneous	9,995	4,098	-	-	50	14,143
Total Operating Revenues	642,889	4,912,251	761,364	7,710	58,300	6,382,514
Operating Expenses						
Salaries and Benefits	196,925	336,604	140,817	-	279,103	953,449
Cost of Sales	3,425	-	-	-	-	3,425
Repairs, Maintenance, and Supplies	262,060	792,190	18,931	-	48,263	1,121,444
Depreciation	161,410	198,229	1,033	158,336	31,276	550,284
Professional Fees	218,427	-	-	-	-	218,427
Contracted Services	92,683	1,971,741	534,719	1,802	138,793	2,739,738
Other Operating Expenses	3,932	-	-	-	-	3,932
Total Operating Expenses	938,862	3,298,764	695,500	160,138	497,435	5,590,699
Operating Income (Loss)	(295,973)	1,613,487	65,864	(152,428)	(439,135)	791,815

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(CONTINUED)

	Business-Type Activities Enterprise Funds					
	Water Fund	**Sewer Fund**	**Solid Waste Fund**	**Airport Fund**	**Fire & Emergency Fund**	**Total**
Non-Operating Revenues (Expenses)						
Interest Revenue	-	5,471	-	-	-	5,471
Intergovernmental Revenue	-	-	-	371,737	5,000	376,737
Interest Expense	(3,326)	(15,025)	-	-	-	(18,351)
Total Non-Operating Revenues (Expenses)	(3,326)	(9,554)	-	371,737	5,000	363,857
Net Income (Loss) Before Contributions and Transfers	(299,299)	1,603,933	65,864	219,309	(434,135)	1,155,672
Capital Contributions	152,202	-	-	-	-	152,202
Transfers In	36,117	130,383	-	25,323	311,940	503,763
Transfers Out	(227,817)	(1,159,329)	(45,563)	-	(30,376)	(1,463,085)
Change In Net Position	(338,797)	574,987	20,301	244,632	(152,571)	348,552
Net Position - Beginning (Deficit), as Previously Reported	3,189,796	5,454,464	(654,450)	5,383,475	(713,713)	12,659,572
Implementation of GASB 101	(858)	(2,988)	(477)	-	-	(4,323)
Net Position - Beginning (Deficit), as Restated	3,188,938	5,451,476	(654,927)	5,383,475	(713,713)	12,655,249
Net Position - Ending (Deficit)	$ 2,850,141	$ 6,026,463	$ (634,626)	$ 5,628,107	$ (866,284)	$ 13,003,801

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities Enterprise Funds	
	Water Fund	**Sewer Fund**
Cash Flows from Operating Activities		
Cash Received from Customers	$ 598,271	$ 4,673,820
Cash Paid to Suppliers for Goods and Services	(251,415)	(2,946,321)
Cash Paid to Employees	(197,611)	(345,657)
Net Cash Provided by (Used for) Operating Activities	149,245	1,381,842
Cash Flows from Noncapital Financing Activities		
Intergovernmental Revenue	-	-
Transfer from Other Funds	-	-
Transfer to Other Funds	(227,817)	(1,159,329)
Net Cash Provided by (Used for) Noncapital Financing Activities	(227,817)	(1,159,329)
Cash Flows from Capital and Related Financing Activities		
Acquisition and Construction of Assets	(78,849)	(90,898)
Capital Grants	109,802	-
Transfer from Other Funds	36,117	130,383
Interest Paid on Notes	(3,049)	(13,900)
Net Cash Provided by (Used for) Capital and Related Financing Activities	64,021	25,585
Net Increase (Decrease) in Cash and Cash Equivalents	(14,551)	248,098
Cash and Cash Equivalents - Beginning	95,623	415,613
Cash and Cash Equivalents - Ending	$ 81,072	$ 663,711
Reconciliation of Cash and Cash Equivalents		
Cash	$ 64,249	$ 663,711
Restricted Cash	16,823	-
Total Cash and Cash Equivalents	$ 81,072	$ 663,711

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities Enterprise Funds			
	Solid Waste Fund	Airport Fund	Fire & Emergency Fund	Total
	$ 755,896	$ 7,710	$ 58,300	$ 6,093,997
	(586,279)	(177,670)	(235,319)	(4,197,004)
	(142,642)	-	(277,411)	(963,321)
	26,975	(169,960)	(454,430)	933,672
	-	-	5,000	5,000
	-	11,900	311,940	323,840
	(45,563)	-	(30,376)	(1,463,085)
	(45,563)	11,900	286,564	(1,134,245)
	-	(189,616)	-	(359,363)
	-	371,737	-	481,539
	-	13,423	-	179,923
	-	-	-	(16,949)
	-	195,544	-	285,150
	(18,588)	37,484	(167,866)	84,577
	95,164	295	174,610	781,305
	$ 76,576	$ 37,779	$ 6,744	$ 865,882
	$ 76,576	$ 37,779	$ 6,744	$ 849,059
	-	-	-	16,823
	$ 76,576	$ 37,779	$ 6,744	$ 865,882

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(CONTINUED)

	Business-Type Activities Enterprise Funds	
	Water Fund	**Sewer Fund**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	$ (295,973)	$ 1,613,487
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Depreciation	161,410	198,229
Changes in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable	(45,138)	43,448
(Increase) Decrease in Due from Other Funds	(106)	(4,173)
(Increase) Decrease in Due from Other Governments	-	-
(Increase) Decrease in Deferred Outflows - Pensions	10,984	20,397
Increase (Decrease) in Accounts Payable	(15,789)	(43,906)
Increase (Decrease) in Accrued Liabilities	(52)	(1,541)
Increase (Decrease) in Accrued Interest Payable	(17)	-
Increase (Decrease) in Customer Water Deposits	520	-
Increase (Decrease) in Due to Other Funds	369,726	(19,134)
Increase (Decrease) in Compensated Absences	1,193	(462)
Increase (Decrease) in Notes Payable	(24,702)	(115,177)
Increase (Decrease) in Net Pension Liability	(38,389)	(71,295)
Increase (Decrease) in Unearned Revenue - Leachate	-	(281,879)
Increase (Decrease) in Deferred Inflows - Pensions	25,578	43,848
Total Adjustments	445,218	(231,645)
Net Cash Provided by (Used for) Operating Activities	$ 149,245	$ 1,381,842
Noncash Capital Financing Activities		
Contributions of Capital Assets	$ 152,202	$ -

See accompanying notes which are an integral part of these financial statements.

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
(CONTINUED)

	Business-Type Activities Enterprise Funds			
	Solid Waste Fund	Airport Fund	Fire & Emergency Fund	Total
	$ 65,864	$ (152,428)	$ (439,135)	$ 791,815
	1,033	158,336	31,276	550,284
	(5,468)	-	-	(7,158)
	50,338	-	30	46,089
	-	275,313	-	275,313
	9,415	-	10,984	51,780
	30,979	(470,075)	(706)	(499,497)
	(1,176)	-	380	(2,389)
	-	-	-	(17)
	-	-	-	520
	(113,946)	18,894	(47,587)	207,953
	917	-	3,138	4,786
	-	-	-	(139,879)
	(32,905)	-	(38,388)	(180,977)
	-	-	-	(281,879)
	21,924	-	25,578	116,928
	(38,889)	(17,532)	(15,295)	141,857
	$ 26,975	$ (169,960)	$ (454,430)	$ 933,672
	$ -	$ -	$ -	$ 152,202

See accompanying notes which are an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

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

Reporting Entity

The City of Montezuma is a political subdivision of the State of Georgia. It is governed by an elected mayor and six-member governing council ("council") under an elected Mayor-Council form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Montezuma, Georgia (primary government) and its component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationships with the City. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards Board (GASB) No. 61 *The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34*, the City's relationships with other governments and agencies have been examined. The component unit column in the combined financial statements includes the financial data for the Downtown Development Authority, as of September 30, 2025. The financial information for the component unit is reported in columns separate from the City's financial information to emphasize that it is legally separate from the City.

