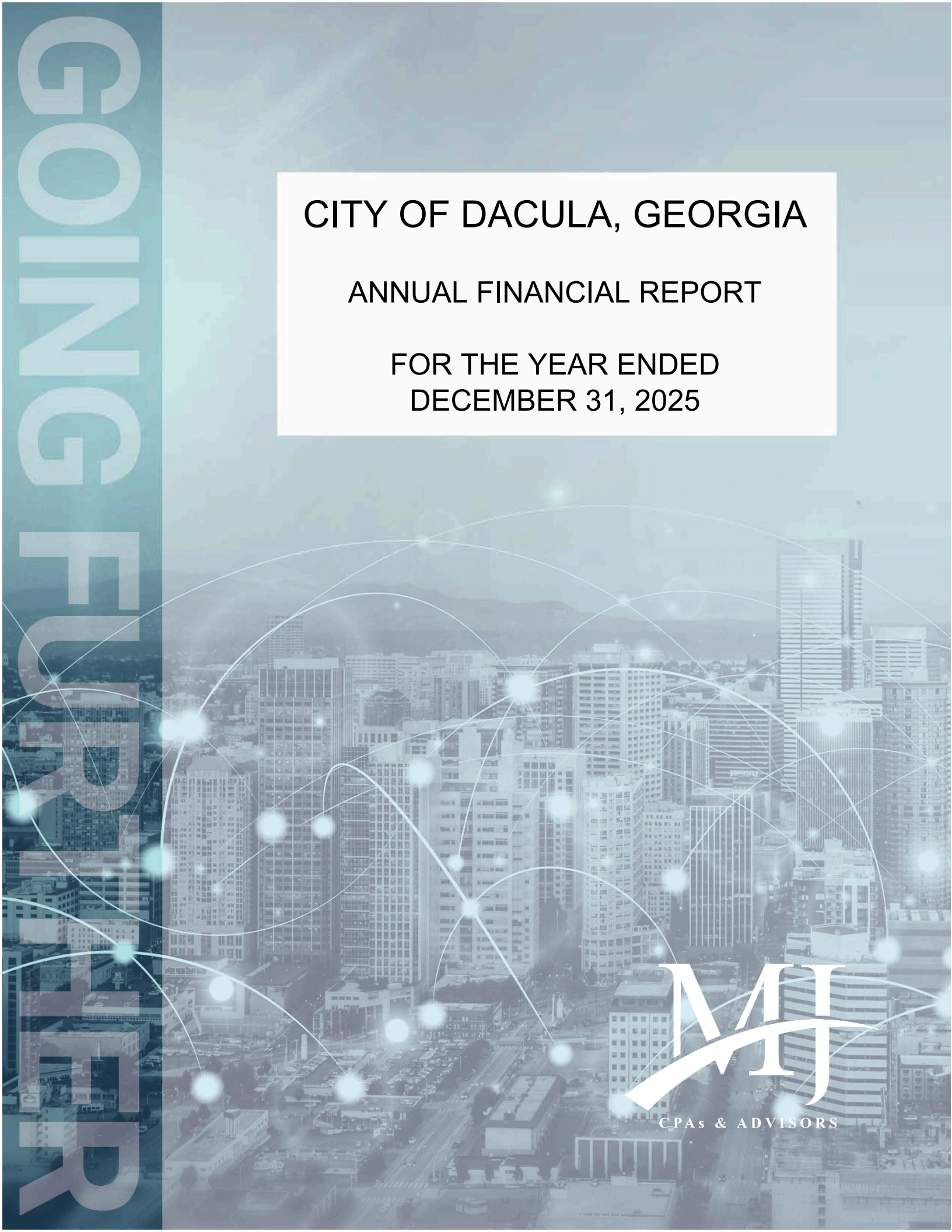
GOING FURTHER

CITY OF DACULA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025



MJ

CPAs & ADVISORS

CITY OF DACULA, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2025



CITY OF DACULA, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2025

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FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of City Council
City of Dacula, Georgia

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, (the "supplementary information") is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 11, 2026

CITY OF DACULA, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025

As management of the City of Dacula, Georgia (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with the notes to the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by $44,338,621 (net position). Of this amount, $13,095,592 (*unrestricted net position)* may be used to meet the City's ongoing obligations to citizens and creditors. $21,305,878 of net position consisted of investments in capital assets, net of related debt. The remainder of net position consisted of amounts restricted by law, with $9,730,492 restricted for capital projects, and $206,659 restricted for public works.

- The City's total net position increased by $4,520,981 in the year ended December 31, 2025. This is compared to an increase of $4,470,470 the prior year. This increase in net position for 2025 resulted primarily from increased unrestricted net position of $1,348,194 and restricted for capital projects of $2,927,308. The City saw an increase in licenses and permit fees and interest income.

- As of the close of the current year, the City's governmental funds reported combined ending fund balances of $51,849,001. This compares to the prior year ending fund balances of $61,629,315 showing a total decrease of $9,780,314 during the current year. The fund balance of the General Fund increased by $1,765,882 due to licenses and permits and interest income. The fund balance for the Capital Projects Fund decreased by $68,757 due to ongoing project expenditures and no more contributions to this fund. SPLOST fund balance increased by $1,379,366 as revenue exceeded capital outlay. The City Core Project Fund decreased in fund balance by $12,804,233 as the City spends the funds on building the new public facilities.

- At the end of the current year, the total fund balance for the General Fund was $13,297,571 or 285% of General Fund expenditures. Of this amount, $13,057,686 was unassigned, $206,659 was restricted for public works, and $33,226 was non-spendable.

- At the end of the current year, the total fund balance for the SPLOST Fund was $6,408,199. SPLOST funds are restricted for transportation projects, administrative facilities, public safety facilities and equipment, recreational facilities and equipment, and water and sewer projects.

- At the end of the current year, the total fund balance for the Capital Projects Fund was $1,144,841. These funds are restricted for parks and beautification of the City.

- At the end of the current year, the total fund balance for the City Core Project Fund was $30,998,390. The City Core Project funds are restricted for the construction of a new municipal complex, including city hall, a municipal courtroom, event space and parking, public green space, an outdoor amphitheater, a parking deck, and capitalized interest.

- At the close of the year, the assets of the City's Sanitation Fund exceeded its liabilities by $1,299,143. Of this total net position, $986,247 is unrestricted and available to meet the Sanitation Fund's ongoing obligations to its customers. $312,896 is invested in capital assets.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities)*. The governmental activities include general government, public safety, public works, recreation and parks, municipal court, planning and zoning, housing and development, and interest expense on long-term debt. The City's business-type activities include the Sanitation Fund.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five (5) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each major fund. The City's major funds are the General Fund, ARPA (American Rescue Plan Act) Fund, Capital Projects Fund, SPLOST Fund, and the City Core Project Fund.

The City adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison statement has been provided for the General Fund and ARPA Fund to demonstrate compliance with this budget.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sanitation services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the Sanitation Fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide information about the City's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability and related ratios and the Schedule of City Contributions.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Dacula, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $44,338,621 at the close of the most recent year. Table 1 below is a summary of the City's net position.

Table 1

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
Assets:	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Current and other assets	$ 54,929,004	$ 62,755,574	$ 1,104,209	$ 1,202,909	$ 56,033,213	$ 63,958,483
Capital assets	36,971,796	22,682,604	312,896	364,375	37,284,692	23,046,979
Total assets	91,900,800	85,438,178	1,417,105	1,567,284	93,317,905	87,005,462
Deferred outflows of resources	153,671	114,450	54,237	45,780	207,908	160,230
Liabilities:						
Current liabilities	3,780,651	1,595,115	16,941	287,002	3,797,592	1,882,117
Long-term liabilities	45,125,883	45,134,758	116,978	95,202	45,242,861	45,229,960
Total liabilities	48,906,534	46,729,873	133,919	382,204	49,040,453	47,112,077
Deferred inflows of resources	108,459	168,553	38,280	67,422	146,739	235,975
Net position:						
Net investment in capital assets	20,992,982	21,027,718	312,896	100,276	21,305,878	21,127,994
Restricted	9,937,151	6,942,248	-	-	9,937,151	6,942,248
Unrestricted	12,109,345	10,684,236	986,247	1,063,162	13,095,592	11,747,398
Total net position	$ 43,039,478	$ 38,654,202	$ 1,299,143	$ 1,163,438	$ 44,338,621	$ 39,817,640

A portion of the City's net position ($21,305,878 or 48.05%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. $9,937,151 (22.41%) of the City's net position is restricted for capital projects and public works. The remaining portion of the City's net position ($13,095,592 or 29.54%) is unrestricted. Unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current year, the City is able to report positive balances in all three categories of net position, for the City as a whole. The unrestricted net position of the primary government increased by $1,348,194 in 2025 from the previous year's balance of $11,747,398 to a net balance of $13,095,592.

