

GOING FURTHER

LAKELAND AREA MASS TRANSIT DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2025 AND 2024

LAKELAND AREA MASS TRANSIT DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025 AND 2024

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FINANCIAL SECTION

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Independent Auditor's Report

**To the Board of Directors of the
Lakeland Area Mass Transit District
Lakeland, Florida**

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the **Lakeland Area Mass Transit District** (the "District") as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of September 30, 2025 and 2024, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 4 through 11), the schedule of proportionate share of the net pension liability – Florida Retirement System, schedules of District contributions – Florida Retirement System, schedule of proportionate share of the net pension liability – retiree health insurance subsidy, and schedules of District contributions – retiree health insurance subsidy (on pages 36 through 39) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenue and expenses – Polk County transit and the schedule of expenditures of federal awards and state financial assistance as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and by Chapter 10.550, Rules of the Auditor General, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenue and expenses – Polk County transit, the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Bradenton, Florida
March 20, 2026

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LAKELAND AREA MASS TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Annual Financial Report of the Lakeland Area Mass Transit District d/b/a Citrus Connection (the "District") presents management's analysis of the District's financial performance during the fiscal years that ended on September 30, 2025 and 2024. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

Fiscal Year 2025

- Operating revenues increased by 12.22%, or \$685,127, from fiscal year 2024. This was due to an increase in Polk County Transit Services Contract Revenue.
- Net Non-Operating revenues decreased \$3.450 million or 14.73%. This was due to decreases in federal and state operating grants of \$3.134 million.
- Operating expenses increased by 10.31%, or \$2.759 million, from fiscal year 2024. This was due in part to the agreement with Polk County to operate County Transit Services and the District increases in almost all operating expenses including salaries and wages, employee benefits, fuel and lubricants, insurance costs, and FRS expenses.
- Total assets and deferred outflows of resources decreased \$3.5 million or 8.81% due to decreases in cash, investments, grants, and capital assets.
- Total liabilities and deferred inflows of resources increased by \$0.235 million or 1.86%. This was due to an increase in pension liabilities, a decrease in deferred inflows of resources, and an increase in accounts payable.
- Current liabilities increased by \$0.532 million or 35.2%, from fiscal year 2024, due to increases in current liabilities with unearned revenue and account payable reflecting the highest percentage decreases.
- Overall net position decreased by 11.98%, or \$3.320 million from fiscal year 2024.

Fiscal Year 2024

- Operating revenues increased by 16.26%, or \$784,357, from fiscal year 2023. This was due to an increase in Polk County Transit Services Contract Revenue.
- Net non-operating revenues increased \$3,28 million or 16.3%. This was due to increases in property taxes, an increase in investment income, increases in federal and state operating grants and no required CRA contribution.
- Operating expenses increased by 2.6%, or \$0.69 million, from fiscal year 2023. This was due in part to the agreement with Polk County to operate County Transit Services and the District increases in almost all operating expenses including salaries and wages, employee benefits, fuel and lubricants, insurance costs, and FRS expenses.
- Total assets and deferred outflows of resources decreased \$9.75 million or 31.87% due to increases in cash, investments, grants, and capital assets with an increase in FRS deferred outflows of resources.
- Total liabilities and deferred inflows of resources increased by \$0.537 million or 4.4%. This was due to an increase in pension liabilities, a decrease in deferred inflows of resources, and an increase in accounts payable.
- Current liabilities increased by \$340,212 or 29.0%, from fiscal year 2023, due to increases in current liabilities with unearned revenue and account payable reflecting the highest percentage decreases.
- Overall net position increased by 49.8%, or \$9.211 million from fiscal year 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of two parts: financial statements and notes to the financial statements. The report also contains supplementary information in addition to the financial statements themselves.

Required Financial Statements

The financial statements of the District report information about the District using full accrual accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The statements of net position include all of the District's assets, liabilities, deferred outflows and inflows of resources and net position, and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. It also provides the basis for computing the rate of return, evaluation of the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the statements of revenues, expenses, and changes in net position. These statements measure the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all costs through its customer fares, contract services, and operating subsidies, as well as its profitability and credit worthiness. The final required financial statement for each year is the statement of cash flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of the District

Our analysis of the District begins below with the financial statements. One of the most important questions asked about the District's finances is "Is the District, as a whole, better off or worse off as a result of the year's activities?" The statements of net position and the statement of revenues, expenses, and changes in net position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. You can think of the District's net position - difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, regulation, and new or changed government legislation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Position

To begin our analysis, a summary of the District's statements of net position is presented below:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current assets	\$ 16,554,730	\$ 18,668,148	\$ 14,135,320
Capital assets	18,201,162	19,473,776	14,410,127
Total assets	<u>34,755,892</u>	<u>38,141,924</u>	<u>28,545,447</u>
Deferred outflows of resources	<u>2,026,826</u>	2,196,545	2,045,027
Current liabilities	2,046,493	1,513,638	1,173,426
Noncurrent liabilities	673,876	881,123	980,173
Net pension liability	7,895,541	9,126,543	9,224,307
Total liabilities	<u>10,615,910</u>	<u>11,521,304</u>	<u>11,377,906</u>
Deferred inflows of resources	<u>1,780,019</u>	1,109,951	715,932
Net position			
Net investment in capital assets	17,881,769	19,032,424	13,737,369
Unrestricted	6,505,020	8,674,790	4,759,267
Total net position	<u>\$ 24,386,789</u>	<u>\$ 27,707,214</u>	<u>\$ 18,496,636</u>

The statements of net position show the change in assets, liabilities, deferred outflows of resources, deferred inflows of resources and the resulting net position. Net position may serve, over time, as a useful indicator of a government's overall financial position.

During fiscal year 2025, net position decreased \$3.3 million or 11.98% compared to fiscal year 2024. The decrease is attributable to the decrease in total assets.

The total liabilities decreased \$0.905 million or 7.86% due to an decrease in total liabilities.

During fiscal year 2024, net position increased \$9.21 million or 49.8% compared to fiscal year 2023. The increase is attributable to the increase in total assets significantly offsets the increase in total liabilities.