Downtown Development Authority

The Montezuma Downtown Development Authority is a public body, corporate and politic, and was created upon the adoption and approval of the Development Authorities Law of the State of Georgia. The DDA was created to revitalize and redevelop the urban, central city, and downtown areas of the City of Montezuma. The Mayor and City Council appoint all members of the Downtown Development Authority. The Downtown Development Authority is audited along with the primary government financial statements and separate financial statements are not prepared.

Joint Venture

A joint venture has the following characteristics:

1. It is a legal entity that results from a contractual arrangement.
2. It is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control.
3. Participants retain an ongoing financial interest or an ongoing financial responsibility.

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

(1) Summary of Significant Account Policies (Continued)

Reporting Entity (Continued)

Joint Venture (Continued)

The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC.

Separate financial statements may be obtained from:

River Valley Regional Commission
710 Front Avenue, STE A
Columbus, Georgia 31901

Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

(1) Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes and accounts receivable are considered to be susceptible to accrual as revenue of the current period if collected within 60 days of the year-end. All other revenues are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

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

American Rescue Plan Act Fund – The American Rescue Plan Act Fund is used to account for the federal grant funds received.

The government reports the following major proprietary funds:

Water Fund – The Water proprietary fund is used to account for the providing of water services to the citizens of the City.

Sewer Fund – The Sewer proprietary fund operates a sanitary sewer system throughout the City and sewage treatment plant. Another treatment plant is operated by the fund as a holding and pretreatment area.

Solid Waste Fund – The Solid Waste proprietary fund is used to account for the providing of garbage collection services to the citizens of the City.

Airport Fund – The Airport proprietary fund is used to account for the activity the City's airport services provided to the general public.

(1) Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Fire & Emergency Fund – The Fire & Emergency proprietary fund is used to account for fire services provided to citizens of the City.

Deposits and Investments

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

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits and certificates of deposit are reported at carrying amount, which reasonably estimates fair value.

Receivables

Due from Other Governments represents funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

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" or "advances to / from other funds." 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."

All trade and property tax receivables have been reduced to their estimated net realizable value and are shown net of an allowance for doubtful accounts. Estimated uncollectible amounts are based on historical experience rates.

Restricted Assets

Certain assets of the enterprise funds are classified as restricted assets because their use is restricted for customer deposits.

Inventories

The City has no inventories. Expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

(1) Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired subsequent to January 1, 2004) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Vehicles and Equipment	3-20 years
Land Improvements	15-30 years
Infrastructure	15-30 years
Plant and Buildings	25-50 years

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is accrued in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

The City's vacation leave policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment. The City's sick leave policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Vacation leave is based on the number of years of service and on a bi-weekly pay period as follows:

	Hours Per Pay Period
Employees with Less Than 5 Years	3
Employees with Between 5 to 18 Years	5
Employees with 18 Years or More	7

The maximum amount of vacation leave that may be carried forward from one leave year to another is 120 hours except that Fire Department personnel working more than a regular 40-hour week may carry forward a maximum of 168 hours. Excess vacation leave not taken by the first pay period of the new leave year will be forfeited.

(1) Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Management Estimates

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

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period or periods and so will not be recognized as an outflow of resources (expense / expenditures) until then. The City has one item that qualifies for reporting in this category. The deferred outflows of resources are related to the pension plan. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred and unavailable revenues in its general fund. The deferred revenues are taxes levied for the subsequent fiscal year. The unavailable revenues are for current and prior year property tax levies that have not been collected within 60 days of the fiscal year-end.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net Position / Fund Balance Deficit

At September 30, 2025, the Solid Waste Fund, the Fire & Emergency Fund, and the 2024 CDBG Fund had deficits of $634,626, $866,284, and $119, respectively. These deficits will be funded with subsequent charges for services.

(1) Summary of Significant Accounting Policies (Continued)

Fund Equity

In the financial statements, governmental funds report the following classifications of fund balance in accordance with Governmental Accounting Standards Board Statement No. 54:

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. The City Council approves committed resources through a motion and vote during the voting session of City Council meetings.
- Assigned – amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The intent is expressed by the City Council.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance.

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

- Committed
- Assigned
- Unassigned

The City does not have a formal minimum fund balance policy. The following is a summary of the fund balance classifications as of September 30, 2025:

Fund Balances	General Fund	Nonmajor Governmental Funds	Total
Nonspendable			
Advances to Other Funds	$ 398,733	$ -	$ 398,733
Noncurrent Loans Receivable	-	109,760	109,760
Restricted			
Capital outlay	-	634,726	634,726
Loans	-	170,090	170,090
Tourism	-	60,577	60,577
Transportation	-	347,020	347,020
Unassigned	3,483,455	(119)	3,483,336
Total Fund Balances	$ 3,882,188	$ 1,322,054	$ 5,204,242

Risk Management

The City is exposed to various risks of loss related to torts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss.

(1) Summary of Significant Accounting Policies (Continued)

Risk Management (Continued)

Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three years.

There have been no significant reductions in insurance coverage in the current year.

The City has obtained commercial insurance for workers' compensation claims. The limits of the coverage are $1,000,000 for each employee claim. Settled claims in the past three years have not exceeded the coverage.

Impact of New Accounting Standard Adopted

Effective July 1, 2024, the City implemented the provisions of GASB Statement No. 101, Compensated Absences. This Statement establishes a unified model for the recognition and measurement of all types of compensated absences, including vacation leave, sick leave, paid time off (PTO), holidays, parental leave, and other similar benefits.

Under GASB 101, a liability is recognized for leave that:

- Is attributable to services already rendered,
- Accumulates, and
- Is more likely than not to be used for time off or otherwise paid or settled.

The liability for compensated absences is measured using the employee's pay rate in effect as of the financial statement date, including salary-related payments directly and incrementally associated with payments for leave (e.g., Social Security and Medicare taxes).

(2) Budgets And Budgetary Accounting

Budget Process

An operating budget is legally adopted each fiscal year for all governmental funds except capital project funds. Capital project funds use project-length budgets. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual budget is the department level. Budgets are adopted on a basis consistent with GAAP. All final budget amounts presented in the accompanying financial statements and supplementary data have been adjusted for authorized revisions of the annual budget during the year. The Mayor and City Council must approve any department level changes to a previously adopted budget. Management may amend the budget without obtaining the approval of the Mayor and City Council at any level below the department level. All unexpended appropriations provided in the annual budget lapse at year-end. The annual budget cycle begins in March of the preceding fiscal year when budget workbooks are distributed to each department. The Mayor and City Council advertise the budgets and conduct public hearings on the proposed budget in adherence to local ordinance and state law and a final budget is usually adopted September 30.

(3) Deposits and Investments

Credit risk

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

At September 30, 2025, the City's investments were as follows:

Investment	Maturity	Fair Value	Rating	Weighted Average Maturity (WAM)
Georgia Fund I	Less than 1 year	$ 126,040	AAAf	45 Days
		$ 126,040		

Interest rate risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk - Deposits

The custodial credit risk of deposits is the risk that in the event of the failure of a bank, the government will not be able to recover deposits. The City's bank balances of deposits as of September 30, 2025, are entirely insured or collateralized with securities held by the City's agent in the City's name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

(4) Property Taxes

State law requires that property taxes be based on assessed value, which is 40 percent of market value. All real and personal property (including motor vehicles) is valued as of January 1 of each year and must be returned for tax purposes by March 1. With the exception of motor vehicles and the property of public utilities, which are valued by the State Revenue Department, all assessments are made by the Board of Tax Assessors of Macon County. Exemptions are permitted for certain inventories. A homestead exemption is allowed for each taxpayer that is a homeowner and resides in the household as of January 1. There are other exemptions provided by state and local laws. Upon completion of all assessments and tax returns, the information is turned over to the County Tax Commissioner for compilation of the tax digest. The completed tax digest must be submitted to the State Revenue Commissioner for approval. The State Revenue Commissioner must ascertain that real property on the tax digest has been assessed at the state mandated 40 percent of fair market value. The Commissioner has the option to withhold certain state funding if the mandated 40 percent level is not reached.