Analysis of the City's Operations and Changes in Net Position

The schedule below presents a summary of the City's operations for the years ended December 31, 2025 and 2024. Governmental activities during the current year increased the City's net position by $4,385,276 for the year ended December 31, 2025. Business-type activities increased the City's net position by $135,705 for the year ended December 31, 2025.

Table 2

Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Revenues:						
Program revenues:						
Charges for services	$ 1,332,090	$ 774,140	$ 794,630	$ 738,148	$ 2,126,720	$ 1,512,288
Capital grants and contributions	2,705,499	3,546,208	-	-	2,705,499	3,546,208
General revenues:						
Property taxes	2,768,109	2,558,608	-	-	2,768,109	2,558,608
Franchise taxes	465,066	768,645	-	-	465,066	768,645
Insurance premium taxes	748,331	657,596	-	-	748,331	657,596
Business taxes	219,930	160,472	-	-	219,930	160,472
Alcoholic beverage taxes	247,199	233,457	-	-	247,199	233,457
Miscellaneous income	3,309	3,596	-	-	3,309	3,596
Unrestricted investment earnings	2,262,461	845,483	34,954	38,570	2,297,415	884,053
Total revenues	10,751,994	9,548,205	829,584	776,718	11,581,578	10,324,923
Expenses:						
General government	1,606,179	1,488,253	-	-	1,606,179	1,488,253
Public safety	261,917	278,539	-	-	261,917	278,539
Public works	1,532,623	1,515,146	-	-	1,532,623	1,515,146
Recreation and parks	104,058	136,494	-	-	104,058	136,494
Judicial/municipal court	22,570	8,720	-	-	22,570	8,720
Planning and zoning	981,587	526,189	-	-	981,587	526,189
Interest and fiscal charges	1,857,784	1,286,442	-	-	1,857,784	1,286,442
Sanitation	-	-	693,879	614,670	693,879	614,670
Total expenses	6,366,718	5,239,783	693,879	614,670	7,060,597	5,854,453
Change in net position	4,385,276	4,308,422	135,705	162,048	4,520,981	4,470,470
Net position, beginning of year	38,654,202	34,345,780	1,163,438	1,001,390	39,817,640	35,347,170
Net position - end of year	$ 43,039,478	$ 38,654,202	$ 1,299,143	$ 1,163,438	$ 44,338,621	$ 39,817,640

Governmental Activities

Revenue. Charges for Services of $1,332,090 increased by $557,950 primarily due to an increase in planning and development related permit revenue from 2024 to 2025. Building permits and other fees vary from year to year based on the types of development, construction progress, and the volume of development activity. The majority of charges for services come from the Planning and Development department. The remaining charges for services mostly come from alcohol licenses and municipal court fines for ordinance violations. Capital Grants and Contributions of $2,705,499 decreased by $840,709, due to a decrease in Community Development Block Grant (CDBG) funding and a decrease in the spending of ARPA funds, which as of year-end are fully expensed. Capital grants and contributions comprise 25.16% of total governmental revenue in 2025 compared to 37.14% in 2024. Property taxes provided 25.75% of the City's total governmental revenue for the year 2025 as compared with 26.8% in the year 2024. This percentage decrease in property tax revenue is due to the increase in revenue from Charges for Services and Interest Income from the investment of bond proceeds. Overall, governmental revenues increased by $1,203,789 or 12.61% while overall governmental expenses increased by $1,126,935 or 21.51%. The increase in revenues was primarily

due to increases in planning and zoning permit fees from new development, interest income from investing more funds due to an increased unrestricted net position and bond proceeds, and property tax revenue caused by increases in home values and new development. The increase in expenses was primarily due to accrued interest expense on long-term debt and inspection fees due to an increase in land development.

Expenses The total expense for the governmental activities was $6,366,718 in 2025, an increase of $1,126,935 or 21.51% compared to 2024. Interest and fiscal charges account for the largest portion of governmental expenses. Total Interest and fiscal charges expenses were $1,857,784 or 29.18% of total governmental expenses. General government expenses accounted for the second largest portion of governmental expenses and represented $1,606,179 or 25.23% of total governmental expenses. Public works expenses are the third largest portion of governmental expenses at $1,532,623 and represent 24.07% of total governmental expenses.

Business-Type Activities

Revenues. Total revenues for the Sanitation Fund increased by $52,866 from 2024 to 2025 due to residential property growth from development. The General Fund historically has subsidized the Sanitation Fund, but the increase in fees for the service set back in 2022, and the increase in customers over the past few years due to growth, has allowed for no subsidies from the General Fund since 2022. Investment income dropped slightly due to a decrease in interest rates.

Expenses. Total expenses for the Sanitation Fund were $693,879 in the current year compared to $614,670 in the prior year. The increase was mainly due to three factors. One being that retirement expenses were up due to an increase in the Net Pension Liability. The second factor being garbage disposal fees were up due to a rate increase per ton and an increase in the volume of trash collections from additional residents. The third factor being an increase in depreciation expense from the purchase of an additional garbage truck at the end of 2024 as the Public Works department reduces the use of older vehicles.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the current year, the City's governmental funds reported combined ending fund balances of $51,849,001. Of this amount, $13,057,686 or 25.18% constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is made of $38,758,089 of restricted fund balance due to external limitations on its use, and $33,226 of non-spendable. These restricted uses include: 1) capital projects funded by SPLOST funds ($6,408,199), 2) parks, recreation, and beautification projects funded by an endowment fund ($1,144,841), 3) road infrastructure funded by the Georgia Department of Transportation's Local Maintenance and Improvement Grant and Local Road Assistance grant ($206,659), and 4) the City Core Project, which includes the construction of a new city hall, municipal courtroom, outdoor green space, an amphitheater, and parking deck which is being funded with the Urban Redevelopment Agency of Dacula Revenue Bonds, Series 2024 ($30,998,390). The non-spendable fund balance portion of $33,226 is for prepaid items, mostly prepaid insurance.

General Fund – The General Fund is the central operating fund of the City. At the end of the current year, the fund balance of the General Fund was $13,297,571 of which $13,057,686 was unassigned, $206,659 was restricted, and $33,226 was non-spendable. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total fund balance of $13,297,571 represents approximately 285.30% of total General Fund expenditures compared to 248.45% for the prior year while unassigned fund balance of $13,057,686 represents approximately 280.15% of total General Fund expenditures compared to 245.81% of the prior year. Fund balance of the City's General Fund increased by $1,765,882 during the current year primarily due to increased licenses and permit fees and interest income.

ARPA (American Rescue Plan Act) Fund – The ARPA Fund was created in 2021 due to the Federal American Rescue Plan Act Grant administered to provide economic relief during the Coronavirus pandemic. The City received an APRA Grant Award of $2,371,321. As of December 31, 2025, the City has expended all of these funds.

SPLOST Fund (Special Purpose Local Option Sales Tax) – The SPLOST Fund contains the activity of sales tax proceeds that started in 2017 and renewed in 2023, both of which are for a six-year SPLOST Tax. The SPLOST Fund balance at year-end of $6,408,199 increased by $1,379,366 from 2024 due to revenue exceeding expenditures. Revenue from the SPLOST increased in 2025 by $43,723 mostly from an increase in interest income due to more proceeds being collected and invested. The fund balance is restricted for capital outlay for facilities, infrastructure, and equipment.