The total liabilities increased \$.143 million or 1.3% due to an increase of accounts payable of \$0.343 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The statements of revenues, expenses, and changes in net position are listed below:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues:			
Passenger fares and contractual revenues for transit service	\$ 1,878,221	\$ 1,687,089	\$ 1,547,406
Polk County Transit Services contract revenue	4,178,000	3,708,934	3,132,207
Advertising	237,276	212,347	144,400
Total operating revenue	<u>6,293,497</u>	<u>5,608,370</u>	<u>4,824,013</u>
Operating expenses:			
Salaries and wages	12,501,341	11,420,446	10,030,301
Employee benefits	5,576,489	5,014,469	4,413,586
Fuel and lubricants	1,316,101	1,382,599	1,562,003
Depreciation	2,586,741	1,988,157	1,794,171
Materials, supplies, and maintenance	4,028,027	3,605,187	3,391,577
Insurance	1,093,838	630,646	501,269
Professional services	902,182	721,576	838,528
Utilities	290,051	284,044	290,327
Lease expense	104,282	-	-
Office expense	445,781	395,877	321,896
Travel and meetings	142,865	113,262	46,495
Uniforms	61,152	60,631	46,978
Advertising	72,811	61,510	53,339
Florida Retirement System expense	(391,215)	144,737	1,953,811
Training and education	33,718	11,899	39,134
Miscellaneous	358,214	740,072	662,113
Repairs and maintenance	391,068	178,778	121,675
Total operating expenses	<u>29,513,446</u>	<u>26,753,890</u>	<u>26,067,203</u>
Operating loss	<u>(23,219,949)</u>	<u>(21,145,520)</u>	<u>(21,243,190)</u>
Nonoperating revenues (expenses):			
Property taxes	7,585,184	7,216,297	6,502,045
Federal and state operating grants	10,887,096	15,193,248	13,101,319
Investment income	607,860	772,819	438,377
Interest expense	(10,215)	(14,476)	(21,653)
Gain on disposal of capital assets	(27,023)	21,940	7,534
CRA contribution	-	-	(50)
Miscellaneous revenue	(814,511)	229,068	113,345
Total nonoperating revenues, net	<u>18,228,391</u>	<u>23,418,896</u>	<u>20,140,917</u>
Net loss before before capital contributions	<u>(4,991,558)</u>	2,273,376	(1,102,273)
Capital contributions	<u>1,671,133</u>	<u>6,937,202</u>	<u>1,806,226</u>
Change in net position	<u>(3,320,425)</u>	<u>9,210,578</u>	<u>703,953</u>
Net position, beginning of year	<u>27,707,214</u>	<u>18,496,636</u>	<u>17,792,683</u>
Net position, end of year	<u>\$ 24,386,789</u>	<u>\$ 27,707,214</u>	<u>\$ 18,496,636</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the District

A summary of the significant changes in revenues and expenses for fiscal years 2025 and 2024 is provided below:

Revenues

- Passenger fares increased 11.33% due to drivers in service increased workforce.
- Advertising revenues increased 11.74% due to raising the minimum guarantee within the contract to be more in-line with the length of the District's fleet.
- Polk County Transit Services revenues increased 12.65% due to FTA grants utilized and an overall budget in Federal and State Grants of 4%.
- Property taxes increased 5.11% and federal and state grants decreased 28%.

Expenses

- Salaries and wages increased 9.46% due to Administrative staffing and finance Sr. Staff wages and Drivers minimal wage increase of 2.25%.
- Fringe benefits increased 11.21% due to increase in Health Insurance.
- Fuel expenses decreased 4.81% due to decreases in fuel prices.
- Materials, supplies, and maintenance increased 11.73% as a result of increased parts costs and usage.
- Florida Retirement System expenses (FRS) decreased due to Positive Investment Income increase in the FRS System.
- Miscellaneous expenses increased 11.8% due to a increase in contracted services and an increase in tax collectors commission.

Intergovernmental Agreement with Polk County and the State of Florida

The District entered into an interlocal agreement for fiscal year 2016 with Polk County to provide transit services for fixed route and paratransit services for the County service area. The District also contracted with the Florida Commission for the Transportation Disadvantaged for providing transit disadvantaged services for the Polk County service area.

In fiscal year September 30, 2025, the total combined operating expenses for all entities totaled \$29.5 million. The District expenses totaled \$18,408,594 Polk County Transit expenses totaled \$9,821,601 and State of Florida Transportation Disadvantaged Program totaled \$1,283,251.

In fiscal year September 30, 2024, the total combined operating expenses for all entities totaled \$26.8 million. The District expenses totaled \$15,591,967, Polk County Transit expenses totaled \$9,738,265 and State of Florida Transportation Disadvantaged Program totaled \$1,423,657.

In fiscal year September 30, 2023, the total combined operating expenses for all entities totaled \$26.06 million. The District expenses totaled \$14,639,193, Polk County Transit expenses totaled \$10,058,123 and State of Florida Transportation Disadvantaged Program totaled \$1,369,899.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets

At the end of fiscal years 2025 and 2024, the District had a broad range of capital assets, consisting of land, buildings and shelters, revenue vehicles, and equipment.

	2025	2024
Land and land improvements	\$ 1,999,625	\$ 1,999,625
Construction in progress	181,778	508,737
Buildings	7,859,122	7,498,448
Rolling stock	22,438,190	22,049,993
Shop and support equipment	1,090,077	3,980,670
Office furnishings and equipment	5,480,468	2,254,178
Less accumulated depreciation	(20,848,098)	(18,817,875)
Capital assets, net	\$ 18,201,162	\$ 19,473,776

At the end of fiscal year 2025, net capital assets decreased \$1.3 million or 6.54%. Significant changes to capital assets were as follows:

- Rolling stock increased by \$0.388 million or 1.76% due to the addition of fleet.
- Construction in process for shelters decreased 64%.
- Office furnishings and equipment increased 143% due to rehab for additional administrative space.
- Shop and shop equipment decreased 73%.

For additional information on the District's capital assets, please see financial statement Note 4, Capital Assets.

Long-Term Liabilities

The District (as Lessee) has entered into a Lease Agreement with Banc of America Public Capital Acquisition (BAPCC), a subsidiary of Bank of America for financing the acquisition of three heavy duty buses in fiscal year 2016. The amount financed is \$1,357,500 with an interest rate of 2.6482% for 12 years. These lease agreements qualify as a financed purchase for accounting purposes and are recorded at the present value of the future minimum lease payments at the inception date. The debt service payments for principal and interest at September 30, 2025 totaled \$132,174.

For additional information on the District's long-term liabilities, please see financial statement Note 6, Long-Term Liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Passenger Fares for Transit Service

In fiscal year 2025, ridership decreased 4% compared to fiscal year 2024, and passenger fare revenue for fiscal year 2025 increased by 8% compared to fiscal year 2024. This decrease in ridership was due to driver shortage and increase in contract revenues.

In fiscal year 2024, ridership increased 11% compared to fiscal year 2023, and passenger fare revenue for fiscal year 2024 increased by 8% compared to fiscal year 2023. This increase in ridership was due to return to office mandate and increase in City contributions.

In fiscal year 2023, ridership increased 30% compared to fiscal year 2022, and passenger fare revenue for fiscal year 2023 decreased 6% compared to fiscal year 2022. This increase in ridership was due to a slow recovery from the COVID-19 pandemic while the decrease pertained to city contributions.

In fiscal year 2022, ridership increased 10.48% compared to fiscal year 2021, and passenger fare revenue for fiscal year 2022 decreased 6.2% compared to fiscal year 2021. This increase in ridership was due to a slow recovery from the COVID-19 pandemic while the decrease pertained to city contributions.

	Fixed Route	Demand Response	Total
<u>Ridership</u>			
FY 2025	\$ 835,255	\$ 96,211	\$ 931,466
FY 2024	874,550	90,834	965,384
FY 2023	763,976	84,021	847,997
FY 2022	583,322	70,664	653,986
 <u>Riders Per Hour</u>			
FY 2025	6.41	1.67	
FY 2024	6.68	1.64	
FY 2023	6.35	1.75	
FY 2022	6.56	1.63	
 <u>Operational Cost Per Revenue Hour</u>			
FY 2025	136.35		
FY 2024	125.34		
FY 2023	161.12		
FY 2022	141.63		

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year 2026 Outlook

The District reported a change in net position of -\$3,320,425, \$9,210,578, and \$703,953 for fiscal years 2025, 2024, and 2023, respectively. The changes in net position are wholly characterized by the key points stated below:

- The agreement between the District and Polk County Government completed its tenth year with improved efficiency in shared resources.
- Overall, the District continues to be dependent on property tax revenues as the only dedicated local revenues for public transit services. This has contributed to limited-service expansion. Based on feedback received through a number of public outreach efforts and from local stakeholders and leadership, a sales tax is considered a better option for funding public transportation services in Polk County. Sales tax benefit include spending flexibility, revenue generated shared across multiple groups, and the opportunity to offset existing mileage rates being assessed for public transportation.
- The District has designated \$.13 million in the fiscal year 2026 budget for capital related expenses.