For most vehicles purchased after March 1, 2013, motor vehicle taxes are due upon the transfer of title and based on the fair value of the vehicle. For vehicles not subject to title ad valorem tax, the Tax Commissioner sends annual tax notices due by the owner's birthday. The 2024 property taxes were levied on October 15, 2024, and mailed during October, with a due date of December 20th. Property tax receivables have been reduced to their estimated net realizable value. Estimated uncollectible amounts are based upon historical experience rates and result in a direct reduction of the related revenue amount at the end of the period. The 2025 tax digest receivable and amounts collected at year-end are reported as deferred inflows of resources – deferred revenue – property taxes on the government-wide statement of net position and the Governmental Fund statements since this digest was approved to finance the 2026 budget. The 2025 property taxes were levied on September 23, 2025

(5) Other Receivables

Receivables at September 30, 2025, consist of the following:

	General Fund	Water Fund	Sewer Fund	Solid Waste Fund	Fire & Emergency Fund	Nonmajor Governmental Funds	Total
Receivables							
Taxes	$ 1,032,461	$ -	$ -	$ -	$ -	$ -	$ 1,032,461
Accounts	110,091	232,443	507,475	223,881	34,567	1,783	1,110,240
Loans	-	-	-	-	-	429,962	429,962
Gross Receivables	1,142,552	232,443	507,475	223,881	34,567	431,745	2,572,663
Less Allowances for Uncollectibles	(95,919)	(91,874)	(130,041)	(97,908)	(25,365)	(320,202)	(761,309)
Net Receivables	$ 1,046,633	$ 140,569	$ 377,434	$ 125,973	$ 9,202	$ 111,543	$ 1,811,354

(6) Due from Other Governments

Amounts due from other governments at September 30, 2025, are as follows:

	State	Other	Total
Fund			
General Fund	$ 35,035	$ -	$ 35,035
Nonmajor Governmental Funds	107,462	12,500	119,962
Total	$ 142,497	$ 12,500	$ 154,997

(7) Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2025, was as follows:

Due to / from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	$ 779,190
	Sewer Fund	152,710
	Solid Waste Fund	356,006
	Airport Fund	263,485
	Fire & Emergency Fund	1,067,063
	Nonmajor Governmental Funds	722
Water Fund	Sewer Fund	922
	Nonmajor Governmental Funds	200
Sewer Fund	Airport Fund	4,173
Solid Waste Fund	Water Fund	3,016
	Sewer Fund	995
	Fire & Emergency Fund	88
Fire & Emergency Fund	Water Fund	23
Total		**$ 2,628,593**

Advances From	Advances To	Amount
General Fund	Solid Waste Fund	$ 398,733
Total		**$ 398,733**

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

Interfund Transfers

	Transfers In					
Transfer Out	General Fund	Water Fund	Sewer Fund	Airport Fund	Fire & Emergency Fund	Total
General Fund	$ -	$ -	$ -	$ -	$ 311,940	$ 311,940
American Rescue Plan	173,764	-	-	-	-	173,764
Water Fund	227,817	-	-	-	-	227,817
Sewer Fund	1,147,429	-	-	11,900	-	1,159,329
Solid Waste Fund	45,563	-	-	-	-	45,563
Fire & Emergency Fund	30,376	-	-	-	-	30,376
Nonmajor Governmental Funds	-	36,117	130,383	13,423	-	179,923
Total	$ 1,624,949	$ 36,117	$ 130,383	$ 25,323	$ 311,940	$ 2,128,712

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching fund for various grant programs.

(8) Capital Assets

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

Primary Government

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 371,645	$ -	$ -	$ 371,645
Total Capital Assets, Not Being Depreciated	371,645	-	-	371,645
Capital Assets, Being Depreciated				
Buildings	2,526,132	114,000	-	2,640,132
Improvements	1,160,199	182,280	-	1,342,479
Machinery & Equipment	1,698,580	229,327	(64,284)	1,863,623
Infrastructure	2,192,973	-	-	2,192,973
Total Capital Assets, Being Depreciated	7,577,884	525,607	(64,284)	8,039,207
Less Accumulated Depreciation for				
Buildings	(1,432,631)	(53,081)	-	(1,485,712)
Improvements	(598,062)	(45,460)	-	(643,522)
Machinery & Equipment	(1,162,243)	(121,122)	64,284	(1,219,081)
Infrastructure	(997,413)	(64,695)	-	(1,062,108)
Total Accumulated Depreciation	(4,190,349)	(284,358)	64,284	(4,410,423)
Total Capital Assets Being Depreciated, Net	3,387,535	241,249	-	3,628,784
Governmental Activities Capital Assets, Net	$ 3,759,180	$ 241,249	$ -	$ 4,000,429

(8) Capital Assets (Continued)

Primary Government (Continued)

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Business-Type Activities					
Capital Assets, Not Being Depreciated					
Land	$ 1,048,497	$ -	$ -	$ -	$ 1,048,497
Construction in Progress	5,024,290	300,563	-	(4,094,813)	1,230,040
Total Capital Assets, Not Being Depreciated	6,072,787	300,563	-	(4,094,813)	2,278,537
Capital Assets, Being Depreciated					
Buildings	349,060	19,769	-	-	368,829
Improvements	17,000,710	39,385	-	4,094,813	21,134,908
Machinery & Equipment	4,193,047	42,045	-	-	4,235,092
Total Capital Assets, Being Depreciated	21,542,817	101,199	-	4,094,813	25,738,829
Less Accumulated Depreciation for					
Buildings	(138,906)	(7,449)	-	-	(146,355)
Improvements	(8,161,000)	(312,431)	-	-	(8,473,431)
Machinery & Equipment	(2,444,487)	(230,404)	-	-	(2,674,891)
Total Accumulated Depreciation	(10,744,393)	(550,284)	-	-	(11,294,677)
Total Capital Assets Being Depreciated, Net	10,798,424	(449,085)	-	4,094,813	14,444,152
Business-Type Activities Capital Assets, Net	$ 16,871,211	$ (148,522)	$ -	$ -	16,722,689
				Less Capital Related Outstanding Debt	(1,391,271)
				Net Investment in Capital Assets	$ 15,331,418

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

Governmental Activities	
General Government	$ 61,440
Public Safety	59,836
Public Works	140,826
Culture & Recreation	21,781
Economic Development	475
Total	$ 284,358
Business-Type Activities	
Water Fund	$ 161,410
Sewer Fund	198,229
Solid Waste Fund	1,033
Airport Fund	158,336
Fire & Emergency Fund	31,276
Total	$ 550,284

(8) Capital Assets (Continued)

Activity for the Downtown Development Authority for the year ended September 30, 2025, was as follows:

	Restated Beginning Balance	Additions	Deductions	Ending Balance
Discretely Presented Component Unit				
Capital Assets, Not Being Depreciated				
Land	$ 4,732	$ -	$ -	$ 4,732
Total Capital Assets, Not Being Depreciated	4,732	-	-	4,732
Capital Assets, Being Depreciated				
Buildings	46,086	87,000	-	133,086
Site Improvements	-	14,054	-	14,054
Total Capital Assets, Being Depreciated	46,086	101,054	-	147,140
Less Accumulated Depreciation for				
Buildings	(24,313)	(3,389)	-	(27,702)
Site Improvements	-	(737)	-	(737)
Total Accumulated Depreciation	(24,313)	(4,126)	-	(28,439)
Total Capital Assets Being Depreciated, Net	21,773	96,928	-	118,701
Discretely Presented Component Unit Capital Assets, Net	$ 26,505	$ 96,928	$ -	123,433
			Less Capital Related Outstanding Debt	(32,000)
			Net Investment in Capital Assets	$ 91,433

Depreciation expense of $4,126 was charged to the discretely presented component unit.

See Note 16 for additional information regarding the restated beginning balances above for the correction of an error.

(9) Long-Term Debt

Proprietary Funds

GEFA Loan Payable 2004L25WQA

In 2018, the City borrowed funds from the Georgia Environmental Finance Authority (GEFA). The note required monthly payments of $11,744 including interest of two percent. The original maturity date was April 1, 2028. The proceeds of the note were used to consolidate sewer facilities in the City. In November 2014, the City refinanced the loan with GEFA. The modified terms included a new maturity date of November 2031, and a new monthly payment amount of $10,865, including interest at a rate of two percent. The balance of the note payable as of September 30, 2025, was $697,958. The interest paid on the loan for fiscal year 2025 was $15,025.

(9) Long-Term Debt (Continued)

Proprietary Funds (Continued)

GEFA Loan Payable 2004L25WQA (Continued)

Cash requirements to maturity for this loan are as follows:

	Principal	Interest	Total
2026	$ 117,497	$ 12,886	$ 130,383
2027	119,869	10,514	130,383
2028	122,288	8,095	130,383
2029	124,756	5,627	130,383
2030	127,275	3,108	130,383
2031	86,273	648	86,921
	$ 697,958	$ 40,878	$ 738,836

GEFA Loan Payable DW2019013

On December 10, 2019, the City was approved to borrow up to $1,150,000 at an interest rate of 0.57 percent from the Drinking Water State Revolving Fund, administered by the Georgia Environmental Finance Authority (GEFA). The project will replace leaking water mains and install an advanced metering infrastructure and related appurtenances. During fiscal year 2021, the loan was modified to allow for an additional $115,000 in available funds to borrow. As of September 30, 2025, the City has drawn $1,046,389 and $442,074 has been forgiven. The City began principal and interest payments in fiscal year 2025. The balance of the note payable as of September 30, 2025, was $565,615. Interest payments for fiscal year 2025 totaled $3,344.

Cash requirements to maturity for this loan are as follows:

	Principal	Interest	Total
2026	$ 38,922	$ 3,122	$ 42,044
2027	39,144	2,900	42,044
2028	39,368	2,676	42,044
2029	39,593	2,451	42,044
2030	39,819	2,225	42,044
2031-2035	202,535	7,685	210,220
2036-2039	166,234	1,942	168,176
	$ 565,615	$ 23,001	$ 588,616

GEFA Loan Payable DWDWA20002

On December 22, 2021, the City was approved to borrow up to $300,000 at an interest rate of zero percent from the Drinking Water State Revolving Fund, administered by the Georgia Environmental Finance Authority (GEFA). The proceeds of the loan will be used for the City's water treatment plant and distribution system improvements. As of September 30, 2025, the City has drawn $246,006 and has $113,904 in loan forgiveness. In fiscal year 2025, the City made principal payments of $4,404. The 2025 loan balance is $127,698 with $53,994 available to be drawn. Interest payments for fiscal year 2025 totaled $-0-. Once the loan is finalized, 239 scheduled monthly principal and interest payments will begin.

(9) Long-Term Debt (Continued)

Proprietary Funds (Continued)

GEFA Loan Payable DWLSL2022161

On November 30, 2023, the City was approved to borrow up to $91,400 at an interest rate of zero percent from the Drinking Water State Revolving Fund, administered by the Georgia Environmental Finance Authority (GEFA). The proceeds of the loan will be used for engineering and administration costs related to the City's lead service lines in its drinking water system. During fiscal year 2025, the City had draws totaling $91,400 and $91,400 forgiven by GEFA.

Restricted Assets

The balance of the restricted asset accounts in the Water enterprise fund as of September 30, 2025, is $16,823.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2025, was as follows:

	Restated Beginning Balance	Additions	Subtractions	Ending Balance	Due Within One Year
Governmental Activities					
Net Pension Liability (Asset)	$ 317,762	$ -	$ (367,435)	$ (49,673)	$ -
Compensated Absences	71,680	-	(6,267)	65,413	45,789
Governmental Activities Long-term Liabilities	$ 389,442	$ -	$ (373,702)	$ 15,740	$ 45,789
Business-Type Activities					
GEFA Loan #3- 2004L25WQA	$ 813,135	$ -	$ (115,177)	$ 697,958	$ 117,497
GEFA Loan #4- DW2019013	604,315	-	(38,700)	565,615	38,922
GEFA Loan #5- DWDRA20002	113,700	36,804	(22,806)	127,698	-
GEFA Loan #6- DWLSL2002161	-	91,400	(91,400)	-	-
Net Pension Liability (Asset)	156,511	-	(180,978)	(24,467)	-
Compensated Absences	16,830	4,787	-	21,617	15,132
Business-Type Activities Long-Term Liabilities	$ 1,704,491	$ 132,991	$ (449,061)	$ 1,388,421	$ 171,551

For the governmental activities, compensated absences and net pension liability (asset) are generally liquidated by the general fund and for the business-type activities, compensated absences and net pension liability (asset) are liquidated by the Water Fund, Sewer Fund, and Solid Waste Fund.

See Note 16 for additional information regarding the restatement of beginning balances.

The change in compensated absences is a net amount.

(10) Employee Retirement Plans

Georgia Municipal Employees Benefit System

Plan Description

The City contributes to the Georgia Municipal Employees Benefit System (the system), an agent multiple-employer public employee retirement system administered by the Georgia Municipal Association. The City of Montezuma Retirement Plan is a defined benefit plan that provides retirement and disability benefits and death benefits to plan members and beneficiaries. The Public Retirement Systems Standard Law (Georgia Code Section 47-20-10) assigned the authority to establish and amend the plan to the City of Montezuma. The Georgia Municipal Employees Benefit System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Georgia Municipal Employees Benefit System, 201 Pryor Street S.W., Atlanta, Georgia 30303.

Benefits Provided

The GMEBS Plan provides retirement, disability, and death benefits to plan members and beneficiaries. Eligibility requirements are one year of City employment for employees; for officials, there is no waiting period. The Plan allows for early retirement at age 55 if the employee has ten years of service. An employee's normal retirement age is 65 given an employee has five years of service. For City officials, ten years of service is required. Monthly retirement benefits paid to an employee are equal to two percent of the monthly average earnings for the highest consecutive three-year wage period times the number of years of service. Monthly retirement benefits paid to an official are equal to $33 times the number of years of service. Employees' and officials' benefits vest at 100 percent in one step after five years of service. These benefit provisions were established by a City ordinance dated November 1, 1972.

Effective November 1, 1972, the Georgia Constitution enabled the governing authority of the City, the Mayor and the Members of the City Council, to establish and to amend, from time to time, the contribution rates of the employer.

Plan Membership

As of January 1, 2025, the date of the most recent actuarial valuation report, pension plan membership, consisted of the following:

Retirees and Beneficiaries Currently Receiving Benefits	43
Terminated Vested Participants	30
Current Active Employees Vested	-
Total Membership in the Plan	73

Contributions

The plan members are not required to contribute to the plan. The City is required to contribute an actuarially determined contribution; the current actuarially determined contribution is $22,895, covered payroll is $0 and the current rate is N/A (Not Applicable). The contribution requirements of the City are established and may be amended by the GMEBS Board of Trustees.

Effective November 1, 2014, the Plan was frozen as follows: Participants' normal requirement benefits accrued as of December 31, 2011, shall be vested to the extent funded. Eligible Regular Employees and elected or appointed members of the City will not be eligible to participate in this Plan with respect to service on or after October 31, 2014. Employees and elected or appointed members of the Governing Authority who are initially employed or who initially take office on or after November 1, 2014, will not be eligible to participate in this Plan for any purpose. Service, unused sick leave, and earnings on and after November 1, 2014, will not count for any purpose under the Plan. Vested employees and elected officials will continue to participate in the Plans.

(10) Employee Retirement Plans (Continued)

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

At September 30, 2025, the City reported a net pension asset. The net pension asset was measured as of September 30, 2024. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2025. An expected total pension liability as of September 30, 2025, was determined using standard roll-forward techniques.

For the year ended September 30, 2025, the City recognized pension expense relative to GMEBS in the amount of $20,551. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$ -	$ 365,399
Employer Contributions Subsequent to the Measurement Date	46,660	-
	$ 46,660	$ 365,399

City contributions subsequent to the measurement date of September 30, 2025, are reported as deferred outflows of resources and will be recognized as an increase of the net pension asset in the year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ended September 30	
2026	$ (97,606)
2027	48,242
2028	(183,615)
2029	(132,420)

(10) Employee Retirement Plans (Continued)

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

Actuarial Assumptions: The total pension liability (asset) as of September 30, 2025, was determined by an actuarial valuation as of September 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increase	2.25%, plus service based merit increases
Cost of Living Adjustments	2.25% for participants terminated on or after September 1, 1980; N/A otherwise
Investment Rate of Return	7.375%, On-going basis, based on long-term expected rate of return of pension plan investments

Mortality Rates:

- Healthy retirees and beneficiaries: Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- Disabled participants: Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- Active participants, terminated vested participants, and deferred beneficiaries: Sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Plan termination basis (all lives): 1994 Group Annuity Reserving Unisex Table.

The mortality tables (other than the one used for the plan termination basis) are adjusted from 2012 to future years using sex-distinct generational projection under scale SSA2019-2D to reflect expected mortality improvement.

Net Pension Liability (Asset)

Changes in the Net Pension Liability (Asset)	**Total Pension Liability**	**Fiduciary Net Position**	**Net Pension Liability (Asset)**
Balance at September 30, 2023	$ 4,601,109	$ 4,126,837	$ 474,272
Changes for the Year			
Service Cost	-	-	-
Interest	324,972	-	324,972
Difference Between Expected and Actual Experience	90,099	-	90,099
Contributions - Employer	-	22,478	(22,478)
Net Investment Income	-	952,499	(952,499)
Benefit Payments	(389,417)	(389,417)	-
Administrative Expense	-	(11,494)	11,494
Other	-	-	-
Net Changes	25,654	574,066	(548,412)
Balance at September 30, 2024	$ 4,626,763	$ 4,700,903	$ (74,140)

The City's net pension liability (asset) is recorded in the Government-Wide Statement of Net Position in the amounts of $(49,673) for governmental activities and $(24,467) for business-type activities.

(10) Employee Retirement Plans (Continued)

Net Pension Liability (Asset) (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.60%
International Equity	20%	7.03%
Real Estate	10%	3.40%
Global Fixed Income	5%	3.70%
Domestic Fixed Income	20%	2.70%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	$ 364,131	$ (74,140)	$ (447,813)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued GMEBS financial report which is publicly available at www.gmanet.com.

(11) Contingent Liabilities

Litigation

During the course of normal operations of the City, various claims and lawsuits arise. Management has advised that there are no potential liabilities that will impair the City's financial position as of the date of this audit report.

(12) Hotel / Motel Tax

The City has levied a five percent Hotel / Motel Lodging tax. Of this percentage, two percent is given to the Chamber of Commerce to be used for the promotion of tourism. The remaining three percent is used by the City to promote tourism. The activity for the year ended September 30, 2025, is summarized below:

	2025
Hotel / Motel Tax Revenue	$ 23,275
Required Expenditures	9,310
Actual Allowable Expenditures	9,317

(13) Related Parties

Water Reclamation Solutions, LLC

During fiscal year 2023, the City entered into an agreement with Water Reclamation Solutions, LLC, a related party to the City Manager, to oversee the City's leachate management as pursuant to Section 7c of the City's agreement with WIN Waste Innovations and ensure the City's compliance with all Environmental Protection Division (EPD) rules and regulations. Per the agreement, the City will pay Water Reclamation Solutions, LLC monthly at a rate of 40 percent of one cent per gallon of leachate billed by WIN Waste Innovations. During fiscal year 2025, the City was billed and paid $238,010 to Water Reclamation Solutions, LLC.

Downtown Development Authority

During fiscal year 2023, the Downtown Development Authority (the "DDA") entered into an agreement with a member of the DDA's Board of Directors (the "Board Member") to jointly hold real property. Under the terms of the agreement, the Board Member purchased the property and deeded a 50 percent interest in the property to the DDA. The transaction was approved by the DDA in accordance with its conflict-of-interest policies and all applicable state and local requirements governing related-party transactions. As part of the ownership arrangement, the DDA and the Board Member agreed to make necessary repairs to the property's roof. The agreement provided that the DDA would initially pay the full cost of the roof repair and that the Board Member would reimburse the DDA for 50 percent of the total cost. Subsequent to the completion of the repairs, the DDA voted, with the related party Board Member abstaining, to waive the Board Member's obligation to reimburse their portion of the roof repair costs.

In addition and related to the above transactions, the Board Member also maintains an outstanding loan through the City's revolving loan fund program. This loan is administered separately from the DDA but represents an additional financial relationship between the Board Member and entities associated with the City's economic development activities. The existence of this loan was considered by management in evaluating related-party relationships and disclosures. As of September 30, 2025, the outstanding balance of the loan was $54,884.

Management has evaluated the above transactions and determined that they constitute related-party matters requiring disclosure under applicable accounting standards and state ethics laws governing Downtown Development Authorities, including provisions relating to disclosure of board member interests and participation restrictions.

(14) Commitments and Contingencies

Airport T-Hangar Project

During fiscal year 2025, the City entered into a contract for the Airport T-Hangar Project. The total contract amount was $1,252,800. As of September 30, 2025, the remaining contract obligation for the airport project was $1,099,266.

(15) Unearned Revenue Related to Leachate

During fiscal year 2024, the City entered into an agreement with WI Taylor County Disposal LLC (TCL). Per the agreement, TCL agreed to pay 100 percent of the reasonable costs for designing and constructing necessary capital upgrades for the City's Sewer Fund up to $2,121,000. Upon the earlier of the scheduled completion date or the completion of construction, the City will reimburse TCL for 50 percent of the costs paid by TCL for the capital upgrades by crediting against the transportation and disposal rate one cent ($0.01) per gallon of leachate accepted by the City at the City facilities until the credited amount reaches 50 percent of the total capital upgrades cost paid by TCL. The upgrades were recorded as a capital asset of the City and unearned revenue for 50 percent of the improvements. The reimbursements to TCL reduce the City's monthly payment from TCL and the City's unearned revenue. As of September 30, 2025, the City received reimbursements related to the project totaling $880,421. During fiscal year 2025, a total of $281,879 of reimbursements were earned; the balance of unearned revenue, as of September 30, 2025, was $598,542.

(16) Adjustments and Restatements of Beginning Balances

During the current year, the City implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the City now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized in the "Restatement – GASB 101 Implementation" column in the table below.

Also, during the current year, the Downtown Development Authority (the "DDA") determined that a restatement was required for the correction of an error. Prior year DDA capital asset and related activity was not reported. The effects of the restatement are summarized in the "Restatement - Correction of an Error" column in the table below.

	Net Position / Fund Balance 9/30/24, as Previously Stated	Restatement GASB 101 Implementation	Restatement Correction of an Error	Net Position / Fund Balance 9/30/24, as Restated
Government-Wide Level				
Governmental Activities	8,928,908	(39,167)	-	8,889,741
Business-Type Activities	12,659,572	(4,323)	-	12,655,249
Downtown Development Authority	200,239	-	(57,219)	143,020
Fund Level				
Water Fund	3,189,796	(858)	-	3,188,938
Sewer Fund	5,454,464	(2,988)	-	5,451,476
Solid Waste Fund	(654,450)	(477)		(654,927)
Downtown Development Authority	132,765	-	(16,250)	116,515

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MONTEZUMA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS

Total Pension Liability	**2025**	2024	2023	2022
Service Cost	**$ -**	$ -	$ -	$ -
Interest on Total Pension Liability	**324,972**	316,769	343,704	339,848
Difference Between Expected and Actual Experience	**90,099**	200,038	(319,963)	63,805
Changes of Assumptions	**-**	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	**(389,417)**	(421,731)	(356,197)	(346,555)
Other	**-**	-	-	-
Net Change in Total Pension Liability	**25,654**	95,076	(332,456)	57,098
Total Pension Liability - Beginning	**4,601,109**	4,506,033	4,838,489	4,781,391
Total Pension Liability - Ending	**$ 4,626,763**	$ 4,601,109	$ 4,506,033	$ 4,838,489
Plan Fiduciary Net Position				
Contributions - Employer	**$ 22,478**	$ 35,191	$ 60,192	$ 53,596
Net Investment Income	**952,499**	535,596	(794,844)	1,039,768
Benefit Payments, Including Refunds of Member Contributions	**(389,417)**	(421,731)	(356,197)	(346,555)
Administrative Expenses	**(11,494)**	(13,927)	(14,006)	(14,482)
Net Change in Plan Fiduciary Net Position	**574,066**	135,129	(1,104,855)	732,327
Plan Fiduciary Net Position - Beginning	**4,126,837**	3,991,708	5,096,563	4,364,236
Plan Fiduciary Net Position - Ending	**$ 4,700,903**	$ 4,126,837	$ 3,991,708	$ 5,096,563
City's Net Pension Liability (Asset) - Ending	**$ (74,140)**	$ 474,272	$ 514,325	$ (258,074)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.60%	89.69%	88.59%	105.33%
Covered-Employee Payroll	N/A	N/A	N/A	N/A
Net Pension Liability As a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A

CITY OF MONTEZUMA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIONS
(CONTINUED)

2021	2020	2019	2018	2017	2016
$ -	$ -	$ -	$ -	$ -	$ -
338,033	322,037	321,661	345,027	360,679	345,447
39,148	322,220	50,519	(108,423)	(239,349)	166,190
-	-	-	(65,231)	-	-
(357,714)	(392,522)	(341,819)	(327,212)	(319,294)	(310,976)
(30)	20,129	-	-	-	-
19,437	271,864	30,361	(155,839)	(197,964)	200,661
4,761,954	4,490,090	4,459,729	4,615,571	4,813,535	4,612,874
$ 4,781,391	$ 4,761,954	$ 4,490,090	$ 4,459,732	$ 4,615,571	$ 4,813,535
$ 15,471	$ 15,768	$ 87,906	$ 86,988	$ 60,000	$ 71,000
395,865	120,812	430,359	598,170	427,141	55,819
(357,714)	(392,522)	(341,819)	(327,212)	(319,294)	(310,976)
(14,394)	(14,220)	(15,268)	(16,891)	(9,317)	(11,581)
39,228	(270,162)	161,178	341,055	158,530	(195,738)
4,325,008	4,595,170	4,433,992	4,092,937	3,934,407	4,130,145
$ 4,364,236	$ 4,325,008	$ 4,595,170	$ 4,433,992	$ 4,092,937	$ 3,934,407
$ 417,155	$ 436,946	$ (105,080)	$ 25,740	$ 522,634	$ 879,128
91.28%	90.82%	102.34%	99.42%	88.68%	81.74%
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

CITY OF MONTEZUMA, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025
SCHEDULE OF CITY CONTRIBUTIONS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contributions	*	$ 22,895	$ 40,790	$ 60,192	$ 51,391	$ 15,366	$ 15,760	$ 49,438	$ 79,840	$ 54,348
Contributions in Relation to the Actuarially Determined Contribution	*	22,478	35,191	60,192	53,596	15,471	15,768	87,906	86,988	60,000
Contribution Deficiency (Excess)	*	$ 417	$ 5,599	$ -	$ (2,205)	$ (105)	$ (8)	$ (38,468)	$ (7,148)	$ (5,652)
City's Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Changes of Assumptions

There were no changes in plan provisions in the valuation and there were no changes in methods or assumptions in the valuation.

Methods and Assumptions Used to Determine Contribution Rates

Valuation Date	The actuarially determined contribution rate was determined as of January 1, 2025, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the year ending September 30, 2026.
Actuarial Cost Method	Entry age normal
Amortization Method	Closed level dollar for the remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 14 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net Investment Rate of Return	7.375%
Projected Salary Increases	2.25% plus service-based merit increases
Cost of Living Adjustments	2.25% for participants terminated on or after September 1, 1980; N/A Otherwise
Retirement Age	Ages 55-59 rate of 10%, age 60 rate of 20%, age 61 rate of 25%, age 62 rate of 35%, age 63 rate of 40%, age 64 rate of 45%, age 65 rate of 50%, ages 66-71 rate of 25% and age 72 and over rate of 100%
Mortality	Healthy retirees and beneficiaries – Sex-distinct Pri-2012 head count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25 Disabled participants – Sex-distinct Pri-2012 headcount weighted Disabled Retiree Mortality Table with rates multiplied by 1.25 Active participants, terminated vested participants, and deferred beneficiaries – Sex-distinct Pri-2012 head-count weighted Employee Mortality Table Plan termination basis (all lives) – 1994 Group Annuity Reserving Unisex Table The mortality tables (other than the one used for the plan termination basis) are adjusted from 2012 to future years using sex-distinct generational projection under scale SSA2019-2D to reflect expected mortality improvement.

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Revolving Loan Fund - This fund accounts for the issuance and repayment of loans.

Flood Revolving Loan Fund - This fund accounts for the issuance and repayment of loans.

Hotel / Motel Fund - This fund accounts for the hotel/motel taxes collected and expenditures relative to tourism.

TSPLOST Fund - The TSPLOST Fund is used to account for proceeds and various transportation projects associated with a special one percent sales tax.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

SPLOST Fund - The SPLOST Fund is used to account for the proceeds and various projects associated with a special one percent sales tax.

2024 CDBG Fund - The 2024 CDBG Fund is used to account for the grant proceeds and projects associated with the Community Development Block Grant for water system improvements.

CITY OF MONTEZUMA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	Special Revenue Funds				Capital Projects Funds		Total Nonmajor Governmental Funds
	Revolving Loan Fund	Flood Revolving Loan Fund	Hotel / Motel Fund	TSPLOST Fund	2024 CDBG Fund	SPLOST Fund	
Assets							
Cash and Cash Equivalents	$ 115,412	$ 15,773	$ 60,500	$ 338,832	$ 81	$ 535,452	$ 1,066,050
Asset Held for Resale	39,627	-	-	-	-	-	39,627
Accounts Receivable	-	-	1,783	-	-	-	1,783
Loans Receivable	106,222	3,538	-	-	-	-	109,760
Due from Other Governments	-	-	-	8,188	12,500	99,274	119,962
Total Assets	$ 261,261	$ 19,311	$ 62,283	$ 347,020	$ 12,581	$ 634,726	$ 1,337,182
Liabilities							
Accounts Payable	$ -	$ -	$ 1,706	$ -	$ 12,500	$ -	$ 14,206
Due to Other Funds	-	722	-	-	200	-	922
Total Liabilities	-	722	1,706	-	12,700	-	15,128
Fund Balance							
Nonspendable							
Noncurrent Loans Receivable	106,222	3,538	-	-	-	-	109,760
Restricted							
Loans	155,039	15,051	-	-	-	-	170,090
Capital Projects	-	-	-	-	-	634,726	634,726
Tourism	-	-	60,577	-	-	-	60,577
Transportation	-	-	-	347,020	-	-	347,020
Unassigned	-	-	-	-	(119)	-	(119)
Total Fund Balances (Deficit)	261,261	18,589	60,577	347,020	(119)	634,726	1,322,054
Total Liabilities and Fund Balances	$ 261,261	$ 19,311	$ 62,283	$ 347,020	$ 12,581	$ 634,726	$ 1,337,182

CITY OF MONTEZUMA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds				Capital Projects Funds		Total Nonmajor Governmental Funds
	Revolving Loan Fund	Flood Revolving Loan Fund	Hotel / Motel Fund	TSPLOST Fund	2024 CDBG Fund	SPLOST Fund	
Revenues							
Taxes	$ -	$ -	$ 23,275	$ -	$ -	$ -	$ 23,275
Intergovernmental	-	-	-	99,646	54,900	394,228	548,774
Investment Earnings	3,312	-	-	29	-	-	3,341
Total Revenues	3,312	-	23,275	99,675	54,900	394,228	575,390
Expenditures							
Current							
General Government	-	-	-	-	-	1,767	1,767
Public Works	-	-	-	30,548	55,019	-	85,567
Public Safety	-	-	-	-	-	3,963	3,963
Economic Development	-	-	9,317	-	-	-	9,317
Capital Outlay	-	-	-	-	-	266,805	266,805
Total Expenditures	-	-	9,317	30,548	55,019	272,535	367,419
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,312	-	13,958	69,127	(119)	121,693	207,971
Other Financing Sources (Uses)							
Transfer to Other Funds	-	-	-	-	-	(179,923)	(179,923)
Total Other Financing Sources (Uses)	-	-	-	-	-	(179,923)	(179,923)
Net Changes in Fund Balances	3,312	-	13,958	69,127	(119)	(58,230)	28,048
Fund Balances - Beginning	257,949	18,589	46,619	277,893	-	692,956	1,294,006
Fund Balances (Deficit) - Ending	$ 261,261	$ 18,589	$ 60,577	$ 347,020	$ (119)	$ 634,726	$ 1,322,054

CITY OF MONTEZUMA, GEORGIA
REVOLVING LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment Earnings	$ -	$ 3,312	$ 3,312
Total Revenues	-	3,312	3,312
Expenditures			
Current			
Economic Development	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balance	-	3,312	3,312
Fund Balance - Beginning	257,949	257,949	-
Fund Balance - Ending	$ 257,949	$ 261,261	$ 3,312

CITY OF MONTEZUMA, GEORGIA
FLOOD REVOLVING LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Final Budget	Actual	Variance with Final Budget
Revenues			
Miscellaneous Revenue	$ -	$ -	$ -
Total Revenues	-	-	-
Expenditures			
Current			
General Government	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning	18,589	18,589	-
Fund Balance - Ending	$ 18,589	$ 18,589	$ -

CITY OF MONTEZUMA, GEORGIA
HOTEL / MOTEL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Final Budget	Actual	Variance with Final Budget
Revenues			
Taxes	$ 23,275	$ 23,275	$ -
Total Revenues	23,275	23,275	-
Expenditures			
Current			
Economic Development	9,317	9,317	-
Total Expenditures	9,317	9,317	-
Net Change in Fund Balance	13,958	13,958	-
Fund Balance - Beginning	46,619	46,619	-
Fund Balance - Ending	$ 60,577	$ 60,577	$ -

CITY OF MONTEZUMA, GEORGIA
TSPLOST FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental	$ 95,000	$ 99,646	$ 4,646
Investment Earnings	-	29	29
Total Revenues	95,000	99,675	4,675
Expenditures			
Current			
Public Works	51,000	30,548	20,452
Total Expenditures	51,000	30,548	20,452
Excess (Deficiency) of Revenues Over Expenditures	44,000	69,127	25,127
Other Financing Sources (Uses)			
Transfer to Other Funds	(50,000)	-	50,000
Total Other Financing Sources (Uses)	(50,000)	-	50,000
Net Change in Fund Balance	(6,000)	69,127	75,127
Fund Balance - Beginning	277,893	277,893	-
Fund Balance - Ending	$ 271,893	$ 347,020	$ 75,127

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CITY OF MONTEZUMA, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED
WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

SPLOST 2016	Original Estimated Cost	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Estimated Percentage of Completion
Water System Improvements	**	$ 22,880	$ -	$ 22,880	
Sewer System Improvements	**	1,009,868	-	1,009,868	
Airport	**	36,773	-	36,773	
Solid Waste	**	-	-	-	
General Government	**	20,146	-	20,146	
Public Buildings	**	28,221	1,975	30,196	
Public Safety	**	533,966	799	534,765	
Public Works	**	140,574	10,865	151,439	
Fire	**	60,692	-	60,692	
Total SPLOST	$ 1,571,551	$ 1,853,120	$ 13,639	$ 1,866,759	118.78%

SPLOST 2016 closed in FY25

SPLOST 2022	Original Estimated Cost	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Estimated Percentage of Completion
Water System Improvements	**	$ -	$ -	$ -	
Sewer System Improvements	**	-	-	-	
Solid Waste	**	-	-	-	
General Government	**	409	-	409	
Parks	**	-	13,780	13,780	
Public Buildings	**	1,496	202,645	204,141	
Public Safety	**	89,493	66,759	156,252	
Public Works	**	97,473	155,635	253,108	
Fire	**	-	-	-	
Total SPLOST	$ 1,858,824	$ 188,871	$ 438,819	$ 627,690	33.77%

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance

SPLOST Expenditures	$ 272,535
SPLOST Transfers Out	179,923
Total SPLOST	$ 452,458
SPLOST 2016	$ 13,639
SPLOST 2022	438,819
Total SPLOST	$ 452,458

***** SPLOST Referendums do not break out dollar amount of categories.***

Note- This schedule presents a detail for each project allowed in the intergovernmental agreements.

CITY OF MONTEZUMA, GEORGIA
WATER IMPROVEMENT COMMUNITY DEVELOPMENT BLOCK GRANT
20p-x-096-2-6149
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Program Activity	Activity Number	Budget	Expenditures		
			Prior Years	Current Year	Total
Engineering	T-03J-00	$ 69,366	$ 69,366	$ -	$ 69,366
Water / Sewer Improvement	P-03J-01	630,634	630,634	-	630,634
Administration	A-21A-00	45,000	45,000	-	45,000
Contingencies	P-001-01	5,000	5,000	-	5,000
Total		$ 750,000	$ 750,000	$ -	$ 750,000

**** CDBG 20p-x-096-2-6149 closed in FY25.***

SOURCE AND APPLICATION OF FUNDS SCHEDULE
WATER IMPROVEMENT COMMUNITY DEVELOPMENT BLOCK GRANT
20p-x-096-2-6149
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(CUMULATIVE)

I.	Total Fiscal Year ***2020*** CDBG Funds Awarded to Recipient:	$	750,000
II.	Total Amount of Drawdowns by Recipient from DCA:		750,000
III.	Less CDBG Funds Expended by Recipient:		(750,000)
IV.	Amount of Fiscal Year ***2020*** CDBG Funds Held by Recipient:	$	-

CITY OF MONTEZUMA, GEORGIA
WATER IMPROVEMENT COMMUNITY DEVELOPMENT BLOCK GRANT
24p-x-096-2-6383
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Program Activity	Activity Number	Budget	Expenditures Prior Years	Expenditures Current Year	Expenditures Total
Engineering	T-03J-00	$ 95,357	$ -	$ 42,400	$ 42,400
Water / Sewer Improvement	P-03J-01	794,643	-	-	-
Administration	A-21A-00	60,000	-	12,500	12,500
Acquisition	P-001-01	50,000	-	-	-
Total		$ 1,000,000	$ -	$ 54,900	$ 54,900

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance

Non-grant Administrative Expenditures	$ 119
	$ 55,019

SOURCE AND APPLICATION OF FUNDS SCHEDULE
WATER IMPROVEMENT COMMUNITY DEVELOPMENT BLOCK GRANT
24p-x-096-2-6383
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(CUMULATIVE)

I.	Total Fiscal Year ***2024*** CDBG Funds Awarded to Recipient:	$ 1,000,000
II.	Total Amount of Drawdowns by Recipient from DCA:	54,900
III.	Less CDBG Funds Expended by Recipient:	(54,900)
IV.	Amount of Fiscal Year ***2024*** CDBG Funds Held by Recipient:	$ -

CITY OF MONTEZUMA, GEORGIA
BALANCE SHEET
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
SEPTEMBER 30, 2025

Assets		
Cash and Cash Equivalents	$	62,825
Total Assets	$	62,825
Liabilities		
Customer Deposits	$	375
Total Liabilities		375
Fund Balance		
Unassigned		62,450
Total Fund Balance		62,450
Total Liabilities and Fund Balance	$	62,825

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances - Governmental Funds	$	62,450
Long-Term Debt		
Long-term liabilities are not reported in governmental funds because those funds use the modified accrual basis of accounting and focus on current financial resources. In the government-wide statement of net position, however, long-term liabilities are reported because they reflect the government's broader economic resources. Accordingly, the balance of the note payable outstanding at year-end is subtracted as part of the reconciliation to convert fund balance to governmental activities' net position, recognizing the long-term obligation that is not recorded in the governmental funds.		(32,000)
Capital Assets		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost of the Assets		151,872
Accumulated Depreciation		(28,439)
Net Position of Governmental Activities	$	153,883

CITY OF MONTEZUMA, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPONENT UNIT-DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Revenues		
Intergovernmental	$	27,500
Donations		606
Total Revenues		28,106
Expenditures		
Current		
Housing and Development		13,117
Capital Outlay		101,054
Total Expenditures		114,171
Excess (Deficiency) of Revenues over Expenditures		(86,065)
Other Financing Sources (Uses)		
Issuance of Note Payable		32,000
Total Other Financing Sources (Uses)		32,000
Net Change in Fund Balance		(54,065)
Fund Balance - Beginning, As Previously Reported		132,765
Correction of an Error		(16,250)
Fund Balance - Beginning, As Restated		116,515
Fund Balance - Ending	$	62,450
Amounts reported for governmental activities in the statement of activities are different because:		
Net Change in Fund Balances - Total Governmental Funds	$	(54,065)
Long-Term Debt		
Governmental funds report the proceeds of a note payable as an other financing source. However, in the government-wide statement of activities, issuing debt is not reported as revenue because it increases long-term debt liabilities. This adjustment reflects the increase in long-term liabilities that does not appear in governmental funds under modified accrual basis of account.		(32,000)
Capital Assets		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital Asset Additions		101,054
Total Depreciation		(4,126)
Change in Net Position of Governmental Activities	$	10,863

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GOVERNMENTAL REPORT

MCNAIR MCLEMORE MIDDLEBROOKS & CO
CERTIFIED PUBLIC ACCOUNTANTS

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March 27, 2026

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*

Mayor and City Council
City of Montezuma, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Montezuma, Georgia (the "City")** as of and for the year ended September 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 March 27, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2025-001, 2025-002, 2025-003 and 2025-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

City of Montezuma, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Montezuma, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the 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.

McNair, McLemore, Middlebrooks & Co., LLC

McNair, McLemore, Middlebrooks & Co., LLC

CITY OF MONTEZUMA, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Section I - Financial Statement Findings

Findings noted on the 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*:

2025-001 Accounts Receivable/Revenue

Criteria
Under a modified accrual basis of accounting, amounts are recognized as revenue when earned, only as long as they are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period. Under the accrual basis of accounting, amounts are recognized as revenue when earned.

Condition
The City did not record current year accounts receivable and corresponding revenues in certain funds. The following material adjustments were required to properly record accounts receivable and revenues for fiscal year 2025:

Airport Fund
- Contributed Capital was overstated by $89,796.
- Intergovernmental Receivables were overstated by $275,313.

ARPA Fund
- Intergovernmental Revenues were understated by $176,255.
- Unearned Revenues were overstated by $556,856.

Effect
The City's accounting records contained material errors which were identified and adjusted during the annual audit process.

Cause
The City did not have controls in place to ensure proper recording of revenue and receivables.

Recommendation
We recommend that the City develop procedures to ensure that revenues are recognized in the correct fiscal year and receivables are properly stated at year-end.

Views of Responsible Officials and Planned Corrective Actions
Management concurs with the finding regarding Accounts Receivable/Revenue. Scheduled reviews of revenues and receivables have been put in place.

Section I - Financial Statement Findings (Continued)

2025-002 Accounts Payable

Criteria
In accordance with generally accepted accounting principles, expenditures are recognized as soon as a liability is incurred.

Condition
The City did not properly accrue accounts payable activity at year-end. Material audit adjustments were required to properly state accounts payable at year-end as follows:

- Sewer Fund - $25,296
- ARPA Fund - $97,506
- Airport Fund - $378,377

Effect
Material audit adjustments were needed to fairly state accounts payable for the fiscal year ended September 30, 2025.

Cause
The City lacked accounting procedures to ensure the recording of year-end accruals.

Recommendation
We recommend the City establishes procedures to ensure the proper accrual of all liabilities incurred during the fiscal year.

Views of Responsible Officials and Planned Corrective Actions
Management concurs with the finding regarding accrual of accounts payable at year-end. Measures have been implemented and management will be more diligent in monitoring post fiscal year expenditures and recording this activity in the future.

2025-003 Net Position / Fund Balance

Criteria
Accurate financial reports are essential to perform analysis of the financial condition of the City, review data for accuracy and completeness, and prepare annual financial statements.

Condition
Beginning net position / fund balance did not reconcile with the prior year ending net position / fund balance for the ARPA Fund, Sewer Fund, and Airport Fund. Material audit adjustments were necessary to reconcile beginning net position / fund balance to the prior year ending net position / fund balance as follows:

- ARPA Fund $466,790
- Sewer Fund $931,935
- Airport Fund $91,771

Effect
The City produced financial reports, which contained material errors.

Section I - Financial Statement Findings (Continued)

2025-003 Net Position / Fund Balance (Continued)

Cause
Procedures were not performed to reconcile the roll forward of net position / fund balance to the prior year audited financial statements.

Recommendation
The City should establish procedures to reconcile the roll forward of net position / fund balance between accounting periods.

Views of Responsible Officials and Planned Corrective Actions
Management concurs with the finding regarding net position / fund balance and will reconcile all future net position to assure it agrees with the prior year audit report.

2025-004 Downtown Development Authority

Criteria
Effective internal controls, as outlined in generally accepted accounting principles (GAAP) and recommended governmental accounting practices, require: (1) Segregation of duties and adequate oversight over disbursements, (2) Timely preparation and independent review of bank reconciliations, and (3) Complete and accurate recording of financial transactions, including debt issuances and capital asset activity.

Condition
During our review of the Downtown Development Authority (the "DDA"), we noted several significant internal control deficiencies:

- Lack of Adequate Spending Oversight - The DDA employs only one individual, who has sole possession and control of the organization's debit card. The DDA Board does not perform regular review, approval, or reconciliation of debit card transactions.
- Untimely Bank Reconciliations - Monthly bank account reconciliations are not prepared or reviewed in a timely manner. The absence of periodic independent review increases the risk that errors or irregularities may not be detected promptly.
- Failure to Record Debt and Capital Asset Activity - The DDA did not record the issuance of current-year debt totaling $32,000 related to the purchase of a new building. This omission resulted in an understatement of both long-term debt and capital assets in the financial records. Also, prior year activity related to capital assets was not recorded requiring a restatement of DDA net position and fund balance by $57,219 and $16,250, respectively.

Effect
These conditions increase the risk of unauthorized or inappropriate expenditures going undetected, errors or irregularities not being identified and corrected timely, and financial statements being misstated.

Cause
The DDA's limited staffing and lack of formal financial oversight procedures contributed to insufficient segregation of duties and inadequate monitoring of financial activities. Additionally, the DDA lacks formal processes to ensure debt and capital asset transactions are recorded properly.

2025-004 Downtown Development Authority (Continued)

Recommendation

We recommend the DDA:

- Strengthen oversight of expenditures by implementing and documenting Board review and approval of all debit card transactions and consider implementing a purchase approval process before expenditures are made.
- Improve bank reconciliation procedures by ensuring bank reconciliations are prepared monthly. Also, designate a Board member or independent party to review and approve completed reconciliations.
- Implement a year-end financial review checklist to ensure all debt issuances, asset purchases, and other significant transactions are recorded.
- Periodically provide a summary of all DDA activity to the City of Montezuma's Mayor and Council.

Views of Responsible Officials and Planned Corrective Actions

City Management and the Downtown Development Authority are working together to ensure full compliance with monthly bank reconciliations and implementing procedures for the DDA Board to review and approve all transactions on a monthly basis.

Section II – Compliance Findings

No matters were reported.