Capital Projects Fund – The capital projects fund accounts for the funds provided by the former Mayor Mr. Willbanks' Estate. The total fund balance for the capital projects fund at year-end was $1,144,841, which is restricted for expenditures on parks, recreation, and beautification projects. The City will receive no more contributions from the estate and rely solely on interest income as revenue until the funds are fully spent.

City Core Project Fund – The City Core Project Fund was created in 2024 to account for the inflows and outflows of resources for the City Core Project, which includes the construction of a new city hall, municipal courtroom, outdoor greenspace, an amphitheater, a parking deck, bond issuance costs, and capitalized interest. This project is being funded with revenue bonds, interest income on idle funds, and transfers in from the Capital Projects Fund. The fund balance at year end was $30,998,390 which is restricted to the construction of the above-mentioned assets. Fund balance decreased by $12,804,233 in 2025 and will continue to decrease quickly as the funds are spent.

Proprietary Funds. The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The City maintains one enterprise fund that accounts for the activities of the City that are operated in a business fashion. The City maintains an enterprise fund for its sanitation services.

Sanitation Fund - Sanitation fees are billed on the City property tax bills and are collected by the City annually. The Sanitation Fund increased its net position by $135,705 in 2025. This increase in net position is attributable to an increase in sanitation fees from new customers. No transfers in from the General Fund were needed for 2025.

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Table 3 below compares governmental fund revenues and expenditures for 2025 and 2024.

Table 3

Governmental Revenues, Expenditures, and Changes in Fund Balances

	Governmental Funds	
	2025	**2024**
Revenues:		
Taxes	$ 4,427,464	$ 4,375,242
Licenses and permits	1,314,467	748,844
Intergovernmental	2,479,207	3,353,842
Fines and forfeitures	17,075	24,117
Charges for services	548	1,179
Interest income	2,488,753	1,037,849
Miscellaneous	3,309	3,596
Total Revenue	10,730,823	9,544,669
Expenditures:		
General government	15,541,816	3,460,969
Public safety	287,616	279,125
Public works	1,657,227	3,270,200
Recreation and parks	141,495	292,216
Judicial/municipal court	22,570	8,720
Planning and zoning	977,696	517,083
Housing and development	173,080	-
Debt service	1,709,637	720,193
Total Expenditures	20,511,137	8,548,506
Excess (deficiency) of revenues over (under) expenditures	(9,780,314)	996,163
Other financing sources (uses):		
Transfers out	(936)	-
Transfers in	936	-
Proceeds from sale of capital assets	-	825
Proceeds from the issuance of bonds	-	43,410,000
Premium on bonds issued	-	1,486,756
Total other financing sources	-	44,897,581
Net change in fund balances	(9,780,314)	45,893,744
Fund balances, beginning of year	61,629,315	15,735,571
Fund balances, end of year	$ 51,849,001	$ 61,629,315

General Fund Budgetary Highlights

The City's budget is prepared according to Georgia law. A comparison of actual revenues and expenditures compared to budgeted amounts are presented in the financial statements for the General Fund and ARPA Fund. General Fund revenue was $484,654 more than budgeted mainly due to permit fees on new developments being higher than expected and also due to conservative estimates on property tax collections. The City budgets revenue conservatively to ensure funds received covered costs incurred. General Fund expenditures were $469,279 less than budgeted mostly explained by an unused contingency account in case of emergencies ($150,159), legal fees being less than expected ($37,982), and the public works department ($85,488) which included gas, repairs and maintenance of buildings and equipment, right-of-way maintenance costs and capital outlay on infrastructure assets all coming in lower than expected. Property, liability, and workers' compensation insurance ($15,394) were all less than expected. ARPA revenue was $438 less than what was budgeted, while ARPA expenditures were $374 less than the budgeted amount.

Capital Assets and Long-Term Debt

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2025, amounts to $37,284,692 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, vehicles, land improvements, and infrastructure such as streets, sidewalks, and stormwater systems. Table 4 below summarizes capital assets of the City.

Table 4

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Construction in progress	$ 14,287,825	$ 1,929,683	$ -	$ -	$ 14,287,825	$ 1,929,683
Land	6,854,619	5,824,016	-	-	6,854,619	5,824,016
Buildings and improvements	2,337,791	2,337,791	-	-	2,337,791	2,337,791
Infrastructure	15,246,808	14,143,080	-	-	15,246,808	14,143,080
Furniture and equipment	529,839	458,839	-	-	529,839	458,839
Vehicles	417,252	367,744	900,506	900,506	1,317,758	1,268,250
Land improvements	1,537,387	1,319,816	-	-	1,537,387	1,319,816
Less accumulated depreciation	(4,239,725)	(3,698,365)	(587,610)	(536,131)	(4,827,335)	(4,234,496)
Total	$ 36,971,796	$ 22,682,604	$ 312,896	$ 364,375	$ 37,284,692	$ 23,046,979

The City's total investment in capital assets increased from $23,046,979 to $37,284,692 in 2025. The City spent an additional $13,699,143 on construction in progress (CIP) and transferred a total of $1,341,001 of construction in progress (CIP) to Infrastructure and Land Improvements for several projects completed in 2025. As of December 31, 2025, there was $170,618 of construction projects in progress that are scheduled to be completed in 2026 and another $14,117,208 invested in the City Core Project, which is estimated to be completed in 2027.

During fiscal year 2025, the City purchased $71,000 of equipment, which were three new gateway signs located at the boundaries of the City. The City purchased two pieces of property. One related to the City Core Project and one related to the Sanjo Street Road Widening and Sidewalk Project. The transfers out of CIP discussed above included road and sidewalk improvements to the Brookton North subdivision and McMillan Road as well a gravel parking lot off Wilson Street across from Olde Mill Park.

Long-Term Debt and Obligations. The City's long-term debt and obligations can be found in Note 7 in the notes to the financial statements of this report. The City's compensated absences for governmental activities increased by $2,506 while the compensated absences for business-type activities decreased by $109 from 2024 to 2025. The City issued revenue bonds in 2024 to fund the City Core Project which included a premium on those bonds. No principal payments on those bonds until 2030. The premium is being amortized over the life of the debt. The Net Pension liability increased by $115,211 in 2025 due to factors differing than expectations from the actuary. More details on the change in Net Pension Liability can be found in Note 9. The City's long-term debt is summarized in the table below.

Table 5

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Compensated absences	$ 23,912	$ 21,406	$ 364	$ 473	$ 24,276	$ 21,879
Revenue bonds	43,410,000	43,410,000	-	-	43,410,000	43,410,000
Bond premium	1,384,446	1,486,756	-	-	1,384,446	1,486,756
Net pension liability	331,437	238,002	116,978	95,202	448,415	333,204
Long-term liabilities	$ 45,149,795	$ 45,156,164	$ 117,342	$ 95,675	$ 45,267,137	$ 45,251,839

Economic Factors and Next Year's Budgets and Rates

The City considered the current year results as well as other factors in preparing the City's budget for 2026. The budget for 2026 reflects total revenues of $74,807,654, total expenditures of $73,818,598, and an increase in fund balance of $989,056 for all funds. Capital project funds make up $68,469,504 of total revenues and expenditures, which is budgeted by project length where funds are not earned or expended in a single year. The 2026 General Fund appropriations are $697,127 less than 2025 mostly due to a decrease in land acquisitions, asbestos testing and removal was needed in 2025 for the City Core Project but is not needed in 2026 and building inspection fees are down due to a slowing of expected developments. Many other government expenditures are expected to rise slightly as the cost of goods and services are expected to increase.

In November of 2022, Gwinnett County voters approved a referendum for a six-year Special Purpose Local Option Sales Tax restricted for capital construction of streets, sidewalks, administrative facility acquisition/improvement, parks and recreation facility and equipment, public safety facilities and equipment, and water and sewer improvements with the City estimated to receive $9,620,184 over six years. To date the actual tax collected by the City is averaging 108% of the original estimate.