Request for Information

This financial report is designed to provide a general overview of Lakeland Area Mass Transit District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Lakeland Area Mass Transit District, 1212 George Jenkins Blvd., Lakeland, Florida, 33815.

LAKELAND AREA MASS TRANSIT DISTRICT

**STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024**

	2025	2024
ASSETS		
Current assets		
Cash	\$ 1,305,973	\$ -
Investments	9,152,513	10,319,174
Investments - Board designated	1,662,856	1,588,556
Accounts receivable, net	783,251	479,901
Due from other governments	2,817,580	5,310,749
Inventory	421,260	407,710
Prepaid expenses	411,297	562,058
Total current assets	16,554,730	18,668,148
Noncurrent assets		
Capital assets - nondepreciable	2,181,403	2,508,362
Capital assets - depreciable, net	16,019,759	16,965,414
Total noncurrent assets	18,201,162	19,473,776
Total assets	34,755,892	38,141,924
DEFERRED OUTFLOWS OF RESOURCES		
Pension	2,026,826	2,196,545
Total deferred outflows of resources	2,026,826	2,196,545
LIABILITIES		
Current liabilities		
Accounts payable	910,738	995,030
Accrued liabilities	136,812	155,537
Unearned revenue	603,155	73,221
Compensated absences	270,560	167,891
Financed purchase, current	125,228	121,959
Total current liabilities	2,046,493	1,513,638
Noncurrent liabilities		
Compensated absences, less current portion	479,711	561,730
Financed purchase, less current portion	194,165	319,393
Net pension liability	7,895,541	9,126,543
Total noncurrent liabilities	8,569,417	10,007,666
Total liabilities	10,615,910	11,521,304
DEFERRED INFLOWS OF RESOURCES		
Pension	1,780,019	1,109,951
Total deferred inflows of resources	1,780,019	1,109,951
NET POSITION		
Net investment in capital assets	17,881,769	19,032,424
Unrestricted	6,505,020	8,674,790
Total net position	\$ 24,386,789	\$ 27,707,214

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

LAKELAND AREA MASS TRANSIT DISTRICT

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	2025	2024
Operating revenues		
Passenger fares and contractual revenues for transit service	\$ 1,878,221	\$ 1,687,089
Polk County Transit Services contract revenue	4,178,000	3,708,934
Advertising	237,276	212,347
Total operating revenues	<u>6,293,497</u>	<u>5,608,370</u>
Operating expenses		
Salaries and wages	12,501,341	11,420,446
Employee benefits	5,576,489	5,014,469
Fuel and lubricants	1,316,101	1,382,599
Depreciation	2,586,741	1,988,157
Materials, supplies, and maintenance	4,028,027	3,605,187
Insurance	1,093,838	630,646
Professional services	902,182	721,576
Utilities	290,051	284,044
Occupancy	104,282	-
Office expense	445,781	395,877
Travel and meetings	142,865	113,262
Uniforms	61,152	60,631
Advertising	72,811	61,510
Florida Retirement System (benefit) expense	(391,215)	144,737
Training and education	33,718	11,899
Miscellaneous	358,214	740,072
Repairs and maintenance	391,068	178,778
Total operating expenses	<u>29,513,446</u>	<u>26,753,890</u>
Operating loss	<u>(23,219,949)</u>	<u>(21,145,520)</u>
Nonoperating revenues (expenses)		
Property taxes	7,585,184	7,216,297
Federal and state operating grants	10,887,096	15,193,248
Investment income	607,860	772,819
Interest expense	(10,215)	(14,476)
Gain (loss) on disposal of capital assets	(27,023)	21,940
Miscellaneous revenue (expense)	(814,511)	229,068
Total nonoperating revenues, net	<u>18,228,391</u>	<u>23,418,896</u>
Net gain (loss) before capital contributions	<u>(4,991,558)</u>	<u>2,273,376</u>
Capital contributions	<u>1,671,133</u>	<u>6,937,202</u>
Change in net position	<u>(3,320,425)</u>	<u>9,210,578</u>
Net position, beginning of year	<u>27,707,214</u>	<u>18,496,636</u>
Net position, end of year	<u>\$ 24,386,789</u>	<u>\$ 27,707,214</u>

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

LAKELAND AREA MASS TRANSIT DISTRICT

**STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 6,520,081	\$ 5,694,098
Payments to suppliers	(9,763,947)	(7,861,787)
Payments to employees	(18,313,640)	(16,534,491)
Net cash used in operating activities	(21,557,506)	(18,702,180)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Federal and state grant receipts	13,380,265	14,832,487
Property tax revenues	7,585,184	7,216,297
Net cash provided by non-capital financing activities	20,965,449	22,048,784
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions - federal and state	1,671,133	6,937,202
Proceeds from sale of capital assets	-	14,405
Principal payment of financed purchase	(121,959)	(231,406)
Interest payment on financed purchase	(10,215)	(14,476)
Acquisition of capital assets	(1,341,150)	(7,051,805)
Net cash provided by (used in) capital and related financing activities	197,809	(346,080)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	607,860	772,819
Net cash provided by investing activities	607,860	772,819
Net change in cash and cash equivalents	213,612	3,773,343
Cash and cash equivalents:		
Beginning of year	11,907,730	8,134,387
End of year	\$ 12,121,342	\$ 11,907,730
Classified in the statement of net position as:		
Current assets - cash	\$ 1,305,973	\$ -
Current assets - investments	9,152,513	10,319,174
Current assets - investments - designated by Board	1,662,856	1,588,556
	\$ 12,121,342	\$ 11,907,730

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

(Continued)

LAKELAND AREA MASS TRANSIT DISTRICT

**STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

	2025	2024
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (23,219,949)	\$ (21,145,520)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	2,586,741	1,988,157
Miscellaneous income (expense)	(814,511)	236,602
(Increase) decrease in:		
Accounts receivable	(303,350)	(194,077)
Inventory	(13,550)	11,731
Prepaid expenses	150,761	(216,378)
Deferred outflows of resources	169,719	(151,518)
Increase (decrease) in:		
Accounts payable	(84,292)	343,149
Accrued liabilities	(18,725)	21,393
Unearned revenue	529,934	43,203
Accrued compensated absences	20,650	64,823
Net pension liability	(1,231,002)	(97,764)
Deferred inflows of resources	670,068	394,019
Net cash used in operating activities	\$ (21,557,506)	\$ (18,702,180)

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

LAKELAND AREA MASS TRANSIT DISTRICT NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: The Lakeland Area Mass Transit District (the "District") was created by Ordinance 80-13 of the Board of County Commissioners of Polk County and 2205 of the City of Lakeland, Florida, under the authority of Chapter 125, Florida Statutes. It is a special taxing district created for the purpose of establishing, operating, and maintaining a public mass transit system within the territorial boundaries of the District, which has been expanded from its original boundaries several times by voter referendum.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

The District is accounted for as an enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

There are no component units of the District, and the District is not included as a component unit of any other government.

The District uses the accrual basis of accounting. Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting also relates to the timing of the measurements made, regardless of the measurement focus applied. Revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred. The District has adopted the uniform system of accounts prescribed by the Federal Transit Administration, U.S. Department of Transportation.

Cash, Cash Equivalents and Investments: Cash, cash equivalents and investments consist of amounts on deposit with the State Board of Administration (SBA) and are recorded at cost which is the same as market for this type of investment. For the statement of cash flow purposes, this investment is treated as a cash equivalent because there is no stated maturity and the funds are available on demand.

Florida Statute 218.415 and the District's investment policy authorize the District to invest surplus funds in certain investments. These investments include the Local Government Surplus Funds Trust Fund, an investment pool administered by the State Board Administration, under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Investments (Continued): On December 4, 2007, based on recommendations from an outside financial advisor, the SBA restructured the Pool into two separate pools. Pool A, subsequently renamed the LGIP pool, consisted of all money market appropriate assets. The LGIP pool is considered a Securities and Exchange Commission (SEC) "2a7-like" fund with the fair value of the investment equal to the account balance. A 2a7-like fund is not registered with the SEC as an investment company, but has a policy that it will and does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, the rules governing money market funds. Thus, the pool operates essentially as a money market fund, but is classified as an external investment pool.

Receivables: Receivables are generally attributable to services provided by the District. An allowance for uncollectible accounts is estimated and no amounts were recorded based on management's judgment that all receivables are fully collectible.

Due from Other Governments: Due from other governments represents amounts due to the District from federal and state agencies under expenditure-driven grant agreements, and from the Polk Transit Authority (PTA), a related entity, under an interlocal agreement providing for the reimbursement of costs borne by the District on the PTA's behalf, and for the providing of transit services in the Winter Haven area pursuant to a Transit Operators Agreement.

Inventory: The inventory of spare parts is valued at the lower of cost or market. Cost is determined by using the average cost method.

Property and Equipment: Property and equipment acquired by the District are recorded at historical cost. Property and equipment purchased with an original value of \$2,000 or more is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	40 years
Rolling stock	5 - 12 years
Shop and support equipment	3 - 10 years
Office furnishings and equipment	3 - 15 years

Routine maintenance and repairs are charged against operations as incurred. Upon sale or retirement of property and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in operations.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-Use (ROU) Assets: ROU assets are assets, usually property or equipment, that are leased to the District, allowing the District the ability to utilize the asset during the lease-term. ROU assets are expensed if the asset falls below a threshold of \$10,000/item (\$25,000 annually per vendor). ROU Assets differ from Fixed Assets as ROU Assets are leased and not owned by the District. The District has no right of use assets reported in its statement of net position.

Pensions: In the statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of resources that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the District's statement of net position represent differences between expected and actual experience, changes in actuarial assumptions, the net difference between projected and actual earnings on pension investments, changes in the proportion and differences between the District's contributions and proportionate share of contributions, and the District's contributions subsequent to the measurement date, relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as increases in pension expense in future years.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of resources that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the District's statements of net position represent the difference between expected and actual experience, changes of actuarial assumptions, the net difference between projected and actual earnings on pension investments, and differences between the District's contributions and proportionate share of contributions relating to the Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program. These amounts will be recognized as reductions in pension expense in future years.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position: Net position presents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in the statements of net position. Net position is reported as restricted when there are legal limitations imposed on their use by laws or regulations of other governments or external restrictions by creditors and granters. Unrestricted net position may be designated for specific purposes at the option of the Board of Directors.

Net Investment in Capital Assets: This category consists of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Property Taxes: Property taxes become due and payable on November 1 of each year. Polk County, Florida, bills and collects the property taxes pertaining to the District. For the fiscal years ended September 30, 2025 and 2024 the District levied 0.500 mills. A 4% discount is allowed if the taxes are paid in November with the discount declining by 1% each month thereafter. Taxes become delinquent on April 1 of each year. The levy date for property taxes for the current year was October 31 and the lien date is January 1.

Federal and State Operating Grants: Proceeds from federal and state operating grants to assist in financing operating deficits are recognized as revenue in the fiscal year to which they apply.

Accordingly, revenues are recognized when the related costs are incurred as opposed to when the funds are actually received.

Federal and state operating grants are subject to special audit. Such audits could result in claims against the District for disallowed costs or noncompliance with grantor restrictions.

Compensated Absences: The amounts of unpaid vacation and sick leave accumulated by District employees are accrued as expenses when incurred. At year-end, the total available sick leave and vacation hours are multiplied by the current pay rate to determine the accrued liability. Sick leave is limited such that a percentage of accrued sick time, ranging from 0% to 60%, is paid based on years of full-time employment, and the maximum amount to be paid to any single employee shall not exceed \$8,000. The District has separated that portion of the liability that is expected to be paid from current assets and has classified that estimate as a current liability and the remainder as non-current.

Management Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS

Restricted Funds: When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources when they are needed.

Operating Revenue: Consists of revenues relating to the normal operations of the District such as fares, contracted services, and advertising.

Non-Operating Revenues: The District classifies revenues which are directly related to operating its public mass transit system as operating. All other revenues are classified as non-operating, including property taxes and grants.

Non-Operating Expenses: The District classifies expenses which are directly related to operating its public mass transit system as operating. All other expenses are classified as non-operating.

Charitable Contributions: The District is not designated as a "qualified" organization under section 501(c) of the Internal Revenue Code. However, contributions made for the purpose of supporting the District's community bus shelter program qualify as a tax-deductible contribution under other provisions of the Internal Revenue Code. The District recognizes charitable contributions in the period received as "contributed capital" for financial reporting purposes.

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. Florida Statutes require deposits by governmental units in a financial institution be collateralized. The State of Florida maintains control over the collateral requirements and authorizes certain financial institutions to act as depositories for governmental units ("Qualified Public Depositories"). The District maintains all accounts in Qualified Public Depositories.

As of September 30, 2025 and 2024, the aggregate carrying amounts of the District's deposits were \$1,305,973 and \$0, respectively, and the aggregate bank balances were \$1,883,631 and \$3,110,124, respectively, of which \$250,000 was covered by federal depository insurance.

Cash Equivalents and Investments: The types of investments in which the District may invest are governed by several forms of legal and contractual provisions. The District may invest in direct obligations of the Federal Government, interest bearing time deposits, obligations of the Federal Farm Credit Banks, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank or obligations guaranteed by the Government National Mortgage Association or the Federal National Mortgage Association. The District may also invest reserve funds with the Florida State Board of Administration.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

As of September 30, 2025 and 2024, the District is invested in the State Investment Pool and the fair value of these investments were \$10,815,369 and \$11,907,730, respectively, with maturities of less than one year.

Funds are invested in the SBA's local governments pooled investment account. The rate of interest fluctuates daily. The interest rate on September 30, 2025 was 4.39%. The interest rate on September 30, 2024 was 5.46%. The SBA account is divided into two funds. Fund A is accounted for as an SEC 2a7-like fund. The District carries these investments at amortized cost, which approximates fair value in accordance with GASB 79. The SBA's duties related to the Local Government Surplus Funds Trust Funds are defined in Sections 218.40-218.41, Florida Statutes. The Executive Director is authorized to use all investment authority included in Section 215.47, Florida Statutes, and is responsible for all internal measurements, regulation and rules defined in these sections of the Florida Statutes.

Interest Rate Risk: As a means of limiting its exposure to fair market value losses arising from interest rates, the District's investment policy requires at least one quarter of the District's investment portfolio to be maturities of less than one year. Investment maturities are limited as follows:

<u>Maturity</u>	<u>Maximum Investment</u>
1 - 3 years	75%
3 - 5 years	30%
5 - 10 years	20%
10 - 20 years	10%

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. Investments in the State Board of Administration investment pool are 100% of the District's investments.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Cash and investments are reported in the accompanying statements of net position as of September 30, 2025 and 2024:

	2025	2024
Current assets as reported in the statements of net position:		
Cash	\$ 1,305,973	\$ -
Investments	9,152,513	10,319,174
Investments - restricted by Board	1,662,856	1,588,556
	\$ 12,121,342	\$ 11,907,730
Cash	\$ 1,305,973	\$ -
Investments - State Board of Administration	10,815,369	11,907,730
	\$ 12,121,342	\$ 11,907,730

Credit Risk: At September 30, 2025 and 2024, the District had investments in the State Board of Administration in the amounts of \$10,815,369 and \$11,907,730, respectively. The rating for these investments as of September 30, 2025 and 2024, was AAAM.

Fair Value Measurement: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The District has no investments for which fair value measurement should be disclosed at September 30, 2025 and 2024 as its only investment is in the state investment pool, which is carried at amortized cost in accordance with applicable Governmental Accounting Standards Board (GASB) Standards.

NOTE 3. INVESTMENTS – DESIGNATED BY BOARD

The District has established long range plans concerning bus replacement in the event the federal and state capital assistance grants are no longer available. As part of the plan, management has set aside certain assets that would be used to fund this project. The Board evaluates the plan on an annual basis. The assets set aside for reserves as of September 30, 2025 and 2024 consist of the following:

	2025	2024
Investments - Board designated	\$ 1,662,856	\$ 1,588,556

NOTES TO FINANCIAL STATEMENTS

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2025 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land and land improvements	\$ 1,999,625	\$ -	\$ -	\$ -	\$ 1,999,625
Construction in progress	508,737	127,718	-	(454,677)	181,778
Total	<u>2,508,362</u>	<u>127,718</u>	<u>-</u>	<u>(454,677)</u>	<u>2,181,403</u>
Capital assets being depreciated:					
Buildings	7,498,448	314,560	-	46,114	7,859,122
Rolling stock	22,049,993	46,725	(583,541)	925,013	22,438,190
Shop and support equipment	3,980,670	53,733	-	(2,944,326)	1,090,077
Office furnishings and equipment	2,254,178	798,414	-	2,427,876	5,480,468
Total	<u>35,783,289</u>	<u>1,213,432</u>	<u>(583,541)</u>	<u>454,677</u>	<u>36,867,857</u>
Less accumulated depreciation	<u>(18,817,875)</u>	<u>(2,586,741)</u>	<u>556,518</u>	<u>-</u>	<u>(20,848,098)</u>
Total capital assets being depreciated, net	<u>16,965,414</u>	<u>(1,373,309)</u>	<u>(27,023)</u>	<u>454,677</u>	<u>16,019,759</u>
Total capital assets, net	<u>\$ 19,473,776</u>	<u>\$ (1,245,591)</u>	<u>\$ (27,023)</u>	<u>\$ -</u>	<u>\$ 18,201,162</u>

Capital assets activity for the year ended September 30, 2024 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 1,999,625	\$ -	\$ -	\$ -	\$ 1,999,625
Construction in progress	59,859	448,878	-	-	508,737
Total	<u>2,059,484</u>	<u>448,878</u>	<u>-</u>	<u>-</u>	<u>2,508,362</u>
Capital assets being depreciated:					
Buildings	7,549,867	-	(51,419)	-	7,498,448
Rolling stock	15,780,637	6,381,684	(112,328)	-	22,049,993
Shop and support equipment	4,116,970	221,244	(357,544)	-	3,980,670
Office furnishings and equipment	2,554,788	-	(300,610)	-	2,254,178
Total	<u>30,002,262</u>	<u>6,602,928</u>	<u>(821,901)</u>	<u>-</u>	<u>35,783,289</u>
Less accumulated depreciation	<u>(17,651,619)</u>	<u>(1,988,157)</u>	<u>821,901</u>	<u>-</u>	<u>(18,817,875)</u>
Total capital assets being depreciated, net	<u>12,350,643</u>	<u>4,614,771</u>	<u>-</u>	<u>-</u>	<u>16,965,414</u>
Total capital assets, net	<u>\$ 14,410,127</u>	<u>\$ 5,063,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,473,776</u>

Depreciation expense for the years ended September 30, 2025 and 2024 was \$2,586,741 and \$1,988,157, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. DEFINED BENEFIT PENSION PLANS

Florida Retirement System (FRS)

General Information: Substantially all of the District's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating town or special district within the state of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, *Florida Administrative Code*. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the website: www.dms.myflorida.com/workforce_operations/retirement/publications.

Plan Description: The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

Benefits Provided: Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefits Provided (Continued): Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011 will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions: Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from July 1, 2024 through June 30, 2025, and from July 1, 2025 through September 30, 2025, respectively, were as follows: Regular—13.63% and 14.03%; Special Risk Administrative Support—39.82% and 39.48%; Special Risk—32.79% and 35.19%; Senior Management Service—34.52% and 33.24%; Elected Officers'—58.68% and 54.57%; and DROP participants—21.13% and 22.02%. These employer contribution rates include 2.00% HIS Plan subsidy for the periods July 1, 2024 through June 30, 2025, and from July 1, 2025 through September 30, 2025.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contributions (Continued): The District's contributions, including employee contributions, to the Pension Plan totaled \$886,533 for the fiscal year ended September 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2025, the District reported a liability of \$4,435,382 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The District's September 30, 2025 proportionate share of the net pension liability was based on the District's 2024-2025 fiscal year contributions relative to the 2023-2024 fiscal year contributions of all participating members. At June 30, 2025, the District's proportionate share was 0.014291%, which was an increase of 0.000671% from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025 the District recognized pension expense of \$553,252. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 473,745	\$ -
Change of assumptions	515,063	-
Net difference between projected and actual earnings on Pension Plan investments	-	740,532
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	251,299	163,174
District Pension Plan contributions subsequent to the measurement date	247,060	-
Total	<u>\$ 1,487,167</u>	<u>\$ 903,706</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued): The deferred outflows of resources related to the Pension Plan, totaling \$247,060 resulting from District contributions to the Pension Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
September 30:	
2026	\$ 973,902
2027	(173,036)
2028	(258,955)
2029	(205,510)
2030	-
Total	\$ 336,401

Actuarial Assumptions: The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Investment rate of return	6.7%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table.

The actuarial assumptions used in the July 1, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued): The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation ⁽¹⁾</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.2%	3.2%	1.1%
Fixed income	29.0%	5.5%	5.4%	4.0%
Global equity	45.0%	8.5%	6.9%	18.3%
Real estate	12.0%	8.4%	7.1%	16.8%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	2.0%	6.5%	6.1%	8.7%
Total	<u>100.0%</u>			
Assumed inflation - mean			2.4%	1.5%

⁽¹⁾ As outlined in the Pension Plan's investment policy.