The net tax digest valuation for the City is estimated to increase by approximately 7% in 2026 and the City might need an increase in the millage rate, but not necessarily a tax increase. The valuation increase is expected from new development. Net reassessments are estimated to decrease the digest value, which means an increase in the millage rate would be needed to keep taxes the same as the prior year. Given the upcoming debt service payments that will be paid from the General Fund starting in 2028 and going through 2056, the City will need to be cognizant of the potential consequences of any net digest decreases from reassessments. The City has experienced a significant increase in development projects for many years now. As these projects are completed, we expect continued increases in our property tax digest and tax revenues which have and continue to be used to offset or reduce needed tax increases.

The City will not be receiving any additional ARPA funds or any additional contributions from the former Mayor Mr. Wilbanks' Estate. As of December 31, 2025, the City still has significant cash collected from the estate and has planned for the remainder of those funds to be spent on beautification/landscaping for the City Core Project. ARPA funds were fully expensed at year-end.

The City saw an increase of $90,735 in the Insurance Premium Tax on insurance companies from 2024 to 2025. The increase in revenue is expected to remain for future years as the cost of insurance premiums are continuing to increase and Dacula's population continues to grow. The City's revenue from occupational taxes and alcohol licenses are expected to grow steadily over the next few years as development and business investments in the City continue to increase. Franchise taxes from natural gas and electricity are also expected to grow due to price increases and population growth. Investment earnings should remain relatively stable with potential for some growth. Interest rates are down compared to 2024 and 2025, but the funds invested have increased as the City continues to increase its reserves. Management is also considering different higher interest rate investment options in the future to ensure idle funds are earning at the highest rate possible without posing significant risks of loss. Any investment decisions are guided by the City's policy passed by City Council in 2024 which was written in part with the intention of keeping all investment decisions compliant with state law.

The City will continue to monitor actual revenues and expenses and the economic environment, including the laws and regulations, that have an impact on those revenues and expenses. The City's goal is to keep the cost of government operations as low as it can without sacrificing the quality of services needed and desired by its citizens.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Dacula
PO Box 400
Dacula, GA 30019

CITY OF DACULA, GEORGIA

STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government		
ASSETS	**Governmental Activities**	**Business-Type Activities**	**Total**
Cash and cash equivalents	$ 20,285,033	$ 1,069,921	$ 21,354,954
Taxes receivables	582,239	-	582,239
Intergovernmental receivable	336,011	-	336,011
Accounts receivable	-	34,288	34,288
Restricted cash and cash equivalents	33,692,495	-	33,692,495
Prepaid items	33,226	-	33,226
Capital assets:			
Nondepreciable	21,142,444	-	21,142,444
Depreciable, net of accumulated depreciation	15,829,352	312,896	16,142,248
Total assets	91,900,800	1,417,105	93,317,905
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	153,671	54,237	207,908
Total deferred outflows of resources	153,671	54,237	207,908
LIABILITIES			
Accounts payable	145,991	12,409	158,400
Contracts payable	2,112,165	-	2,112,165
Retainage payable	602,946	-	602,946
Accrued liabilities	834,449	4,168	838,617
Unearned revenues	61,188	-	61,188
Compensated absences due within one year	23,912	364	24,276
Bond payable due in more than one year	44,794,446	-	44,794,446
Net pension liability due in more than one year	331,437	116,978	448,415
Total liabilities	48,906,534	133,919	49,040,453
DEFERRED INFLOWS OF RESOURCES			
Pension related items	108,459	38,280	146,739
Total deferred inflows of resources	108,459	38,280	146,739
Net investment in capital assets	20,992,982	312,896	21,305,878
Restricted for public works	206,659	-	206,659
Restricted for capital projects	9,730,492	-	9,730,492
Unrestricted	12,109,345	986,247	13,095,592
Total net position	$ 43,039,478	$ 1,299,143	$ 44,338,621

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

CITY OF DACULA, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	$ 1,606,179	$ 113,838	$ -	$ 842,966	$ (649,375)	$ -	$ (649,375)
Public safety	261,917	-	-	52,685	(209,232)	-	(209,232)
Public works	1,532,623	-	-	1,774,757	242,134	-	242,134
Recreation and parks	104,058	-	-	35,091	(68,967)	-	(68,967)
Judicial/municipal court	22,570	17,075	-	-	(5,495)	-	(5,495)
Planning and zoning	981,587	1,201,177	-	-	219,590	-	219,590
Housing and development	-	-	-	-	-	-	-
Interest and fiscal charges	1,857,784	-	-	-	(1,857,784)	-	(1,857,784)
Total governmental activities	6,366,718	1,332,090	-	2,705,499	(2,329,129)	-	(2,329,129)
Business-type activities:							
Sanitation	693,879	794,630	-	-	-	100,751	100,751
Total business-type activities	693,879	794,630	-	-	-	100,751	100,751
Total primary government	$ 7,060,597	$ 2,126,720	$ -	$ 2,705,499	(2,329,129)	100,751	(2,228,378)
General revenues:							
Property taxes					2,768,109	-	2,768,109
Franchise taxes					465,066	-	465,066
Insurance premium taxes					748,331	-	748,331
Business and occupational taxes					219,930	-	219,930
Alcoholic beverage taxes					247,199	-	247,199
Unrestricted investment earnings					2,262,461	34,954	2,297,415
Miscellaneous					3,309	-	3,309
Total general revenues					6,714,405	34,954	6,749,359
Change in net position					4,385,276	135,705	4,520,981
Net position, beginning of year					38,654,202	1,163,438	39,817,640
Net position, end of year					$ 43,039,478	$ 1,299,143	$ 44,338,621

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

CITY OF DACULA, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

ASSETS	General Fund	ARPA Fund	Capital Projects Fund	SPLOST Fund	City Core Project Fund	Total Governmental Funds
Cash and cash equivalents	$ 13,052,304	$ -	$ 1,144,841	$ 6,087,888	$ -	$ 20,285,033
Taxes receivables	582,239	-	-	-	-	582,239
Intergovernmental receivable	-	-	-	336,011	-	336,011
Restricted cash and cash equivalents	-	-	-	-	33,692,495	33,692,495
Prepaid items	33,226	-	-	-	-	33,226
Total assets	$ 13,667,769	$ -	$ 1,144,841	$ 6,423,899	$ 33,692,495	$ 54,929,004
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 145,991	$ -	$ -	$ -	$ -	$ 145,991
Contracts payable	-	-	-	15,700	2,096,465	2,112,165
Retainage payable	5,306	-	-	-	597,640	602,946
Accrued liabilities	17,743	-	-	-	-	17,743
Unearned revenue	61,188	-	-	-	-	61,188
Total liabilities	230,228	-	-	15,700	2,694,105	2,940,033
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	139,970	-	-	-	-	139,970
Total deferred inflows of resources	139,970	-	-	-	-	139,970
FUND BALANCES						
Fund balances:						
Nonspendable:						
Prepaid items	33,226	-	-	-	-	33,226
Restricted:						
Public works	206,659	-	-	-	-	206,659
Capital projects	-	-	1,144,841	6,408,199	30,998,390	38,551,430
Unassigned	13,057,686	-	-	-	-	13,057,686
Total fund balances	13,297,571	-	1,144,841	6,408,199	30,998,390	51,849,001
Total liabilities, deferred inflows of resources, and fund balances	$ 13,667,769	$ -	$ 1,144,841	$ 6,423,899	$ 33,692,495	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	36,971,796
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.	139,970
The net pension liability, and related deferred inflows and outflows of resources related to the City's pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds.	(286,225)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(45,635,064)
Net position of governmental activities	$ 43,039,478

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

CITY OF DACULA, GEORGIA

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

	General Fund	ARPA Fund	Capital Projects Fund	SPLOST Fund	City Core Project Fund	Total Governmental Funds
Revenues						
Taxes	$ 4,427,464	$ -	$ -	$ -	$ -	$ 4,427,464
Licenses and permits	1,314,467	-	-	-	-	1,314,467
Intergovernmental	206,659	516,368	-	1,756,180	-	2,479,207
Fines and forfeitures	17,075	-	-	-	-	17,075
Charges for services	548	-	-	-	-	548
Interest income	456,400	15,562	21,964	226,292	1,768,535	2,488,753
Miscellaneous	3,309	-	-	-	-	3,309
Total revenues	6,425,922	531,930	21,964	1,982,472	1,768,535	10,730,823
Expenditures						
Current:						
General government	2,574,022	-	-	104,663	12,863,131	15,541,816
Public safety	238,108	-	-	49,508	-	287,616
Public works	643,178	583,566	-	430,483	-	1,657,227
Recreation and parks	32,322	-	90,721	18,452	-	141,495
Judicial/municipal court	22,570	-	-	-	-	22,570
Planning and zoning	977,696	-	-	-	-	977,696
Housing and development	173,080	-	-	-	-	173,080
Debt service - interest	-	-	-	-	1,709,637	1,709,637
Total expenditures	4,660,976	583,566	90,721	603,106	14,572,768	20,511,137
Excess (deficiency) of revenues over (under) expenditures	1,764,946	(51,636)	(68,757)	1,379,366	(12,804,233)	(9,780,314)
Other financing sources (uses):						
Transfers out	-	(936)	-	-	-	(936)
Transfers in	936	-	-	-	-	936
Total other financing sources (uses)	936	(936)	-	-	-	-
Net change in fund balances	1,765,882	(52,572)	(68,757)	1,379,366	(12,804,233)	(9,780,314)
Fund balances, beginning of year	11,531,689	52,572	1,213,598	5,028,833	43,802,623	61,629,315
Fund balances, end of year	$ 13,297,571	$ -	$ 1,144,841	$ 6,408,199	$ 30,998,390	$ 51,849,001

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

CITY OF DACULA, GEORGIA

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

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

Net change in fund balances - total governmental funds	$	(9,780,314)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		14,133,149
The net effect of disposals of capital assets is to decrease net position.		(17,037)
Amortization of bond premium reduces interest expense reported in the statement of activities but does not provide current financial resources to governmental funds.		102,310
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		21,171
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(247,083)
Change in net position - governmental activities	$	4,212,196

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

CITY OF DACULA, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2025

ASSETS	Sanitation Fund
CURRENT ASSETS	
Cash and cash equivalents	$ 1,069,921
Accounts receivable	34,288
Total current assets	1,104,209
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation	312,896
Total noncurrent assets	312,896
Total assets	1,417,105
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	54,237
Total deferred outflows of resources	54,237
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	12,409
Accrued liabilities	4,168
Compensated absences	364
Total current liabilities	16,941
NONCURRENT LIABILITIES	
Net pension liability	116,978
Total noncurrent liabilities	116,978
Total liabilities	133,919
DEFERRED INFLOWS OF RESOURCES	
Pension related items	38,280
Total deferred inflows of resources	38,280
NET POSITION	
Investment in capital assets	312,896
Unrestricted	986,247
Total net position	$ 1,299,143

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

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

	Sanitation Fund
OPERATING REVENUE	
Sanitation fees	$ 790,906
Other charges	3,724
Total operating revenues	794,630
OPERATING EXPENSES	
Personnel services	382,358
Contractual services	223,448
Materials and supplies	36,594
Depreciation	51,479
Total operating expenses	693,879
Operating income	100,751
NONOPERATING REVENUES	
Interest income	34,954
Total nonoperating revenues	34,954
Change in net position	135,705
Net position, beginning	1,163,438
Net position, ending	$ 1,299,143

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

CITY OF DACULA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 799,030
Payments to employees	(398,181)
Payments to vendors and suppliers	(530,103)
Net cash used in operating activities	(129,254)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	34,954
Net cash provided by investing activities	34,954
Net change in cash	(94,300)
Cash, beginning of year	1,164,221
Cash, end of year	$ 1,069,921
Reconciliation of operating income to net cash used in operating activities:	
Operating income	$ 100,751
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	51,479
Change in assets and liabilities:	
Decrease in accounts receivables	4,400
Decrease in accounts payable	(261,767)
Decrease in accrued expenses	(8,185)
Decrease in compensated absences	(109)
Decrease in net pension liability and related deferred inflows and outflows - net	(15,823)
Net cash used in operating activities	$ (129,254)

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City, which was incorporated in 1905, operates under a Mayor/Council/City Manager form of government and provides the following services as authorized by its charter to its citizens: general and administrative services, public safety and judicial, public works, recreation parks, planning and zoning, and sanitation utility services. The City Manager is the head of the administrative branch of government and is responsible for the day-to-day operations of the City government. The legislative authority of the City is vested in the Mayor and four (4) members of the City Council.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City and its component unit. In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units", and GASB Statement No. 61, "The Financial Reporting Entity." Based on the criteria, the City has one entity that qualifies as a blended component unit.

Blended Component Unit – The City of Dacula's Urban Redevelopment Agency (the "URA" and "City Core Project Fund") has been included as a blended component unit in the accompanying financial statements. The URA was activated by resolution to exercise the urban redevelopment plan powers as defined in the Urban Redevelopment Law of the City. The URA operates under a five-member board consisting of the Mayor and City Council. Any debt issued by the URA is expected to be repaid with City resources. Separate financial statements for the Agency are not prepared. The City reports the URA ("City Core Project Fund") as a capital projects fund.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Government-wide financial statements do not provide information by fund but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes, intergovernmental and other general revenues, are reported separately from business-type activities, which rely to a significant extent, on fees and charges for support. The statement of net position includes noncurrent assets and deferred outflows of resources and noncurrent liabilities and deferred inflows of resources. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due. Property taxes, alcoholic beverage taxes, franchise taxes, licenses and permits, intergovernmental grants, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period, if the available criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, “Accounting and Financial Reporting for Non-exchange Transactions”, the corresponding assets (receivables) in nonexchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. In accordance with GASB Statement No. 34, major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures and capital improvement costs that are not paid through other funds are paid from the General Fund.

The **ARPA Fund** accounts for federally restricted grant monies received under the American Rescue Plan Act.

The **Capital Projects Fund** accounts for the acquisition and construction of capital assets, other than those accounted for in specific funds. The fund also accounts for the financial resources of donations received from the City's former Mayor as stated in his last will and testament.

The **SPLOST Fund** accounts for the acquisition of capital assets or construction of major projects financed by special purpose local option sales tax proceeds.

The **City Core Project Fund** accounts for resources accumulated and expended by the City and to provide financing for the City related to the City's urban redevelopment projects.

The City reports the following major proprietary fund:

The **Sanitation Fund** accounts for the provision of sanitation services to the residents and businesses of the City. All activities necessary to provide such services are accounted for in the fund, including, but not limited to administration, operation, financing and billing, and collections.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is charges for goods and services provided. Operating expenses of the enterprise fund includes the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

Annual appropriated budgets are adopted for General Fund and special revenue funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets for governmental funds are adopted on a modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America, for governmental funds. All appropriations lapse at year-end. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City. A project length budget is adopted for all capital projects funds.

E. Cash, Investments and Restricted Cash

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value as determined by quoted market prices. Investments, if any, are stated at fair value with unrealized holding gains and losses reported as a component of interest income. The City also has restricted cash related to unspent bond proceeds from long-term debt issued in the City Core Project Fund. These proceeds are held to be disbursed as costs are incurred on capital projects.

F. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year, as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

H. Capital Assets

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

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

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40
Infrastructure	40
Furniture and equipment	5-15
Vehicles	5-15
Land improvements	15-40

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, drainage, sidewalks, etc. The City implemented the provisions of GASB Statement No. 34 for the year ended December 31, 2004. The City was not required to retroactively report infrastructure assets in governmental activities.