Discount Rate: The discount rate used to measure the total pension liability was 6.70%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.70%) or one percentage point higher (7.70%) than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
District's proportionate share of the net pension liability	\$ 8,704,371	\$ 4,435,382	\$ 856,325

Pension Plan Fiduciary Net Position: Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Payables to the Pension Plan: At September 30, 2025, the District reported a payable in the amount of \$159,181 for outstanding contributions to the Pension Plan.

HIS Plan

Plan Description: The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided: For the fiscal year ended September 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions: The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2025, the HIS contribution for the period October 1, 2023 through September 30, 2025, was 2.00%. The District contributed 100% of its statutorily required contributions for the current and preceding three years. The District's contributions, including employee contributions, to the Pension Plan totaled \$247,176 for the fiscal year ended September 30, 2025.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Contributions (Continued): HIS Plan contribution are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2025, the District reported a liability of \$3,460,159 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The District's proportionate share of the net pension liability was based on the District's 2024-2025 fiscal year contributions relative to the 2023-2024 fiscal year contributions of all participating members. At June 30, 2025, the District's proportionate share was 0.026996% which was an increase of .001280% from its proportionate share measured as of June 30, 2024.

For the fiscal year ended September 30, 2025 the District recognized pension expense of \$189,241. In addition the District reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,655	\$ 5,489
Change of assumptions	30,626	836,924
Net difference between projected and actual earnings on HIS Plan investments	-	2,880
Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions	422,795	31,020
District HIS Plan contributions subsequent to the measurement date	65,583	-
Total	<u>\$ 539,659</u>	<u>\$ 876,313</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued): The deferred outflows of resources related to the HIS Plan, totaling \$65,583 resulting from District contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
September 30:	
2026	\$ (88,734)
2027	(106,236)
2028	(89,444)
2029	(71,680)
2030	(46,143)
Thereafter	-
	\$ (402,237)

Actuarial Assumptions: The total pension liability in the July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.50%, average, including inflation
Investment Rate of Return	5.20%

Mortality rates were based on the PUB-2010 base table.

The actuarial assumptions used in the July 1, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2023.

Discount Rate: The discount rate used to measure the total pension liability was 5.20%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. DEFINED BENEFIT PENSION PLANS (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 5.20%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20%) or one percentage point higher (4.20%) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
District's proportionate share of the net pension liability	\$ 3,901,886	\$ 3,460,159	\$ 3,089,690

Pension Plan Fiduciary Net Position: Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

Payables to the Pension Plan: At September 30, 2025, the District reported a payable in the amount of \$- for outstanding contributions to the HIS Plan.

Applicable totals for all of the District's defined benefit plans are reflected below:

	Florida Retirement System	Health Insurance Subsidy	Totals
Net pension liability	\$ 4,435,382	\$ 3,460,159	\$ 7,895,541
Deferred outflows	1,487,167	539,659	2,026,826
Deferred inflows	903,706	876,313	1,780,019
Pension expense	553,252	189,241	742,493

Deferred Compensation Plan

The District offers employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan was created, and may be amended by the Board of Directors. The plan is available to all employees and permits employees to defer part of their wages. All contributions under this plan are discretionary. The District provides no matching employer contribution. Payments from the deferred compensation plan are not available to employees until after termination, retirement, death or unforeseeable emergency.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES

Long-term liability activity for the fiscal years ended September 30, 2025 and 2024 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Fiscal year ended September 30, 2025					
Financed purchase	\$ 441,352	\$ -	\$ (121,959)	\$ 319,393	\$ 125,228
Net pension liability	9,126,543	3,532,962	(4,763,964)	7,895,541	-
Compensated absences	729,621	20,650 *	-	750,271	270,560
	<u>\$ 10,297,516</u>	<u>\$ 3,553,612</u>	<u>\$ (4,885,923)</u>	<u>\$ 8,965,205</u>	<u>\$ 395,788</u>
Fiscal year ended September 30, 2024					
Financed purchase	\$ 672,758	\$ -	\$ (231,406)	\$ 441,352	\$ 121,959
Net pension liability	9,224,307	1,265,345	(1,363,109)	9,126,543	-
Compensated absences	664,798	889,206	(824,383)	729,621	167,891
	<u>\$ 10,561,863</u>	<u>\$ 2,154,551</u>	<u>\$ (2,418,898)</u>	<u>\$ 10,297,516</u>	<u>\$ 289,850</u>

* Change presented net in accordance with GASB 101.

The District's long-term liabilities consist of the non-current portion of accumulated unpaid vacation and sick pay and, a financed purchase obligation and net pension liability.

The future debt service payments under the financed purchase as of September 30, 2025 is as follows:

Fiscal year ending	Principal	Interest	Total
2026	\$ 125,228	\$ 6,945	\$ 132,173
2027	128,585	3,589	132,174
2028	65,580	507	66,087
Total	<u>\$ 319,393</u>	<u>\$ 11,041</u>	<u>\$ 330,434</u>

NOTE 7. GOVERNMENT COMBINATIONS AND DISPOSALS

Lakeland Area Mass Transit District is a separate Independent Special Service District created by Polk County and City of Lakeland Ordinances with a Taxing Authority approved through voter referendum. Under an intergovernmental agreement between the District and the Polk County Government, the District combined its Transit Services Operations with Polk County for the purpose of providing public transit services to the Polk County citizens. On October 1, 2015, the Polk County Government transferred its public transit services operations to the District.

The District has evaluated the impact of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and determined that there is no measurable and tangible financial impact on the District finances.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. FEDERAL AWARDS, STATE, AND LOCAL FINANCIAL ASSISTANCE

The Polk County Government has agreed under an agreement dated October 17, 2017 to pay the District \$6,780,020 for the third year under the interlocal agreement for providing transit services. At the end of fiscal year September 30, 2025, and the completion of the District annual audited financial statements, the District will rebate to Polk County Government any remaining funds over and above the cost of providing the transit services. In the event the cost of the transit services exceeds the amount paid to the District, the Polk County Government will reimburse the District the additional costs of providing the services. There are no deferred outflow of resources or deferred inflow of resources associated with the District's transit service operations. Currently, the interlocal agreement expires each September 30, with a new agreement in place through September 30, 2025.

Operating Grants: For each fiscal year, the District applies for an operating assistance grant from the Federal Transit Administration and the Florida Department of Transportation to assist in defraying the operating costs of the transit system. The maximum amount receivable under these grants is 50% of the operating deficit incurred during the respective fiscal year. For purposes of determining the amount of these deficits, proceeds from other federal awards and state financial assistance, expenditures reimbursable under the other federal awards and state financial assistance, property tax revenues, and depreciation expense are not considered. The District has recognized non-operating revenue of \$10,887,096 and \$15,193,248 in fiscal years 2025 and 2024, respectively, under these grants.

Capital Grants and Contributions: The District has recognized \$1,671,133 and \$6,937,202 as capital grants and contributions for fiscal years 2025 and 2024, respectively, relating to the reimbursed portion of eligible costs that are capitalized as property and equipment.

NOTE 9. COMMITMENTS AND CONTINGENCIES

The District had no active construction projects as of September 30, 2025 and 2024.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters and workers' compensation claims. These risks are covered by property and casualty insurance purchased from an independent third-party. Settled claims from these risks have not exceeded the District's property and casualty coverage for the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS

The District administers a single-employer OPEB plan. The purpose of this plan is to account for the implicit rate subsidy the District provides to its retirees. Florida Statutes require that governments provide their retirees access to the same health insurance programs as their current employees at the same rates. Since the inclusion of retirees results in higher overall health insurance costs to the District which cannot be passed on to the retirees, it in effect results in what is called the implicit rate subsidy. This is the only post-employment benefit the District provides its retirees other than its pension plan.

As of and for the year ended September 30, 2025, and for several years prior, the participation rate for retirees in the plan have been 0%. As such, no liability has been recorded in the District's financial statements pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*.

NOTE 12. RELATED PARTIES

The District has one related party with which transactions occurred during fiscal years 2025 and 2024; the Polk Transit Authority (the "Authority"). The transactions consist of the reimbursement of expenses incurred by the District on behalf of the Authority. The reimbursed costs include office expenses and labor costs associated with shared employee responsibilities. The reimbursement was authorized by both Boards of Directors and is pursuant to an interlocal agreement between the entities. The amount of reimbursable costs for fiscal years 2025 and 2024, was \$7,500 and \$8,900, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

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LAKELAND AREA MASS TRANSIT DISTRICT
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.014291%	0.013620%	0.013670%	0.014874%	0.014939%	0.012804%	0.013105%	0.012132%	0.011228%	0.007919%
District's proportionate share of the net pension liability	\$ 4,435,382	\$ 5,268,944	\$ 5,447,082	\$ 5,534,445	\$ 1,128,496	\$ 5,549,510	\$ 4,513,242	\$ 3,654,081	\$ 3,321,280	\$ 1,999,537
District's covered payroll	\$ 12,184,389	\$ 10,966,505	\$ 9,434,931	\$ 8,663,703	\$ 8,544,438	\$ 8,158,724	\$ 7,781,852	\$ 7,353,045	\$ 6,691,593	\$ 6,195,524
District's proportionate share of the net pension liability as a percentage of its covered payroll	36.4%	48.0%	57.7%	63.9%	13.2%	68.0%	58.0%	49.7%	49.6%	32.3%
Plan fiduciary net position as a percentage of the total pension liability	87.3%	83.7%	82.4%	82.9%	96.4%	78.9%	82.6%	84.3%	83.9%	84.9%

LAKELAND AREA MASS TRANSIT DISTRICT

SCHEDULES OF DISTRICT CONTRIBUTIONS
 FLORIDA RETIREMENT SYSTEM PENSION PLAN
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 886,533	\$ 773,696	\$ 706,614	\$ 618,740	\$ 618,594	\$ 456,888	\$ 406,355	\$ 362,663	\$ 292,302	\$ 193,116
Contributions in relation to the contractually required contribution	(886,533)	(773,696)	(706,614)	(618,740)	(618,594)	(456,888)	(406,355)	(362,663)	(292,302)	(193,116)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 12,413,338	\$ 11,241,156	\$ 9,924,765	\$ 8,619,426	\$ 9,030,995	\$ 8,158,801	\$ 7,781,852	\$ 7,353,045	\$ 6,691,593	\$ 6,195,524
Contributions as a percentage of covered payroll	7.1%	6.9%	7.1%	7.2%	6.8%	5.6%	5.2%	4.9%	4.4%	3.1%

LAKELAND AREA MASS TRANSIT DISTRICT

SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 RETIREE HEALTH INSURANCE SUBSIDY PROGRAM
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.026996%	0.025716%	0.023784%	0.023710%	0.024170%	0.023426%	0.024055%	0.021618%	0.020818%	0.014761%
District's proportionate share of the net pension liability	\$ 3,460,159	\$ 3,857,599	\$ 3,777,225	\$ 2,510,997	\$ 2,964,869	\$ 2,860,273	\$ 2,691,567	\$ 2,288,061	\$ 2,225,954	\$ 1,720,377
District's covered payroll	\$ 12,184,389	\$ 10,966,505	\$ 9,434,931	\$ 8,663,703	\$ 8,544,438	\$ 8,158,724	\$ 7,781,852	\$ 7,353,045	\$ 6,691,593	\$ 6,195,524
District's proportionate share of the net pension liability as a percentage of its covered payroll	28.4%	35.2%	40.0%	29.0%	34.7%	35.1%	34.6%	31.1%	33.3%	27.8%
Plan fiduciary net position as a percentage of the total pension liability	6.4%	4.8%	4.1%	4.8%	3.6%	3.0%	2.6%	2.2%	1.6%	1.0%

LAKELAND AREA MASS TRANSIT DISTRICT
SCHEDULES OF DISTRICT CONTRIBUTIONS
RETIREE HEALTH INSURANCE SUBSIDY PROGRAM
FOR THE FISCAL YEARS ENDED SEPTEMBER 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 247,176	\$ 222,092	\$ 174,265	\$ 141,883	\$ 149,780	\$ 135,819	\$ 133,578	\$ 117,234	\$ 110,175	\$ 75,661
Contributions in relation to the contractually required contribution	(247,176)	(222,092)	(174,265)	(141,883)	(149,780)	(135,819)	(133,578)	(117,234)	(110,175)	(75,661)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 12,413,338	\$ 11,241,156	\$ 9,924,765	\$ 8,619,426	\$ 9,030,995	\$ 8,158,801	\$ 7,781,852	\$ 7,353,045	\$ 6,691,593	\$ 6,195,524
Contributions as a percentage of covered payroll	2.0%	2.0%	1.8%	1.6%	1.7%	1.7%	1.7%	1.6%	1.6%	1.2%

SUPPLEMENTARY INFORMATION

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LAKELAND AREA MASS TRANSIT DISTRICT
SCHEDULE OF REVENUES AND EXPENSES
POLK COUNTY TRANSIT SERVICES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Operating revenues	
FTA capital grant	\$ 4,005,528
FDOT operating grants	672,498
City contribution	721,232
Fares	103,848
PCTS	4,178,000
Total operating revenues	9,681,106
 Operating expenses	
Labor expenses	5,022,252
Contract expenses	2,461,413
Operating expenses	2,337,936
Total operating expenses	9,821,601
Total operating income	(140,495)
 Deficiency of revenue under expenses	
	\$ (140,495)

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COMPLIANCE SECTION

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LAKELAND AREA MASS TRANSIT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Agency/Program	Federal Assistance Listing or State CSFA Number	Agency Grant Number	Expenditures	Passed through to Subrecipients
U.S. Department of Transportation:				
Federal Transit Administration				
Federal Transit Cluster				
Federal Transit Formula Grant	20.507	FL-2023-031 (5307 CRRSAA)	\$ 10,204	\$ -
Federal Transit Formula Grant	20.507	FL-2021-050 (5307)	30,741	-
Federal Transit Formula Grant	20.507	FL-2022-046 (5307)	149,069	-
Federal Transit Formula Grant	20.507	FL-2023-033 (5307)	135,430	-
Federal Transit Formula Grant	20.507	FL-2025-011 (5307) WH	2,733,011	-
Federal Transit Formula Grant	20.507	FL-2025-016 (5307) LK	2,522,334	-
Federal Transit Formula Grant	20.507	FL-2022-011 (5307 ARPA)	435,769	-
Federal Transit Formula Grant	20.507	FL-2022-016 (5307 ARPA)	354,822	-
Federal Transit Formula Grant	20.507	FL-2021-006 (5307 Cares)	24,132	-
Federal Transit Formula Grant	20.507	FL-2021-007 (5307 Cares)	59,601	-
FTA 5339 Cap Invest Grant	20.526	FL-2021-050 (5339)	57,733	-
FTA 5339 Cap Invest Grant	20.526	FL-2022-039 (5339)	65,949	-
FTA 5339 Cap Invest Grant	20.526	FL-2022-046 (5339)	36,218	-
FTA 5339 Cap Invest Grant	20.526	FL-2023-032 (5339)	247,052	-
FTA 5339 Cap Invest Grant	20.526	FL-2023-033 (5339)	194,488	-
FTA 5339 Cap Invest Grant	20.526	FL-2025-011 (5339) WH	47,226	-
FTA 5339 Cap Invest Grant	20.526	FL-2025-016 (5339) LK	7,976	-
Total Federal Transit Cluster			<u>7,111,755</u>	<u>-</u>
Transit Services Program Cluster				
<i>Passed through the State of Florida Department of Transportation :</i>				
FTA Enhanced Mobility of				
FTA 5339 Cap Invest Grant	20.513	62136 (5310)	17,794	-
FTA 5339 Cap Invest Grant	20.513	G2X02 (5310)	5,272	-
FTA 5339 Cap Invest Grant	20.513	G3A82 Mobility WH (5310)	11,569	-
FTA Rural Formula Grant - COVID-19	20.526	G2625 (5339)	35,668	-
FTA Rural Formula Grant - COVID-19	20.526	G2W73 (5339)	63,554	-
Total Transit Services Programs Cluster			<u>133,856</u>	<u>-</u>
<i>Passed through the State of Florida Department of Transportation :</i>				
FTA Rural Formula Grant	20.509	63226 (5311)	805,000	-
FTA Rural Formula Grant	20.509	G2L73 (5311CRR5AA)	6,463	-
Total FTA Rural Formula Grant			<u>811,463</u>	<u>-</u>
Total U.S. Department of Transportation			<u>8,057,074</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 8,057,074</u>	<u>\$ -</u>

(Continued)

LAKELAND AREA MASS TRANSIT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Agency/Program	Federal Assistance Listing or State CSFA Number	Agency Grant Number	Expenditures	Passed through to Subrecipients
Florida Department of Transportation				
Transportation Disadvantaged Program	55.001	G2743 (TD)	\$ 741,412	-
Transportation Disadvantaged Program	55.001	G3E16 TD Mobility	301,004	-
Total Transportation Disadvantaged Program			1,042,416	-
Public Transit Block Grant Program	55.010	G2R63 (Block)	476,444	-
Public Transit Block Grant Program	55.010	G3A24 (Block)	1,837,348	-
Total Public Transit Block Grant Program			2,313,792	-
State Public Transit Corridor Program	55.013	G1Z16 (Discr)	176,555	-
State Public Transit Corridor Program	55.013	G2F93 (Discr)	133,048	-
State Public Transit Corridor Program	55.013	G2R64 [Discr]	404,659	-
State Public Transit Corridor Program	55.013	G3A19 (Disc)	325,046	-
State Public Transit Corridor Program	55.013	G3F68 (Disc)	51,256	-
State Public Transit Corridor Program	55.013	G3372 (Disc)	52,342	-
Total State Public Transit Corridor Program			1,142,906	-
Total Florida Department of Transportation			4,499,114	-
Total State Financial Assistance			\$ 4,499,114	\$ -

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The schedule of expenditures of federal awards and state financial assistance is prepared using the accrual basis of accounting.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurred.

Program Type Determination

For federal awards, Type A programs are defined as programs with federal expenditures exceeding the larger of \$1,000,000 or 3% of total federal expenditures. The threshold of \$1,000,000 was used in distinguishing between Type A and Type B programs. For state financial assistance awards, Type A programs are defined as programs with state expenditures exceeding the larger of \$750,000 or 3% of total state expenditures. The threshold of \$750,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk based approach was used in the selection of federal programs to be tested as major programs. The District did not qualify as a low-risk auditee for the fiscal year ended September 30, 2025.

De-Minimis Indirect Cost Rate

The District used the de-minimis indirect cost rate for the year ended September 30, 2025.

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

**To the Board of Directors of the
Lakeland Area Mass Transit District
Lakeland, Florida**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Lakeland Area Mass Transit District (the "District") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 20, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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



Bradenton, Florida
March 20, 2026



Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General

**To the Board of Directors of the
Lakeland Area Mass Transit District
Lakeland, Florida**

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the Lakeland Area Mass Transit District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs and state projects for the year ended September 30, 2025. The District's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Bradenton, Florida
March 20, 2026

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Lakeland Area Mass Transit District

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

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? Yes No

Significant deficiency identified not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards and State Projects

Internal control over major programs:
Material weaknesses identified? Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.550 Rules of the Auditor General? Yes No

Identification of major programs:

AL Number
20.507

Name of Federal Program Cluster
Federal Transit Cluster

CSFA Number
55.010

Name of State Program
Public Transit Block Grant

Dollar threshold used to distinguish between
Federal Type A and Type B programs: \$1,000,000
State Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Lakeland Area Mass Transit District

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

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.



Independent Auditor's Management Letter

**To the Board of Directors of the
Lakeland Area Mass Transit District
Lakeland, Florida**

Report on the Financial Statements

We have audited the financial statements of the Lakeland Area Mass Transit District (the "District") as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated March 20, 2026.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our 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*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 20, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the preceding annual financial audit report requiring correction.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39 (3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District reported:

- a. The total number of District employees compensated in the last pay period of the District's fiscal year as 222.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as one.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$12,501,034.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as none.
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as None.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, see the following page.

	Budget	Actual	Variance
Operating revenues	\$ 5,976,975	\$ 6,293,497	\$ 316,522
Operating expenses	28,290,184	29,513,446	1,223,262
Operating loss	(22,313,209)	(23,219,949)	(906,740)
Non-operating revenues (expenses)	21,781,109	18,228,391	(3,552,718)
Net gain (loss) before capital contributions	(532,100)	(4,991,558)	(4,459,458)
Capital contributions	620,000	1,671,133	1,051,133
Change in net position	87,900	(3,320,425)	(3,408,325)
Net position, beginning of year	27,707,214	27,707,214	-
Net position, end of year	\$ 27,795,114	\$ 24,386,789	\$ (3,408,325)

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District reported:

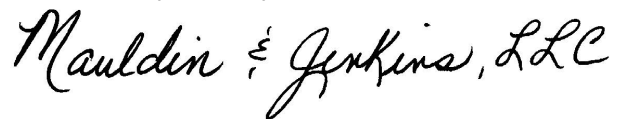
- a. The millage rate imposed by the district as 0.500.
- b. The total amount of ad valorem taxes collected by or on behalf of the District as \$7,585,184.
- c. The total amount of outstanding bonds issued by the district as \$0.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of Commissioners and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Bradenton, Florida
 March 20, 2026

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Independent Accountant's Report

**To the Board of Directors of the
Lakeland Area Mass Transit District
Lakeland, Florida**

We have examined the Lakeland Area Mass Transit District's (the "District") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2025.

This report is intended solely for the information and use of the District and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Bradenton, Florida
March 20, 2026

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