I. Prepaid Items

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

J. Compensated Absences

The liability for compensated absences reported in the governmental activities consists of an estimate for the time to be used for sick leave. Sick leave is accumulated and in accordance with GASB Statement No. 101. Any liability accrued for unpaid vacation is liquidated at the end of each year, and thus no unpaid vacation is subject to accrual. Full-time, permanent employees can accumulate up to one hundred and sixty (160) hours of sick leave. Full-time, permanent employees are eligible to be paid for unused sick leave after twenty (20) years of service up to 160 hours.

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts (if any) are deferred and amortized over the life of the bonds using the effective interest method. Bonds payables are reported net of the applicable bond premium or discounts. Bond issuance costs are expensed when incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types report the face amount of debt issued and any related premiums or discounts as other financing sources and debt issuance costs and debt service payments as expenditures.

L. Fund Equity

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

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

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

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal vote of the City Council through the adoption of a resolution. The same formal action is required to subsequently remove or modify a commitment of fund balance.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Through resolution, the City Council has authorized the City's finance director to assign fund balances. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular governmental fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

Fund Balance (Continued)

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

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

M. Net Position

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

N. Deferred Outflows/Inflows of Resources

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Deferred Outflows/Inflows of Resources (Continued)

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

O. Management Estimates

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

P. Interfund Transactions

Interfund services provided and used in the fund financial statements are accounted for as revenue, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Pensions

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

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $45,635,064 difference are as follows:

Bonds payable, net	$	(44,794,446)
Accrued interest		(816,706)
Compensated absences		(23,912)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(45,635,064)

Another element of that reconciliation states that the "net pension liability, and related deferred inflows and outflows resources related to the City's pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds." The details of this $286,225 difference are as follows:

Net pension liability	$	(331,437)
Deferred inflows of resources		(108,459)
Deferred outflows of resources		153,671
Net adjustment to reduce *fund balance- total governmental funds* to arrive at *net position - governmental activities*	$	(286,225)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $14,306,229 difference are as follows:

Capital outlays	$ 14,850,254
Depreciation expense	(544,025)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 14,306,229

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $247,083 difference are as follows:

Change in compensated absences	$ (2,506)
Change in accrued interest	(250,457)
Change in net pension liability and related deferred inflows and outflows	5,880
Net adjustment to reduce *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ (247,083)

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Dacula, Georgia employs the following procedures in establishing its annual budget:

1. Prior to January 1, the Mayor and City Council members prepare a proposed budget for the fiscal year commencing January 1.
2. Public hearings are held to obtain taxpayers' comments.
3. The budget is legally enacted through the passage of a resolution.
4. All revisions to the budget must be submitted to the City Council for approval.
5. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the General Fund and special revenue fund. An operating budget is prepared for the enterprise fund for planning, control, cost allocation, and evaluation purposes, but are not formally reported within the general ledger.
6. Budgetary appropriations lapse at the end of the fiscal year.

Encumbrance accounting is not used by the City.

NOTE 4. CASH AND INVESTMENTS

Total deposits as of December 31, 2025 are summarized as follows:

Statement of Net Position:		
Cash and cash equivalents	$	21,354,954
Restricted cash and cash equivalents		33,692,495
	$	55,047,449
Cash deposited with financial institutions	$	859,866
Local government investment pool - Georgia Fund 1		54,187,583
Total cash and cash equivalents	$	55,047,449

Custodial Credit Risk – Deposits: State statutes require all deposits and investments (other than federal or state government instruments) to be covered by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either: (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of December 31, 2025, the financial institutions holding all of the City's deposits were participants of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the state. As of December 31, 2025, all of the City's bank balances were insured and/or collateralized as defined by GASB and required by state statutes.

NOTE 4. CASH AND INVESTMENTS (CONTINUED)

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Fitch's criteria for AAAf-rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity, and diversification while maintaining principal ($1 per share). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on $1 per share. The pool also adjusts the value of its investments to fair value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation. As of December 31, 2025, the weighted average maturity of the pool was 51 days.

Interest rate risk: The City's investment policy is to invest in instruments allowed by state law, and that interest rate risk shall be minimized by structing investment portfolios such that securities mature to meet ongoing cash requirements. Unless matched to a specific cash flow, the City will not directly invest in maturities maturing more than five (5) years from the date of purchase. As of December 31, 2025, the City had no investments balances that were exposed to interest rate.

Credit risk: State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of December 31, 2025, the City had no investments balances that were exposed to credit risk.

Fair value measurements: The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of 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. At December 31, 2025 the City has no investments and no hierarchy disclosure is presented.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

NOTE 5. RECEIVABLES

The value of all real and business personal property located in the City is assessed (appraised) by the Gwinnett County Board of Assessors and billed and collected by the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the state, county, and/or city. The City levies property taxes on in the first week of August of each year and the taxes are due on December 1, with a lien date of April 1.

Property taxes are recorded as receivables and deferred at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible within sixty days following the close of the year and, therefore, susceptible to accrual in accordance with GAAP, have been recognized as revenue.

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

	General	SPLOST	Sanitation
Receivables:			
Taxes	$ 582,239	$ -	$ -
Accounts	-	-	34,288
Intergovernmental	-	336,011	-
Net total receivable	$ 582,239	$ 336,011	$ 34,288

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 1,929,683	$ 13,699,143	$ (1,341,001)	$ 14,287,825
Land	5,824,016	1,030,603	-	6,854,619
Total	7,753,699	14,729,746	(1,341,001)	21,142,444
Capital assets, being depreciated:				
Buildings	2,337,791	-	-	2,337,791
Infrastructure	14,143,080	-	1,103,728	15,246,808
Furniture and equipment	458,839	71,000	-	529,839
Vehicles	367,744	49,508	-	417,252
Land improvements	1,319,816	-	217,571	1,537,387
Total	18,627,270	120,508	1,321,299	20,069,077
Less accumulated depreciation for:				
Buildings	(709,118)	(58,445)	-	(767,563)
Infrastructure	(2,307,766)	(351,145)	2,665	(2,656,246)
Furniture and equipment	(316,324)	(46,212)	-	(362,536)
Vehicles	(244,169)	(24,142)	-	(268,311)
Land improvements	(120,988)	(64,081)	-	(185,069)
Total	(3,698,365)	(544,025)	2,665	(4,239,725)
Total capital assets, being depreciated, net	14,928,905	(423,517)	1,323,964	15,829,352
Governmental activities capital assets, net	$ 22,682,604	$ 14,306,229	$ (17,037)	$ 36,971,796
Business-type activities:				
Capital assets, being depreciated:				
Vehicles	$ 900,506	$ -	$ -	$ 900,506
Total	900,506	-	-	900,506
Less accumulated depreciation for:				
Vehicles	(536,131)	(51,479)	-	(587,610)
Total	(536,131)	(51,479)	-	(587,610)
Business-type activities capital assets, net	$ 364,375	$ (51,479)	$ -	$ 312,896

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities:		
General government	$	43,210
Public safety		24,501
Public works		399,993
Recreation and parks		71,737
Planning and zoning		4,584
Total depreciation expense - governmental activities	$	544,025
Business-type activities:		
Sanitation	$	51,479

NOTE 7. LONG-TERM DEBT

Long-term liability and obligations activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds	$ 43,410,000	$ -	$ -	$ 43,410,000	$ -
Bond premium	1,486,756	-	(102,310)	1,384,446	-
Compensated absences *	21,406	2,506	-	23,912	23,912
Governmental activities long-term liabilities	$ 44,918,162	$ 2,506	$ (102,310)	$ 44,818,358	$ 23,912
Business-type activities:					
Compensated absences *	$ 473	$ -	$ (109)	$ 364	$ 364
Business-type activities long-term liabilities	$ 473	$ -	$ (109)	$ 364	$ 364

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

Compensated Absences. The entire compensated absences amount is reported as a current liability based on historical usage as determined by City management.

Revenue Bonds. In August 2024, the City's Urban Redevelopment Agency (i.e. City Core Project Fund) issued Series 2024 Revenue Bonds in an aggregate principal amount of $43,410,000 and original issuance premium of $1,486,756. The bonds were issued for the purpose of financing: (1) the cost of acquiring, constructing and installing an urban redevelopment project consisting of a new municipal complex, including City Hall, a municipal courtroom, event space and parking, an outdoor amphitheater, public green space and a public parking deck, (2) capitalized interest, and (3) paying the costs of issuing the Bonds. The Bonds are payable semiannually on February 1 and August 1 of each year and are scheduled to mature in August 2056. The interest rate on the bonds ranges from 4.125% to 5.00%.

NOTE 7. LONG-TERM DEBT (CONTINUED)

The debt service to maturity on the revenue bonds is as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ -	$ 1,960,094	$ 1,960,094
2027	-	1,960,094	1,960,094
2028	-	1,960,094	1,960,094
2029	-	1,960,094	1,960,094
2030	620,000	1,944,593	2,564,593
2031-2035	3,855,000	9,184,094	13,039,094
2036-2040	5,300,000	8,048,219	13,348,219
2041-2045	7,295,000	6,494,094	13,789,094
2046-2050	10,285,000	4,524,716	14,809,716
2051-2055	13,085,000	2,068,581	15,153,581
2056	2,970,000	63,113	3,033,113
	$ 43,410,000	$ 40,167,786	$ 83,577,786

NOTE 8. INTERFUND TRANSFERS

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

Transfer In	Transfer Out	Amount
General Fund	ARPA Fund	$ 936

The transfer was to move ARPA funds to the General Fund for allowable costs incurred in the General Fund.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Plan Description

The City, as authorized by the Mayor and City Council, has established a defined benefit pension plan (the "City of Dacula Retirement Plan") covering all full-time employees. The City Council in its role as the Plan Sponsor, has the sole authority to amend the provisions, including specific benefit provisions and contribution requirements of the Plan as provided by the Plan document. The City's pension Plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472 or on the internet at www.gmanet.com.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by the Mayor and City Council, the Plan provides pension benefits and death and disability benefits for Plan members and beneficiaries. All employees who work at least thirty (30) hours a week are eligible to participate immediately upon hire, including elected officials. Benefits vest after seven years of service. A City employee who retires at age 65 with five (5) years of service is entitled to benefits of 2.25% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he or she has a minimum of twenty-five (25) years total credited service to receive full benefits. Employees of the City are not required to make contributions to the Plan.

At July 1, 2025, the date of the most recent actuarial valuation, there were 35 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	6
Terminated vested participants not yet receiving benefits	6
Active participants - vested	7
Active participants - nonvested	16
Total	35

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For year 2025, the City's contribution rate was 7.87% of covered payroll. The City makes all contributions to the Plan. For year 2025, the City's contribution to the Plan was $98,558.

Net Pension Liability of the City

The City's net pension liability was measured as of March 31, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024, with update procedures performed by the actuary to roll forward to the total pension liability measured as of March 31, 2025.

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	2.25%
Salary increases	3.0 - 8.5%, including inflation
Investment rate of return	7.375%

Mortality rates for the July 1, 2025 valuation were based on the sex-distinct, Pri-2012 Head-Count Weighted Healthy Retiree Mortality Table with rates multiplied by 1.25 for healthy retirees and beneficiaries and the sex-distinct, Pri-2012 Head-Count Weighted Disabled Retiree Mortality Table with rates multiplied by 1.25 for disabled participants.

The actuarial assumptions used in the July 1, 2025 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – June 30, 2019.

Cost-of-living adjustments were assumed to be 0.00%.

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	45%	6.60%
International equity	20	7.03
Domestic fixed income	20	2.70
Real estate	10	3.40
Global fixed income	5	3.70
Cash	—	
Total	100%	

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

Discount rate. The discount rate used to measure the total pension liability was 7.375%, the same 7.375% rate used in the prior year. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all the projected benefit payments to determine the total pension liability.

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/24	$ 1,852,824	$ 1,519,620	$ 333,204
Changes for the year:			
Service cost	67,368	-	67,368
Interest	137,794	-	137,794
Differences between expected and actual experience	104,208	-	104,208
Contributions—employer	-	121,191	(121,191)
Net investment income	-	79,107	(79,107)
Benefit payments	(103,589)	(103,589)	-
Administrative expense	-	(6,139)	6,139
Net changes	205,781	90,570	115,211
Balances at 12/31/25	$ 2,058,605	$ 1,610,190	$ 448,415

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

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

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
City's net pension liability	$ 754,912	$ 448,415	$ 198,757

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Sensitivity of the net pension liability to changes in the discount rate (Continued). Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2025 and the current sharing pattern of costs between employer and employee.

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

For the year ended December 31, 2025, the City recognized pension expense of $76,853. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 99,627	$ 146,739
Net difference between projected and actual earnings on pension plan investments	34,363	-
City contributions subsequent to the measurement date	73,918	-
Total	$ 207,908	$ 146,739

City contributions subsequent to the measurement date of $73,918 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:	
2026	$ 13,989
2027	(2,044)
2028	(35,758)
2029	(6,304)
2030	17,368
Total	$ (12,749)

NOTE 10. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid by Gwinnett County. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 229 Peachtree Street NE, Suite 100, Atlanta, Georgia 30303.

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of losses related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries insurance for all risks of loss, including general liability and errors and omission coverage through a private insurance company. The City carries commercial insurance for risks of loss related to property, general liability, equipment, automobiles, and crime to cover torts, theft of, and damage to assets, injuries, errors and omissions, and natural disasters. Significant losses are covered by the commercial insurance underlying these programs.

There have been no significant reductions of insurance coverage from coverage in the prior year and settled claims have not exceeded the coverages in the last three years.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in certain legal actions in claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies

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

Construction Commitments

At December 31, 2025, the City has outstanding construction commitments of approximately $28,813,492 on various construction projects.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DACULA, GEORGIA

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

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 4,015,843	$ 4,263,250	$ 4,427,464	$ 164,214
Licenses and permits	428,960	1,054,860	1,314,467	259,607
Intergovernmental	636,500	206,658	206,659	1
Fines and forfeitures	13,000	16,500	17,075	575
Interest income	280,000	400,000	456,400	56,400
Charges for services	-	-	548	548
Miscellaneous	-	-	3,309	3,309
Total revenues	5,374,303	5,941,268	6,425,922	484,654
Expenditures				
Current:				
General government:				
City council	62,448	57,522	47,310	10,212
City administrator	209,119	204,507	189,984	14,523
Mayor	20,918	15,455	13,230	2,225
Elections	22,350	22,350	16,605	5,745
Finance	1,961,797	1,788,443	1,585,573	202,870
Legal	101,500	101,500	63,518	37,982
Human resources and business services	464,507	461,967	426,914	35,053
City Hall and government facilities	281,500	259,000	230,888	28,112
Total general government	3,124,139	2,910,744	2,574,022	336,722
Public safety	265,943	254,288	238,108	16,180
Public works	1,322,788	728,666	643,178	85,488
Recreation and parks	89,500	44,500	32,322	12,178
Judicial/municipal court	13,832	24,982	22,570	2,412
Planning and zoning	622,797	993,995	977,696	16,299
Housing and development	6,000	178,810	173,080	5,730
Total expenditures	5,444,999	5,135,985	4,660,976	469,279
Excess (deficiency) of revenues over expenditures	(70,696)	805,283	1,764,946	953,933
Other Financing Sources (Uses):				
Transfers in	-	-	936	936
Transfers out	(121,660)	(19,485)	-	19,485
Total other financing sources (uses)	(121,660)	(19,485)	936	20,421
Net change in fund balances	(192,356)	785,798	1,765,882	974,354
Fund balances, beginning of year	11,531,689	11,531,689	11,531,689	-
Fund balances, end of year	$ 11,339,333	$ 12,317,487	$ 13,297,571	$ 974,354

CITY OF DACULA, GEORGIA

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

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 520,000	$ 516,368	$ 516,368	$ -
Interest income	15,000	16,000	15,562	(438)
Total revenues	535,000	532,368	531,930	(438)
EXPENDITURES				
Current:				
Public works	584,000	583,940	583,566	374
Total expenditures	584,000	583,940	583,566	374
Excess (deficiency) of revenues over (under) expenditures	(49,000)	(51,572)	(51,636)	(64)
OTHER FINANCING USES				
Transfers out	-	(1,000)	(936)	64
Total other financing uses	-	(1,000)	(936)	64
Net change in fund balances	(49,000)	(52,572)	(52,572)	-
FUND BALANCES, beginning of year	52,572	52,572	52,572	-
FUND BALANCES, end of year	$ 3,572	$ -	$ -	$ -

CITY OF DACULA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2025	2024	2023	2022	2021
Total pension liability					
Service cost	$ 67,368	$ 57,853	$ 54,133	$ 38,760	$ 39,160
Interest on total pension liability	137,794	143,816	140,998	140,122	133,482
Differences between expected and actual experience	104,208	(182,100)	(29,263)	(32,122)	76,721
Benefit payments, including refunds of employee contributions	(103,589)	(117,880)	(144,874)	(155,635)	(162,231)
Net change in total pension liability	205,781	(98,311)	20,994	(8,875)	87,132
Total pension liability - beginning	1,852,824	1,951,135	1,930,141	1,939,016	1,851,884
Total pension liability - ending (a)	$ 2,058,605	$ 1,852,824	$1,951,135	$ 1,930,141	$ 1,939,016
Plan fiduciary net position					
Contributions - employer	$ 121,191	$ 131,022	$ 130,150	$ 118,574	$ 94,439
Net investment income	79,107	218,543	(92,353)	83,029	441,225
Benefit payments, including refunds of member contributions	(103,589)	(117,880)	(144,874)	(155,635)	(162,231)
Administrative expenses	(6,139)	(5,121)	(7,290)	(5,899)	(5,588)
Net change in plan fiduciary net position	90,570	226,564	(114,367)	40,069	367,845
Plan fiduciary net position - beginning	1,519,620	1,293,056	1,407,423	1,367,354	999,509
Plan fiduciary net position - ending (b)	$ 1,610,190	$ 1,519,620	$1,293,056	$ 1,407,423	$ 1,367,354
City's net pension liability - ending (a) - (b)	$ 448,415	$ 333,204	$ 658,079	$ 522,718	$ 571,662
Plan fiduciary net position as a percentage of the total pension liability	78.22%	82.02%	66.27%	72.92%	70.52%
Covered payroll	$ 1,069,342	$ 950,191	$ 798,171	$ 763,659	$ 585,745
City's net pension liability as a percentage of covered payroll	41.93%	35.07%	82.45%	68.45%	97.60%

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	$ 29,457	$ 25,292	$ 25,581	$ 17,299	$ 30,203
Interest on total pension liability	118,634	113,780	109,168	108,373	109,707
Differences between expected and actual experience	181,192	70,235	69,986	29,474	(48,584)
Changes of assumptions	-	-	-	(2,249)	-
Benefit payments, including refunds of employee contributions	(154,303)	(143,205)	(145,619)	(139,659)	(77,424)
Other	47,421	-	22,839	-	-
Net change in total pension liability	222,401	66,102	81,955	13,238	13,902
Total pension liability - beginning	1,629,483	1,563,381	1,481,426	1,468,188	1,454,286
Total pension liability - ending (a)	$ 1,851,884	$ 1,629,483	$1,563,381	$ 1,481,426	$ 1,468,188
Plan fiduciary net position					
Contributions - employer	$ 77,459	$ 64,784	$ 60,199	$ 78,438	$ 71,899
Net investment income	(72,734)	41,401	139,351	132,826	3,083
Benefit payments, including refunds of member contributions	(154,303)	(143,205)	(145,619)	(139,659)	(77,424)
Administrative expenses	(6,043)	(5,779)	(5,644)	(5,809)	(3,658)
Net change in plan fiduciary net position	(155,621)	(42,799)	48,287	65,796	(6,100)
Plan fiduciary net position - beginning	1,155,130	1,197,929	1,149,642	1,083,846	1,089,946
Plan fiduciary net position - ending (b)	$ 999,509	$ 1,155,130	$1,197,929	$ 1,149,642	$ 1,083,846
City's net pension liability - ending (a) - (b)	$ 852,375	$ 474,353	$ 365,452	$ 331,784	$ 384,342
Plan fiduciary net position as a percentage of the total pension liability	53.97%	70.89%	76.62%	77.60%	73.82%
Covered payroll	$ 463,895	$ 424,789	$ 384,142	$ 578,009	$ 596,959
City's net pension liability as a percentage of covered payroll	183.74%	111.67%	95.13%	57.40%	64.38%

CITY OF DACULA, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS

	2025	2024	2023	2022	2021
Actuarially determined contribution	$ 98,558	$ 128,736	$ 131,784	$ 121,752	$ 109,392
Contributions in relation to the actuarially determined contribution	98,558	128,736	131,784	121,752	109,392
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,252,176	$1,008,397	$ 930,789	$ 753,965	$ 766,890
Contributions as a percentage of covered payroll	7.87%	12.77%	14.16%	16.15%	14.26%

	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 89,455	$ 73,460	$ 61,892	$ 59,635	$ 84,706
Contributions in relation to the actuarially determined contribution	89,455	73,460	61,892	59,635	84,706
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 525,363	$ 443,405	$ 418,583	$ 372,661	$ 646,458
Contributions as a percentage of covered payroll	17.03%	16.57%	14.79%	16.00%	13.10%

Notes to the Schedule of City Contributions:

(1) Actuarial Assumptions used to determine contributions:

Valuation Date	July 1, 2025
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.375%
Projected Salary Increases	2.25% plus service based merit increases
Cost-of-Living Adjustment	0.00%
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.

SUPPLEMENTARY INFORMATION

CITY OF DACULA, GEORGIA

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

PROJECT	ORIGINAL ESTIMATED COST	REVISED ESTIMATED COST	PRIOR YEARS	CURRENT YEAR	TOTAL	ESTIMATED PERCENT COMPLETE
2017 SPLOST:						
Transportation (roads, streets, bridges, and related facilities and equipment)	$ 3,514,507	$ 4,374,279	$ 2,832,324	$ 431,383	$ 3,263,707	74.61 %
Recreational facilities and equipment	244,145	303,871	66,502	18,452	84,954	27.96
Public safety facilities and equipment	170,980	212,808	177,113	34,345	211,458	99.37
Water and sewer capital improvements	237,390	295,464	254,639	-	254,639	86.18
Administrative facilities	718,115	893,791	782,704	103,583	886,287	99.16
Total SPLOST	$ 4,885,137	$ 6,080,213	$ 4,113,282	$ 587,763	$ 4,701,045	
2023 SPLOST:						
Transportation (roads, streets, bridges, drainage sidewalks, stormwater, and related facilities and equipment)	$ 3,078,458	$ 3,078,458	$ -	$ 180	$ 180	0.01 %
Recreational facilities and equipment	192,224	192,224	-	-	-	0.00
Public safety facilities and equipment	288,606	288,606	-	15,163	15,163	5.25
Water and sewer capital improvements	1,443,208	1,443,208	-	-	-	0.00
Administrative facilities	4,617,688	4,617,688	-	-	-	0.00
Total SPLOST	$ 9,620,184	$ 9,620,184	$ -	$ 15,343	$ 15,343	

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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

Honorable Mayor and Members
of City Council
City of Dacula, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Dacula, Georgia (the "City"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 11, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 11, 2026

CITY OF DACULA, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified?	____ yes	X no	
Significant deficiencies identified?	____ yes	X none reported	
Noncompliance material to financial statements noted?	____ yes	X no	

Federal Awards

There was not an audit of major federal award programs as of December 31, 2025 due to the total amount of federal awards expended being less than $1,000,000.

CITY OF DACULA, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported