20
25

Year Ended

December 31, 2025

CITY OF DALTON, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF DALTON, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For The Year Ended
December 31, 2025

Cindy Jackson, CPA
Chief Financial Officer

By Authority of
Mayor and Council

City of Dalton, Georgia
Annual Comprehensive Financial Report
For The Year Ended December 31, 2025

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June 23, 2026

To the Dalton Mayor and Members of the City Council and
the Citizens of the City of Dalton, Georgia

We are pleased to present the Annual Comprehensive Financial Report ("ACFR") of the City of Dalton ("the City") for the year ended December 31, 2025. Georgia code requires that the City issue an annual report on its financial position and activity within six months of the close of each fiscal year. The report is to be presented in conformity with generally accepted accounting principles ("GAAP"), federal and state regulations, and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. As mandated, we submit this report for your consideration.

This report contains detailed information concerning the financial condition of the City. The management of the City assumes full responsibility for the completeness and reliability of the information presented in this report, based on a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not outweigh their benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, the financial report is accurate in all material respects and is designed to fairly present the financial position and results of operations of the various funds of the City.

The City of Daltons' financial statements have been audited by Estes & Walcott, Certified Public Accountants. The independent audit was to provide reasonable assurance that the financial statements are free from material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial presentation. The independent auditor has concluded, based upon the audit, that there was reasonable basis for rendering an unmodified (clean) opinion that the City's financial statements for the year ended December 31, 2025 are fairly presented in conformity with GAAP. The independent auditor's report is presented in the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City of Dalton is located in northwest Georgia at the foothills of the Appalachian Mountains and is conveniently located off Interstate 75, within 85 miles north of Atlanta and 25 miles south of Chattanooga, Tennessee. Dalton is within a day's drive of half the United States population. Dalton is also served by two major railroads, CSX and Norfolk Southern. The community was originally founded in 1847 as the village of Cross Plains. In honor of founder Captain Edward White's mother, the name was officially changed to Dalton and chartered December 29, 1847.

Dalton occupies 20 square miles and serves an estimated daytime population of 63,000. According to the 2020 U.S. Census, Dalton has a population of 34,417, with Whitfield County's population at 102,864. Dalton boasts a mild climate with four distinctive seasons, an average temperature of 61˚, and average annual rainfall of 56".

The City operates under a council-administrator form of government. The City Council is comprised of a mayor and a four-member council elected by the residents on a nonpartisan ballot for four-year terms. The mayor and councilmembers are elected at large, and each of the councilmembers represent a city council ward district. The Council is responsible for enacting ordinances, resolutions, and regulations governing the City. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to annex property into the City limits.

The City of Dalton provides a full range of services to its citizens. These services include police and fire protection, a court system, highway and street maintenance, sanitation, code compliance, recreational activities and facilities, a golf course, an airport, a full-service utility company, a convention center (a joint venture), and a solid waste facility (a joint venture). Selected demographic information is provided within the statistical section of this report.

The financial statements of the City include all government activities, organizations, and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board. The Dalton Building Authority meets the current guidelines of GASB Statement No. 14, as amended by GASB Statement No. 61, and is included as a discretely presented component unit in the City of Dalton's ACFR.

The City, in accordance with state law and the City's charter, adopts an annual operating budget. The budget functions as the basis for the City of Dalton's financial planning and control. The budget process provides a systematic approach to establishing priorities and directing services. The budget is adopted by the City Council after a required public hearing and the required public notices. The level of legal budgetary control is at the department-fund level.

LOCAL ECONOMY

Dalton proudly embraces its manufacturing base and the carpet industry but also realizes the value of diversifying the industrial base. The Dalton-Whitfield Joint Development Authority ("JDA") is the economic development arm of Dalton and Whitfield County for recruitment of new businesses to the area. The JDA focuses on economic growth of the community by attracting and retaining jobs, diverse investments, and growing the tax base. Dalton's economic development policies are implemented by the JDA. The JDA targets manufacturing, automotive, plastics/chemical, food processing, and data center industries due to the area's skilled work force, water supply capacity, and physical location. In 2025, the JDA continued its focus on housing development to support the work force needed by the various industries referenced above. Likewise, the JDA also had a role in retail/commercial recruitment in 2025 to broaden the sales tax base and to provide more opportunities for the community to dine and shop within the City.

The Dalton Metropolitan Area ("MSA") continues to see growth in both manufacturing and retailers with substantial capital investment. The JDA reports updates on the following economic development projects:

- Hanwha Qcells – is an international company that manufactures solar modules. In 2025, the company's facility within the Carbondale Business Park (just south of Dalton) was fully operational with 1,800+ employees. The project represents $550 million of new investment within the area economy.
- Essentia Protein Solutions – is a global producer of animal protein solutions for the food and beverage industry. In 2022, Essentia announced planned construction of a facility within the Carbondale Business park which represented an $80 million investment and 80 new jobs. The construction is now complete, with approximately 85 employees on staff. This manufacturing process requires high utility consumption and is a water, wastewater, and natural gas customer of Dalton Utilities.
- Engineered Floors, LLC – Installation of the new equipment to manufacture luxury vinyl flooring was completed in 2024. At this 1.2 million square foot facility within the City, the plant went into full production in 2025 with hiring ramping up for over 200 new jobs and $130 million in investment.
- Commercial endeavors – Several retail projects were under way or completed in 2025 and will help expand the tax digest and sales tax collections. The projects included the completion of a new U-Haul storage facility and a new credit union location for TVFCU along the North Bypass. Chicken Salad Chick and Talpa Supermercado opened their first Dalton locations, and several new retailers are working on their plans for Dalton. Based on current plans, we anticipate more growth in the city and county on several fronts.

- Core Scientific – In 2025, Core Scientific demolished one of its existing crypto-currency data centers in the City to construct a new 50,000 square foot AI hyper scaling data center on the same site. The project represents $50 million in investment for the building structure and up to $1.2 billion in technology investments from co-tenant CoreWeave. These investments will provide a significant source of revenue for the City through personal property taxes. It's anticipated that the computer technology will have to be replaced within a 4–7-year window with new equipment as the components age out rapidly. Additionally, there is also a new Core Scientific/CoreWeave data center being constructed within unincorporated Whitfield County. Although not in the City, this project represents approximately double the electric consumption of the existing data center operation, providing additional revenue to the City of Dalton through the utility transfer payment. This new revenue is anticipated to help reduce property taxes for all Dalton property owners.
- Multi-Family Residential Development – To support a world class, diversified industry one of the most critical components is available housing. In 2023, the JDA and City worked to oversee construction of three large scale apartment projects (Alta Dalton, Hammond Creek Township, and the Lofts at Hamilton) which were planned to create 700+ market rate apartments with amenities. In 2025, all of these developments were complete with residents filling between 60-100% of the available units by the end of the year.



From L to R: Alta Dalton, Hammond Creek Township, and the Lofts at Hamilton Multi-Family Projects

- Single family housing – Construction of the infrastructure for the S. Hamilton Street urban infill affordable housing project was completed in 2025. Once the housing construction is fully complete, a total of 40 new homes will be built on the former industrial site located at 902 South Hamilton Street in the City of Dalton. This affordable housing project was made feasible through a Department of Community Affairs Rural Workforce Housing Initiative grant in the amount of $1.5 million and matching funds from the City of Dalton. Upon completion, it is anticipated that the new homes will add $6-10 million of residential property value in the City.



May 2025 Groundbreaking Ceremony for Rural Workforce Housing Initiative Project at 902 S. Hamilton St.

Dalton's legacy healthcare provider was rebranded from Hamilton Health Care System ("HHCS") to Vitruvian Health after the acquisition of Tennova Healthcare hospital in Cleveland, TN in the summer of 2024. The Cleveland hospital, now named Bradley Medical Center, contains 251 beds. This acquisition further establishes Dalton-based Vitruvian Health as a healthcare anchor for northwest Georgia.

In addition to the two hospital campuses, Vitruvian continued to provide world-class healthcare in other areas. The Anna Shaw Children's Institute is a regional leader and advocate for the care of children experiencing autism spectrum disorder, attention-deficit/hyper-activity disorder or developmental delays. The Peeples Cancer Institute combines a world-class oncology clinic with radiation oncology, outpatient infusion, and breast and diagnostic imagining services within one four story building. In 2025, Hamilton Medical Center received the American College of Cardiology's NCDR Chest Pain – MI Registry Platinum Performance Achievement Award, an honor given to only 323 hospitals nationwide.

MAJOR INITIATIVES

Dalton's leadership continues to focus on maintaining a strong economic base, exceptional public safety, investing in resilient infrastructure, and enhancing residents' quality of life through health, recreational, and leisure aspects of the community.

In May of 2020, Whitfield County voters passed a four-year, $66 million 1% Special Purpose Local Option Sales Tax ("SPLOST") referendum. The 1% SPLOST included $6.9 million for Tier 1 projects, $28.8 million for quality of life projects, $18.8 million for infrastructure and public works equipment and projects, and $11.5 million for public safety equipment and projects. SPLOST collections are currently exceeding projected collections by 29% of which the City's pro-rata share is currently $2.7 million. In 2025, the City continued execution of projects on the referendum list utilizing its share of the SPLOST proceeds. During 2025, work continued on the new John Davis Recreation Center project. This project represents a $13.5 million reinvestment in the headquarters of the Dalton Parks and Recreation Department. The new facility, funded via the 2020 SPLOST, includes a new pool access building, renovated administrative offices, new two-story multipurpose building, and a new basketball gym. The exterior will feature a climbing wall next to the playground for families to enjoy. The project is scheduled to be completed in July 2026.



John Davis Recreation Center Renovation Project – Progress Photo from November 24, 2025

Another new building project from the 2020 SPLOST that was completed in 2025 was the Police Department Property and Evidence Building. The project represented a $4.2 million investment to add new capacity for evidence storage as the existing space was at capacity. Additionally, the new structure was constructed with air systems to mitigate any contaminant release which will make it much safer for the evidence technicians. Work on this project was completed in September of 2025.



Police Department Property and Evidence Building Completed Project Photo – September 2025

In May of 2024, the citizens of Whitfield County passed another four-year 1% SPLOST, and collections began in October 2024. The estimated $80 million county-wide SPLOST will provide quality of life projects of $16 million, $44 million for infrastructure and public works equipment and projects, and $20 million for public safety equipment and projects. The City's share of funding will go toward police vehicles and equipment, a fire department ladder truck and public safety capital projects, capital renovations to Heritage Point Park and other parks capital improvements, infrastructure projects, extension of the Mill Line Trail, and public safety radio replacements. There were no Tier 1 projects in the 2024 SPLOST, and all projects are funded on a "pay-go" basis. In 2025, progress was made on two parks and recreation SPLOST projects. The Mill Line extension design was underway, but the City encountered many environmental impacts like wetland and flood plain conflicts that affected the original layout. Design remains in progress and is expected to be completed in late 2026. Additionally, a conceptual plan was developed for the Heritage Park improvements project which is anticipated to move forward with design in 2026.



2024 SPLOST Project Renderings (Left: Mill Line Extension and Right: Heritage Point Improvements)

Also funded by 2024 SPLOST, the 2025 street resurfacing program included the milling and resurfacing of 6.5 centerline miles of City streets. Additionally, the 2024 SPLOST funded public safety vehicle and equipment replacements including several new police patrol vehicles which were procured in 2025.



Dalton Police Department Patrol Vehicle Purchased in 2025 from 2024 SPLOST Funds

In 2025, the City continued to invest heavily in addressing longstanding stormwater challenges, localized flooding, and aging infrastructure. The City utilizes the master plan developed by the stormwater consultant, Arcadis. Several stormwater projects were completed or under construction in 2025, including the Prater Alley regional detention pond, the final phases of the Walnut North drainage project, and the Valley Drive stream restoration project. Additionally, other projects, like the Glenwood Avenue drainage improvements were under design/right of way acquisition in 2025 and will be completed in 2026. Below are some photos of the projects completed in 2025. In the summer of 2025, the City received the APWA Georgia Chapter Project of the Year Award (Small Cities) for the Walnut North Drainage Improvements Project.




From L to R: Valley Drive Stream Restoration Project and the Prater Alley Regional Detention Project

During 2025, the City completed grant funded projects to improve quality of life for Dalton residents and visitors. Among those projects that received grant funding included:

- Dalton Municipal Airport – $2.2 million for new aircraft hangars
- Improving Neighborhood Outcomes
    - Heritage Point Infield Synthetic Turf Installation - $2.2 million
    - Downtown Dalton Streetscape - $2.2 million






Photos from L to R: Downtown Dalton Streetscape Project, Heritage Point Park Turf Project and the Dalton Municipal Airport Hangar Development (All Completed in 2025)

City leaders continue to be committed to improving the City's overall appearance and removal of blight. Code Compliance continued the City's efforts in 2025 to focus on its residential dangerous building abatement program designed to remove dilapidated and unsafe structures. This program allows the owners of such dangerous buildings to enter into a consent agreement with the City, which allows the public works department to demolish the unsafe structure, remove the debris, and position the lot for future development. Once the project is complete, the property owner reimburses the City for its direct costs associated with the cleanup. This program provides the Code Compliance Inspectors with a creative tool to address unsafe, unsanitary, and dilapidated structures within the City, and has resulted in the removal of several problematic abandoned homes. In 2025, the City continued its Spring CLEAN (Creating Lively Environments and Neighborhoods) initiative. During this initiative, the City of Dalton focused its efforts on identifying property-related issues such as maintenance and upkeep and most importantly, safety issues for residents in the neighborhood. The City's Code Enforcement Department led the effort, performing inspections to locate issues that fall within property maintenance codes and local ordinances. The City also helped residents address these issues. The Public Works department conducted special "trash amnesty days" during which they picked up accumulated rubbish and debris items located on properties which normally cannot be collected at the curb.



Caption: Spring CLEAN Flyer and a Map of Boundaries for the 2025 Spring CLEAN Program

These efforts combined with other code compliance measures are helping to address a strategic priority of the City Council to improve the City's curb appeal.

LONG-TERM FINANCIAL PLANNING

The City of Dalton has a bond rating of Aa2 by Moody's Investor Service. This rating signifies a high credit quality and indicates a strong liquidity position and low credit risk to potential investors. This will allow the City to utilize long-term debt as a resource to finance needed capital improvements. As provided in the previous section, the City utilizes bond proceeds, SPLOST collections, grants, and fund balance to finance the City's capital needs.

As noted above, the City has developed a Capital Plan to identify the capital needs of the departments. The plan is a work in process with the goal being a five-year look forward to allow adequate time to plan, implement, and allocate available resources to fund the current and future needs of the City of Dalton.

The City's utility sector, the Water, Light, and Sinking Fund Commission ("WLSF Commission"), maintains a separate capital improvements program to provide for the needs of the community. The WLSF Commission has a separate bond rating of A2 by Moody's Investor Service.

RELEVANT FINANCIAL POLICIES

An annual budget is adopted by City Council on or before January 1st as required and in accordance with Georgia statutes. The budget is balanced for each budgeted fund and serves as the basis for the City's financial plan and control. The level of legal budgetary control is at the fund/department level. Department directors may request budget transfers through the finance department provided that the transfer request doesn't increase overall budget or personal services budget for the department.

The maintenance of an unassigned fund balance in the general fund is a necessary component of the City's overall financial management strategy. Maintaining an adequate fund balance assures resources for sufficient cash flow and the ability to cover unexpected expenditures or revenue shortfalls. The reserve should retain no less than three months (25%) of operating expenditures. The City continues to maintain a healthy unassigned fund balance at 59% of expenditures.

The City's Cash and Investment Policy states that the City should invest in public funds that will provide maximum security and rate of return while meeting the cash flow demands of the City. The investment objectives, in order of priority, are legality, safety, liquidity, and return on investment. The City "pools" cash balances to maximize the investment earnings for those funds that aren't restricted or specialized.

The City is allowed to issue debt in compliance with state laws. Long-term debt issuance is utilized for capital improvements that can't be financed by current revenue sources. The City's current expenditures are financed with current revenues that may include fund balance to cover any shortfall. This prevents the need for issuance of short-term debt.

AWARDS AND ACKNOWLEDGMENT

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dalton for its ACFR for the fiscal year ended December 31, 2024. This is the twenty-third consecutive year that the government has achieved this prestigious award. In order to be awarded the Certificate of Excellence, a government must publish an easily readable and efficiently organized ACFR. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Excellence is valid for a period of one year only. We believe that our current ACFR continues to meet the GFOA's requirements and are submitting it to GFOA to determine its eligibility for another certificate.

The timely preparation of this quality report was made possible by the dedicated service of the finance staff and the technical guidance and assistance afforded by our auditors. We would also like to thank the City Council for their continued support and management of the City's finances.

Respectfully submitted,



Andrew Parker, PE
City Administrator

Cindy Jackson, CPA
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dalton
Georgia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

City of Dalton, Georgia
City Officials and Administration
December 31, 2025

Annalee Sams
Mayor

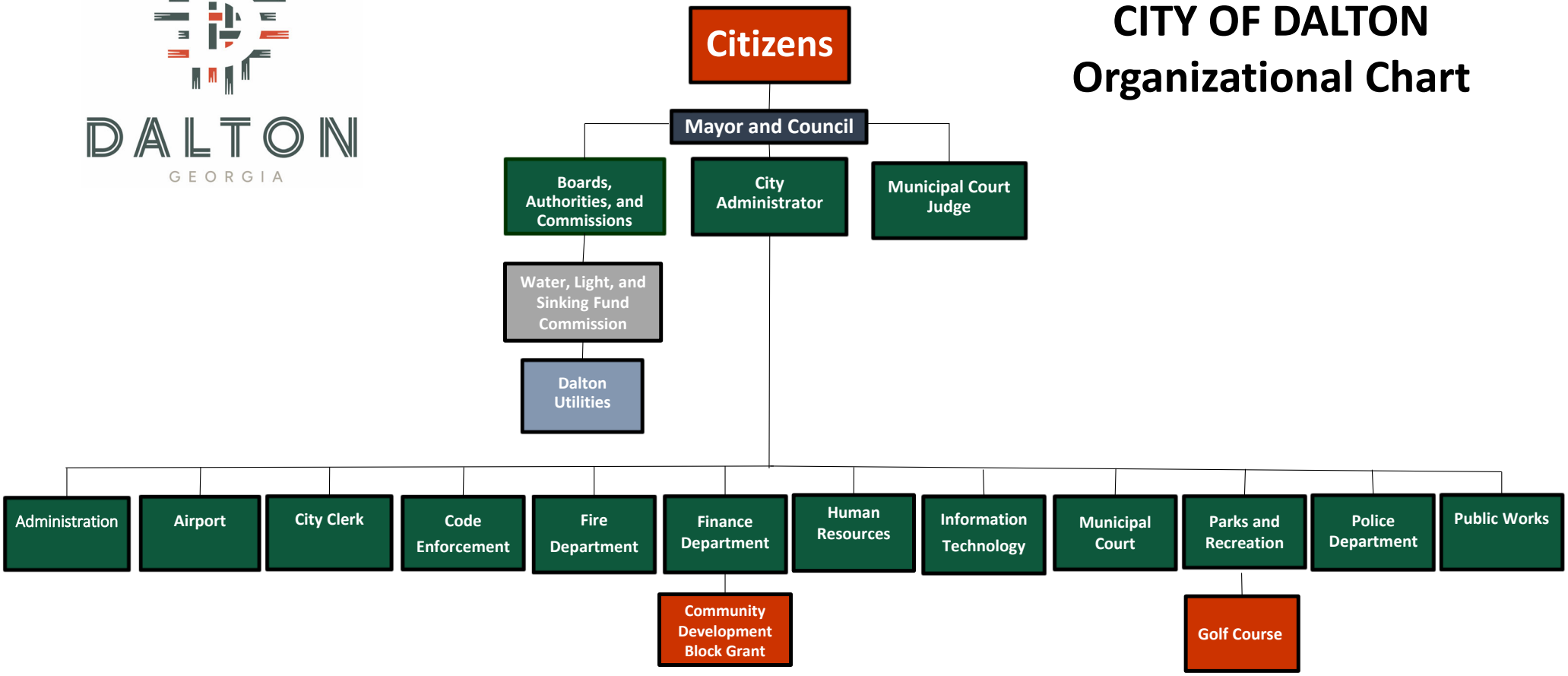
City Council

Dennis Mock, Ward 1
Nicky Lama, Ward 2
Tyree Goodlett, Ward 3
Steve Farrow, Ward 4

City Administration

Andrew Parker	City Administrator
Todd Pangle	Assistant City Administrator
Cindy Jackson	Chief Financial Officer
Bernadette Chattam	City Clerk
John Thomas	WLSF Commission CEO
Matt Daniel	Fire Chief
Haliyma Jones	Human Resource Director
Steve Roberts	Parks & Recreation Director
Cliff Cason	Police Chief
Chad Townsend	Public Works Director

CITY OF DALTON
Organizational Chart



ESTES & WALCOTT
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City Council,
City Administrator, and Chief Financial Officer
City of Dalton, Georgia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise City of Dalton, Georgia's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison information for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Water, Light, and Sinking Fund Commission ("WLSF Commission"), which represents 97%, 97%, and 99%, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the WLSF Commission, is based solely on the report of the other auditors.

Basis for Opinions

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Dalton, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Dalton, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Dalton, Georgia'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 of Dalton, Georgia'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 required supplementary information for pension plans, and the required supplementary information for OPEB plans on pages 4-20, 93-96, and 97-99 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2026 on our consideration of the City of Dalton, Georgia'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 of Dalton, Georgia'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 City of Dalton, Georgia's internal control over financial reporting and compliance.

Estes & Walcott

Dalton, Georgia
June 23, 2026

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2025
(Unaudited)

The City of Dalton's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2025. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures that follow this section. The purpose of this narrative is to provide objective and transparent analysis of the City's annual financial performance, current financial position, and future projections for sustainability.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows by $1,279.6 million (net position) for the calendar year reported. This represents an increase of $51.8 million from the prior year restated net position.

- Total net position is comprised of the following:
    - Net investment in capital assets of $1,026.8 million includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
    - Net position of $80.1 million is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
    - Unrestricted net position of $172.7 million represents the portion available to maintain the City's continuing obligations to citizens and creditors.

- The City's governmental funds reported total ending fund balance of $53.7 million this year. This represents a decrease of $14.5 million from the prior year.

- At the end of the current calendar year, unassigned fund balance for the general fund was $26.3 million, or 59% of total general fund expenditures.

- The business-type activities enterprise funds reported total ending net position of $1,125.3 million as of December 31, 2025. This reflects an increase of $42.0 million from the prior year restated net position. The Water, Light, and Sinking Fund Commission ("WLSF Commission") is the City's only major enterprise fund and provides utility services including electric, gas, water, sewer, and information technology. The WLSF Commission transferred $15.7 million to the general fund during 2025. The WLSF Commission passes the cost of this transfer along to their customers and this surcharge is included in charges for services.

The above financial highlights are explained in more detail in the financial analysis section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Dalton's basic financial statements, which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required supplementary information and comparative data is presented when available.

Government-wide Financial Statements (Reporting the City as a whole)

The City's government-wide financial statements include the Statement of Net Position and the Statement of Activities, which focus on the overall financial position and activities of the City. These two statements report using the accrual basis of accounting which is similar to that found in the private sector and eliminates or reclassifies activities between funds.

The Statement of Net Position presents information that includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. The City reports assets and deferred outflows of resources when it acquires ownership. All of its liabilities and deferred inflows of resources are reported when incurred. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or declining. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The Statement of Activities reports the revenues and expenses of the City. This statement is prepared using the accrual basis of accounting, where revenues are recognized when earned and expenses are recognized when incurred. All current year revenues and expenses are included regardless of when cash is received or paid. The difference is described as the change in net position. The primary focus of the statement is the presentation of the net cost of the various activities provided by the City, and the extent to which each function of the City draws from general revenues or is self-financing through fees, grants, and other revenue sources.

The Statement of Net Position and the Statement of Activities divide the City's activities into three types:

- **Governmental activities** – Most of the City's basic services are reported in this category such as general administration, fire, police, public works, recreation, and municipal court. Also included is the Dalton-Whitfield Joint Development Authority, which is a joint venture with Whitfield County. These activities are principally supported by taxes and intergovernmental transfers.

- **Business-type activities** – The City charges fees to customers to recover all or a significant portion of costs for the services provided. The WLSF Commission, whose services include electric, natural gas, water, wastewater, and information technology, along with a municipal golf course and a municipal airport, are included as business-type activities. Also included is the City's share of the net income or cost of the Northwest Georgia Trade and Convention Center Authority and the Dalton-Whitfield Regional Solid Waste Management Authority, which are joint ventures with Whitfield County.

- **Discretely presented component unit** – Component units are legally separate organizations for which the elected officials of the City are financially accountable. The City of Dalton Building Authority is presented as a component unit for the City of Dalton.

The government-wide financial statements are presented on pages 21 through 23 of this report.

Fund Financial Statements

In contrast to government-wide financial statements that focus on the City as a whole, the focus of fund financial statements is the specific activity of that fund. A fund is a grouping of self-balancing accounts used to maintain control over resources that have been segregated for specific activities or objectives either for management purposes or legal mandates. Major funds are reported separately, while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City's funds are divided into three categories:

- **Governmental funds** – These funds account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on short-term financing requirements. This approach is known as the flow of current financial resources measurement focus and the modified accrual basis of accounting. These provide a detailed short-term view of the City's finances that assists in determining whether there will be adequate financial resources available to meet the City's current needs.

  Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

  The City maintains four governmental fund types: General Fund, Special Revenue Funds, Debt Service Fund, and the Capital Projects Funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund which is the City's major governmental Fund. Data from the other nonmajor funds are combined into a single, aggregated presentation in a later section of this report.

  The City of Dalton adopts an annual appropriated budget for its General Fund and a budgetary comparison statement has been provided to demonstrate compliance with this budget.

  The basic governmental fund financial statements are presented on pages 24 through 28 of this report.

- **Proprietary funds** – When the City charges customers or other City department for services it provides, these services are generally reported in proprietary funds. The City's proprietary funds are classified as enterprise funds and internal service funds. Both funds are prepared using the accrual basis of accounting which is the basis of accounting used in the government-wide statements. The City of Dalton provides external services for electric, gas, water, and wastewater utilities, information technology systems, an airport, and a public golf course. Services provided by the two joint ventures to customers include landfill services and a public trade and convention center.

  Internal service funds are an accounting device used to account for services provided and billed on an internal basis. The City utilizes a risk pool internal service fund for workers' compensation insurance claims incurred in prior years when the City was self-insured. The activity of the risk pool fund is reported in governmental activities in the government-wide statement.

  The basic enterprise fund financial statements are presented on pages 29 through 33 of this report.

- **Fiduciary funds** - These funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are presented in the fund statements, but they are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The City's fiduciary funds consist of a pension trust fund, other postemployment benefits ("OPEB") trust fund, municipal court custodial fund, and police custodial fund. The pension trust fund accounts for the City's single employer pension trust fund. The OPEB trust fund accounts for the City's single employer OPEB trust fund. The municipal court and police custodial funds account for assets, including fines, surcharges, and seizures of cash and property, which are held by the municipal court and the police department in a custodial fashion. These funds are reported on two statements: a statement of fiduciary net position and a statement of changes in fiduciary net position. These statements are found on pages 34 and 35 of this report.

Notes to the Basic Financial Statements

The notes to the financial statements provide additional detail that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 36 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's defined benefit pension plan and defined benefit OPEB plan. Required supplementary information can be found on pages 93 through 99 of this report.

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for nonmajor funds are presented in a subsequent section of this report beginning on page 100.

The City has one discretely presented component unit, the City of Dalton Building Authority. The City of Dalton Building Authority does not issue separate financial statements. The City of Dalton Building Authority's financial statements are presented in the financial section of this report on pages 166 through 168. Additional information about the component unit can be found in Note 1-A, Note 4-F, and Note 4-G.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's overall financial position and results of operations for the past two years are summarized as follows based on the information included in the government-wide statements.

Summary Statement of Net Position
Fiscal Years 2025 and 2024

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current assets	$ 61,298,187	$ 74,815,769	$ 162,534,232	$ 127,633,073	$ 223,832,419	$ 202,448,842
Capital assets	136,725,673	114,574,784	1,049,464,106	1,038,916,933	1,186,189,779	1,153,491,717
Other long-term assets	3,585,934	1,509,520	208,377,235	212,450,957	211,963,169	213,960,477
Total assets	201,609,794	190,900,073	1,420,375,573	1,379,000,963	1,621,985,367	1,569,901,036
Deferred outflows of resources	5,083,241	8,379,456	5,403,546	8,407,719	10,486,787	16,787,175
Total assets and deferred outflows	$ 206,693,035	$ 199,279,529	$ 1,425,779,119	$ 1,387,408,682	$ 1,632,472,154	$ 1,586,688,211
Liabilities:						
Current liabilities	8,678,422	8,477,347	52,376,332	44,225,488	61,054,754	52,702,835
Long-term liabilities	33,137,270	34,338,826	227,240,405	238,120,508	260,377,675	272,459,334
Total liabilities	41,815,692	42,816,173	279,616,737	282,345,996	321,432,429	325,162,169
Deferred inflows of resources	10,529,440	11,865,795	20,899,495	21,821,861	31,428,935	33,687,656
Net position:						
Net investment in capital assets	134,915,152	112,316,751	891,870,106	882,938,933	1,026,785,258	995,255,684
Restricted	13,971,870	26,349,375	66,097,000	87,785,000	80,068,870	114,134,375
Unrestricted	5,460,881	5,931,435	167,295,781	112,516,892	172,756,662	118,448,327
Total net position	154,347,903	144,597,561	1,125,262,887	1,083,240,825	1,279,610,790	1,227,838,386
Total liabilities, deferred inflows, and net position	$ 206,693,035	$ 199,279,529	$ 1,425,779,119	$ 1,387,408,682	$ 1,632,472,154	$ 1,586,688,211

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Dalton, assets and deferred outflows exceeded liabilities and deferred inflows by $1,279.6 million and $1,227.8 million at the close of the fiscal years ended December 31, 2025 and 2024, respectively.

The most substantial portion of the City's net position (80%) is net investment in capital assets (e.g., land, buildings, utility plant, infrastructure), less any related debt outstanding used to acquire those assets. These amounted to $1,026.8 million and $995.3 million at December 31, 2025 and 2024, respectively. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, because the City uses these assets to provide services to the citizens and therefore cannot liquidate them.

Unrestricted net position comprises the next largest component (14%) of total net position. Unrestricted net position increased $54.3 million during the past year, from $118.4 million to $172.7 million. The positive unrestricted net position does not mean that the City has resources available beyond its long-term commitments but rather is a result of having currently available resources that are greater than long-term commitments.

The remaining balance (6%) represents restricted net position. The statement shows a balance of $80.1 million, which is a decrease of $34.1 million from the prior year. These funds are subject to limitations in the manner in which they may be spent; these constraints may be imposed by external sources, enabling legislation or constitutional provision.

Although net position of the business-type activities represents 88% of total City-wide net position, the City generally only uses these resources to finance the continuing operations of the business-type activities.

The following condensed financial information was derived from the government-wide statement of activities and reflects how the City's net position changed for the year.

Summary Statement of Activities
Fiscal Years 2025 and 2024

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program:						
Charges for services	$ 3,471,494	$ 3,097,202	$ 309,588,650	$ 310,767,309	$ 313,060,144	$ 313,864,511
Operating grants	1,661,634	1,813,029	-	-	1,661,634	1,813,029
Capital grants	14,260,405	13,659,094	-	-	14,260,405	13,659,094
General:						
Property taxes	9,977,943	8,218,744	-	-	9,977,943	8,218,744
Other taxes	18,959,414	18,358,271	-	-	18,959,414	18,358,271
Investment earnings	1,457,970	1,892,095	6,564,658	5,398,491	8,022,628	7,290,586
Miscellaneous	978,913	1,500,894	581,343	453,000	1,560,256	1,953,894
Total revenues	50,767,773	48,539,329	316,734,651	316,618,800	367,502,424	365,158,129
Program Expenses:						
General government	5,600,203	7,332,337	-	-	5,600,203	7,332,337
Judicial	764,750	578,045	-	-	764,750	578,045
Public safety	25,989,844	20,428,628	-	-	25,989,844	20,428,628
Public works	11,341,098	9,939,058	-	-	11,341,098	9,939,058
Health and welfare	91,361	487,836	-	-	91,361	487,836
Culture and recreation	7,229,394	6,604,152	-	-	7,229,394	6,604,152
Housing and development	297,595	690,851	-	-	297,595	690,851
Interest	380,003	(443,859)	-	-	380,003	(443,859)
Utilities	-	-	260,409,000	241,215,000	260,409,000	241,215,000
Trade Center	-	-	735,794	673,489	735,794	673,489
Landfill	-	-	-	-	-	-
Golf course	-	-	1,553,537	1,340,983	1,553,537	1,340,983
Airport	-	-	1,337,441	1,218,639	1,337,441	1,218,639
Total expenses	51,694,248	45,617,048	264,035,772	244,448,111	315,730,020	290,065,159
Excess (deficiency)	(926,475)	2,922,281	52,698,879	72,170,689	51,772,404	75,092,970
Transfers	10,676,817	12,953,882	(10,676,817)	(12,953,882)	-	-
Change in net position	9,750,342	15,876,163	42,022,062	59,216,807	51,772,404	75,092,970
Beginning net position	144,597,561	128,721,398	1,083,240,825	1,024,024,018	1,227,838,386	1,152,745,416
Ending net position	$ 154,347,903	$ 144,597,561	$ 1,125,262,887	$ 1,083,240,825	$ 1,279,610,790	$ 1,227,838,386

Total revenues exceeded total expenses in the current year, resulting in an increase in the City's net position of $51.8 million in year ended 2025 compared to an increase of $75.1 million for the year ended 2024. The reasons for this overall increase are explained in the governmental and business-type activities discussion herein.

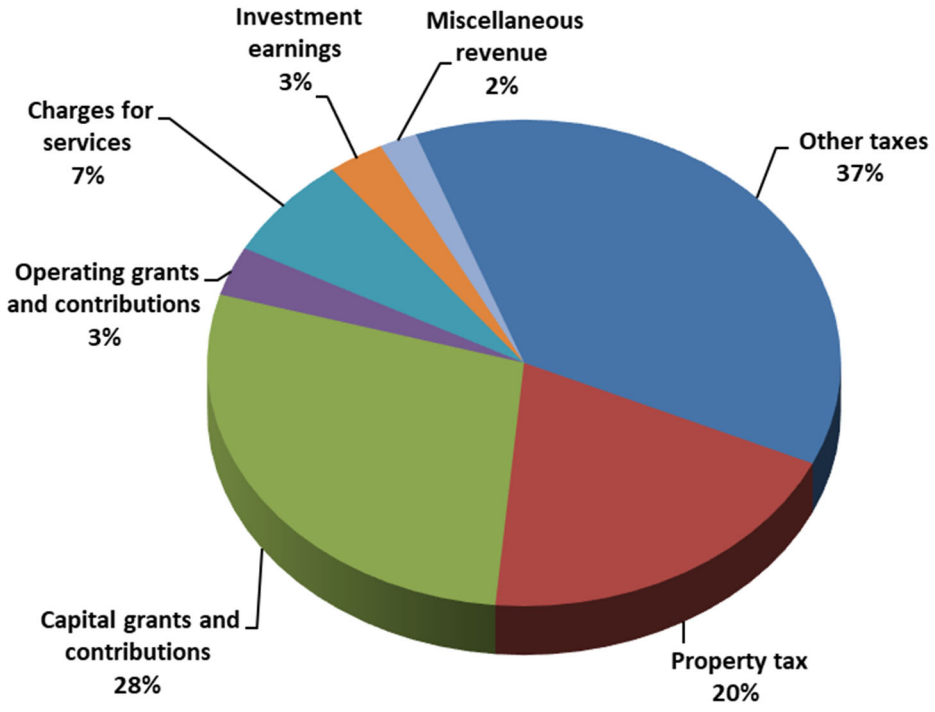
Governmental Activities

Net position for governmental activities increased $9.7 million during 2025 compared to an increase of $15.9 million in 2024. Total revenues increased $2.2 million or 5% from the prior year and expenses increased $6.1 million or 13%.

The increase in total revenues is primarily due to an increase in property taxes of $1.8 million (21%). The increase in property taxes is attributable to the City's tax allocation districts' property tax collections from other governments per intergovernmental agreements with Whitfield County, Dalton Public Schools, and Dalton Downtown Development Authority. Other tax revenues increased $601,000 (3%) due to increased collections from insurance premium tax and sales tax. Capital grants increased $601,000 (4%) due to additional state grant funding from the Georgia Department of Transportation for the City's municipal airport for lighting and runway improvements. Charges for services increased $374,000 (12%) due to the placement of camaras within school zones to capture speed violators. These increases were offset by decreases in miscellaneous revenues of $522,000 (35%), investment earnings of $434,000 (23%), and operating grants of $151,000 (8%).

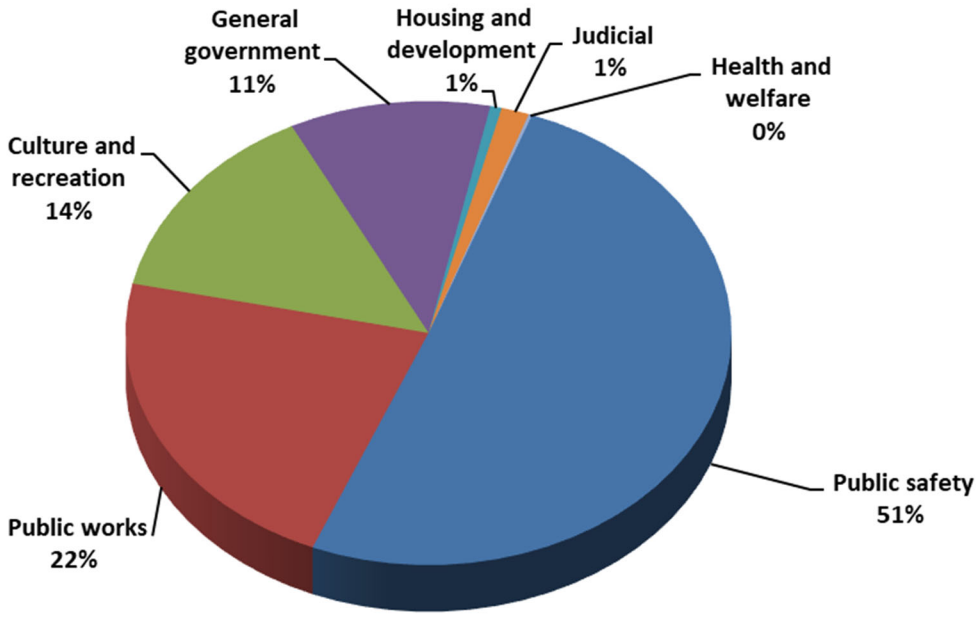
As depicted by the following chart, other taxes category is the largest source of revenue (37%), followed by capital grants and contributions (28%), property tax (20%), charges for services (7%), and operating grants and contributions (3%).

Revenues by Source – Governmental Activities



As depicted by the following chart, the largest use of City resources for the year 2025 is public safety (51%), followed by public works (22%), culture and recreation (14%), and general government (11%).

Expenses by Function – Governmental Activities



As stated earlier, expenses increased $6.1 million or 13% from the previous year. Public safety expenses increased $5.6 million (27%) due to increased expenses related to personnel costs and pension accruals. The public works function increased $1.4 million (14%) due increased expenses for pension accruals and depreciation. General government expenses decreased $1.7 million (25%) due to the City infusing $1.9 million into the City's Defined Benefit Pension Plan in 2024 to cover the additional liability to the Plan due to a cost-of-living adjustment ("COLA") for current retirees. This amount represents the retirees falling within the governmental activities function. Interest increased by $824,000 (186%) due to an over accrual on debt in 2023 in the amount of $860,000. The adjustment to correct was taken to interest expense in the 2024 year. The 2025 year interest expense is reported appropriately.

Business-type Activities

The City's business-type activities revenues increased $116,000 (0%) and expenses increased $19.6 million (8%).

Revenues:

The decrease in charges for services of $1.2 million (0%) is primarily attributable to the City's utility operations, the WLSF Commission, as follows:

- Electric operating revenues increased $8.1 million (4%). The largest factor for the decline in year over year revenue is due to a one-time bankruptcy settlement received in 2024 for the amount of $8.1 million. This was not a recurring revenue stream, causing 2024 to report higher than average revenue compared to 2025. In addition to one-time revenue differences, overall kilowatt hour ("kWh") sales decreased by 10%. The majority of the decrease in consumption stems from the data customer class, a large-load customer, which initiated a planned decrease in usage due to construction activities. The WLSF Commission expects lower kWh sales to data class customers throughout 2026 and parts of 2027, when construction is scheduled to be completed.

  When looking at the electric sector, excluding data customers in 2025, revenues and consumption were slightly higher as compared to 2024. Part of the increase in revenue is associated with the fuel cost adjustment for 2025. Fuel cost adjustment revenue will fluctuate in any given year based on natural gas commodity prices that impact the cost of purchased power. These revenues are designed to offset rapid increases in natural gas fuel for power generation and only apply when commodity prices rise above a base number set each year. In 2025 and 2024, this base number was set at $3.40 and $3.50/Mcf respectively.

- Natural gas operating revenues increased $7.3 million (30%) in 2025, while overall system flows experienced only a 0.4% increase compared to 2024. As consumption was flat year over year, the increase in revenues was due to rate actions and commodity price changes that are passed through to customers. The WLSF Commission Board did approve retail rate action beginning in 2025 that increased base fees by 5% and adjusted the first of month index ratio charged to customers. Overall, the retail rate changes increased revenues by $650,000. The major impact to revenue from the natural gas system is due to the passthrough of commodity prices. In 2025, the average spot price for natural gas was $3.52 / MMBtu as compared to $2.19 / MMBtu in 2024.

- Water operating revenues decreased by $577,000 (2%), primarily due to an overall consumption decrease of 2%. The decrease in consumption is associated with all customer classes in 2025. While revenues and consumption did decrease year over year, it was partially offset by rate action. The WLSF Commission Board approved an increase in water rates equal to 1.7%, which was implemented at the beginning of 2025.

- Sewer operating revenues increased by $123,000 (0%), primarily due to a rate increase of 1.2% for all customer classes. Similar to the water sector, billed gallons for waste did experience a decrease in all customer classes, except for residential. Residential customer class saw a slight gain as sewer service expansion continues and customer counts increase.

- Information technology operating revenues increased $293,000 (2%) in 2025, as compared to 2024. The increase in revenues is in keeping with approved rate increases with CATV for 2025.

The increase in investment income of $1.2 million (22%) is primarily attributable to the WLSF Commission's operations as follows:

- Interest income increased $367,000 due to portfolio deposits and market gains.

- The change in fair value of investments improved by $811,000 compared to 2024. The stabilizing in FMV is due to the type of investments that make up WLSF Commission investment portfolios.

Expenses:

The increase in program expenses of $19.6 million (8%) is primarily attributable to the WLSF Commission's operations as follows:

- The electric sector saw a year over year increase in expenses of $13.7 million (10%). The largest expense increase was for $7.9 million associated with purchased power costs. As natural gas is a fuel source for power generation, changes in market prices can cause large swings in costs from year to year. Additional cost increases of $4.9 million stem from increased generation expenses from Vogtle Unit 4's first full-year of operations, in addition to transmission system maintenance. These costs are expected to continue in future years.

- Natural gas expenses saw an overall increase of $4.4 million (20%). This increase is consistent with the higher natural gas commodity prices seen in 2025. In total, natural gas purchases were $4.7 million higher in 2025 vs 2024. The difference between the overall increase and purchased gas means that the sector operations expenses decreased by $0.25 million during 2025.

- Water treatment operating expenses decreased $38,000 in 2025 as compared to 2024. This decrease is due to periodic dredging expenses in the amount of $1.8 million that were recorded in 2024 but did not impact 2025. Adjusting for this activity, expenses in 2025 were $1.7 million higher than the previous year. The adjusted increase in expenses is not attributable to one or two sources; rather it is a reflection of increased costs for items such as labor, chemicals, maintenance, insurance, and depreciation. These items represent a 6% increase in operational costs.

- Sewer operations costs experienced an increase of $1.7 million (6%) in 2025 as compared to 2024. Similar to the water sector, the increase is due to multiple increases in areas such as labor, utilities, chemicals, maintenance, insurance, and other services.

- Information technology operating expenses increased $241,000 (1%) in 2025 as compared to 2024. Organizational changes for departmental reporting structures in 2025 impacted internal allocations of expenses for labor in the OptiLink sector. These changes resulted in higher overall labor costs as compared to previous years. Some of these changes were offset by operational savings for T.V. content charges and maintenance contracts for various hardware and software support services.

- Total depreciation and amortization expense increased $2.2 million (6%) in 2025 as compared to 2024. $1.3 million of the increase is due to a full year of depreciation expense for Vogtle Unit 4 and the Nelson Transmission Substation in 2025 compared to a partial year expense in 2024. The remainder of the increase is attributable to new assets entering service within 2025.

- Entity wide, charges for salaries and benefits increased $2.3 million (7%) in 2025 as compared to 2024. Overall personnel costs were 14% of total expenses in 2025.

- Interest expense decreased $794,000 (17%) as a result of a decrease in the balance of revenue bonds outstanding.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported combined ending fund balances of $53.7 million. Of this year-end total, 49% ($26.3 million) is unassigned fund balance that is available for spending at the City's discretion. The remainder is nonspendable ($612,000), restricted for particular purposes ($25.9 million), or committed for grant projects ($812,000). The general fund is the only fund that can have positive unassigned fund balance. The remainder of fund balance is either nonspendable, restricted by a third party, committed to be spent in a specified matter by formal resolution, or assigned for a specific purpose, including the 2025 budget.

The total combined ending fund balances of governmental funds reflect a decrease of $14.5 million. The general fund reported an increase in fund balance of $159,000 and the other governmental funds reported a decrease in fund balances of $14.6 million.

Major Governmental Fund

The general fund is the chief operating fund of the City. At the end of 2025, the fund balance of the general fund was $27.9 million. Unassigned fund balance represents 59% of general fund expenditures, a decrease from the prior year, in which unassigned fund balance represented 61% of expenditures.

The general fund's performance resulted in revenues and other financing sources exceeding expenditures and other financing uses by $159,000 during the fiscal year. Total revenues decreased by $74,000 (0%), expenditures increased by $2.0 million (5%), and net other financing sources (uses) increased by $7.2 million (106%) when compared to the prior year.

Key changes in general fund revenues over the prior year include a decrease in investment earnings of $408,000 (29%) due to lower cash and investment balances and lower interest rates for investments. Fines and forfeitures increased $251,000 (38%) as a result of implementing traffic cameras in school zones.

Key changes in general fund expenditures over the prior year include a decrease in general government expenditures of $1.8 million (28%), attributable to a $1.9 million payment in 2024 to the Defined Benefit Pension Plan to fund a COLA increase for retirees. Public safety expenditures increased $1.7 million (8%) which is attributable to increases in personal services and benefits due to full year impact of the police department's implementation of a pay incentive package in October of 2024, a 4% COLA for full-time employees, and a 10% increase in the cost of health insurance. Housing and development increased $1.5 million (218%) due primarily to a $1.0 million loan to the Housing Authority for the construction of additional housing units and a $600,000 payment to the Dalton-Whitfield Joint Development Authority for the construction of public infrastructure for the development of workforce housing. Culture and recreation expenditures increased from the prior year by $384,000 (8%) and resulted from a 4% COLA for full-time employees and a 10% increase in health insurance premiums.

Other financing sources of $17.9 million decreased $953,000 (5%) from the prior year due to a decrease in the transfer from the DWRSWMA to subsidize the City's operations; the DWRSWMA transferred $1.25 million in 2025 and $2.5 million in 2024.

Other financing uses of $3.8 million decreased by $8.2 million (68%) from the prior year. The largest current year transfers out included $1.2 million to the debt service fund for payment of debt principal and interest, $978,000 to the airport improvement grant fund for airport runway construction, $969,000 to the 2024 SPLOST capital projects fund to fund paving and resurfacing projects, and $445,000 to the capital acquisition fund for various capital asset replacement and facility repairs. The largest prior year transfers out included $4.7 million to the ARPA grant fund to provide local matching funds for two large federally funded capital projects, $4.3 million to the 2020 SPLOST capital projects fund to supplement the John Davis Recreation Center project and 2024 resurfacing projects, $1.2 million to the capital acquisition fund for various capital asset replacement and facility repairs, and $1.2 million to the debt service fund for payment of debt principal and interest.

Capital Projects Funds

- The bonded capital projects fund is used to account for the acquisition and construction of major capital assets funded by the 2021 debt issuance. Total debt proceeds of $17.0 million were received in this fund during 2021, which included a premium on issuance of $1.4 million. Current year expenditures totaled $4.3 million for stormwater projects and a pickleball complex. At the end of 2025, fund balance was $3.4 million. Of this fund balance, $1.5 million is restricted for stormwater projects and $1.9 is restricted to complete pickleball courts and Al Rollins Complex improvements.

- The SPLOST 2024 capital projects fund is used to account for the acquisition and construction of major capital assets associated with the 2024 SPLOST. Significant activity in this fund began in 2025. SPLOST revenues and investment earnings of $9.1 million were collected, and expenditures totaled $2.9 million. Significant items included the Mill Line extension, police department vehicles, outfitting, and equipment, and a dump truck to be used by public works. At the end of 2025, restricted fund balance is $8.4 million.

- The SPLOST 2020 capital projects fund is used to account for the acquisition and construction of major capital assets associated with the 2020 SPLOST that ended in 2024. Significant activity in this fund began in 2021. In 2025, investments generated $600,000. A total of $12.2 million was expended in the current year for paving, renovations at the John Davis Recreation Center, a police property and evidence building, police equipment, and public works vehicles and equipment. At the end of 2025, fund balance was $8.1 million, and is restricted to complete SPLOST projects, which include additional expenditures for the renovation of the John Davis Recreation Center and additional paving and stormwater projects.

- The SPLOST 2015 capital projects fund is used to account for the acquisition and construction of major capital assets. Revenues were derived primarily from the 2015 SPLOST that ended in 2019. All projects, with the exception of certain stormwater/drainage projects, have been substantially completed. Those uncompleted projects will utilize existing fund balance until finished. Investment earnings totaled $40,000. Expenditures totaled $163,000, primarily for stormwater projects. At the end of 2025, fund balance was $2.1 million, and is restricted to complete the remaining projects.

- The capital acquisition fund is used to account for expenditures for general capital outlays. Revenues are derived primarily from transfers from the general fund, which totaled $455,000 for the year. Additional transfers of $80,000 were made from the hotel motel tax fund to supplement funding for recreation projects. Total expenditures were $2.8 million for recreation equipment, Haig Mill Park trail paving, renovation for the City Hall HVAC system, office equipment and servers, public works vehicles and equipment, and public safety vehicles and equipment. At the end of 2025, fund balance was $1.7 million, and is restricted for future capital acquisitions.

Proprietary Funds

The proprietary funds share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. This provides a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

Major Proprietary Fund

The WLSF Commission provides electric, natural gas, water, wastewater, and information technology services to customers in the City of Dalton, Whitfield County, and portions of Murray, Gordon, Catoosa, and Floyd counties.

The WLSF Commission net position represents 96% of total proprietary fund net position. Financial analysis in regards to the WLSF Commission can be found in the business-type activities section.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Dalton's general fund budget is prepared and adopted in accordance with Georgia law. Over the course of the year, the original budget was amended by various appropriations approved by Council. In addition, Council approved several adjustments to prevent budget overruns. The amendments to the general fund resulted in a net increase to budgeted revenues of $726,000, a net increase to budgeted expenditures of $1.3 million, and a net decrease to other financing sources (uses) of $361,000. The following highlights the most significant differences between original and adjusted budgets for revenue:

- Increased revenues to reflect additional LMIG revenue received from Georgia Department of Transportation in the amount of $545,000 and fines and forfeiture revenue of $350,000 from the addition of traffic cameras. Various other revenue lines such as sales tax and insurance premium tax exceeded original budget but were offset by underperformance of other tax budget lines.
- Increased budgeted expenditures to fund economic development projects with the Dalton Housing Authority of $1.0 million and the Dalton-Whitfield Joint Development Authority of $600,000.
- Increased other financing sources $1.6 million for a one-time operational transfer from a joint-venture of $1.3 million, WLSF Commission transfer of $333,000, and additional hotel-motel tax revenue of $45,000.
- Increased other financing uses by $2.0 million of which $1.2 million was for matching funds for airport and infrastructure grants, $324,000 was to supplement 2025 paving funds budgeted in SPLOST funds, and $445,000 was directed to the capital improvements fund.

General fund expenditures were $44.5 million, 97% of the final amended budget. There were no net over expenditures by general fund departments. Personal services and benefits were $467,000 (1%) under the final budget due to position vacancies.

Total actual general fund revenues exceeded the final adjusted budget by $268,000. General fund actual other financing sources were over final budget by $2,000, and actual other financing uses were under final budget by $30,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's book value of investment in capital assets for governmental and business-type activities at December 31, 2025 was $136.7 million and $1,049.5 million, respectively. The book value of the governmental activities investment in capital assets increased by $22.2 million. The book value of the business-type activities investment in capital assets increased by $10.5 million. Depreciated cost for capital assets of the City as a whole increased by $32.7 million. See Note 3-E for additional information about changes in capital assets during the calendar year. The following table provides a summary of capital asset balances by asset type.

Capital Assets, Net of Accumulated Depreciation
Fiscal Years 2025 and 2024

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Non-depreciable assets:						
Land	$ 21,090,753	$ 20,509,005	$ 5,215,145	$ 5,215,145	$ 26,305,898	$ 25,724,150
Construction in progress	18,867,036	16,069,350	38,546,437	18,509,513	57,413,473	34,578,863
Total non-depreciable	39,957,789	36,578,355	43,761,582	23,724,658	83,719,371	60,303,013
Depreciable assets:						
Land improvements	78,373,946	63,836,801	13,562,933	9,768,971	91,936,879	73,605,772
Buildings and improvements	38,845,312	34,809,987	3,763,488	3,763,487	42,608,800	38,573,474
Machinery, equipment, and furniture	42,300,942	37,647,686	3,116,617	3,130,266	45,417,559	40,777,952
Intangibles	1,208,301	1,208,301	-	-	1,208,301	1,208,301
Utility plant	-	-	1,704,642,000	1,682,420,000	1,704,642,000	1,682,420,000
Infrastructure	114,392,152	113,264,459	-	-	114,392,152	113,264,459
Total depreciable assets	275,120,653	250,767,234	1,725,085,038	1,699,082,724	2,000,205,691	1,949,849,958
Less accumulated depreciation	178,352,769	172,770,805	742,633,514	706,445,449	920,986,283	879,216,254
Book value-depreciable assets	96,767,884	77,996,429	982,451,524	992,637,275	1,079,219,408	1,070,633,704
Percentage depreciated	65%	69%	43%	42%	46%	45%
Nuclear fuel, at amortized cost	-	-	23,251,000	22,555,000	23,251,000	22,555,000
Book value - all assets	$ 136,725,673	$ 114,574,784	$ 1,049,464,106	$ 1,038,916,933	$ 1,186,189,779	$ 1,153,491,717

Major capital asset changes during the current year for governmental activities included capital asset additions of $28.2 million and depreciation expense of $6.1 million. The following highlights the 2025 capital asset additions:

- General government purchases of $2.0 million; most significant components include $1.4 million for an HVAC replacement project for City Hall, $255,000 for server upgrades to City Hall, and $294,000 for property acquisition
- Public safety purchases of $6.1 million; most significant components include the property and evidence building for $2.2 million, a fire truck for $1.2 million, and vehicle and equipment purchases
- Public works vehicle and equipment purchases of $1.7 million; major purchases include two garbage trucks and a construction dump truck
- Public works infrastructure and land improvements of $9.3 million; most significant components include streetscape projects of $4.7 million, stormwater and drainage projects of $3.3 million, and resurfacing projects of $676,000
- Culture and recreation expenses of $10.7 million; major projects included the John Davis Recreation Center for $7.8 million, a pickleball complex for $1.5 million, turf field at Heritage Point Park for $841,000, and the Mill Line expansion of $193,000

Effective January 1, 2025, the WLSF Commission changed its accounting policy for contributions in aid of construction. Such contributions are now reported as a reduction of capital assets, rather than being recognized through income and included in net position. The change was applied retrospectively by restating beginning balances as of January 1, 2025. As a result, beginning capital assets and beginning net position were each decreased by $106,123,000.

Long-term Debt

At the end of the calendar year, the City had total leases and revenue bonds outstanding of $160.8 million. This is a decrease of $7.6 million from the prior year. Refer to Note 3-J for additional information regarding the City's long-term debt.

	Governmental activities		Business-type activities		Totals	
	2025	2024	2025	2024	2025	2024
Leases payable	$ 17,346,222	$ 18,139,423	$ -	$ -	$ 17,346,222	$ 18,139,423
Revenue bonds	-	-	143,433,000	150,251,000	143,433,000	150,251,000
Total	$ 17,346,222	$ 18,139,423	$ 143,433,000	$ 150,251,000	$ 160,779,222	$ 168,390,423

The City maintains a bond credit rating of Aa2 from Moody's on general obligation bonds. The WLSF Commission maintains a bond credit rating of A2 from Moody's.

State statutes limit the amount of general obligation debt a governmental entity may issue, which is up to 10% of its total assessed valuation. The current debt limitation for the City of Dalton is $612.1 million, which is significantly in excess of the City's general obligation debt outstanding of $38.6 million. Refer to Note 4-D for conduit debt obligation with limited commitments with the City of Dalton Public School Systems issuance of 2018 general obligation bonds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2026 general fund budget reflects no increase for budgeted revenues when compared to 2025 actual revenues. Budgeted expenditures for 2026 are anticipated to increase $4.7 million (10%) when compared to actual 2025 expenditures. The 2026 budgeted other financing sources reflect an increase of $543,000 and other financing (uses) reflect a decrease of $1.9 million, for a net increase of $3.6 million (25%) when compared to 2025 actual. The City's adopted 2026 general fund budget is balanced with the utilization of $805,000 of fund balance.

The City considered the following factors when preparing the 2026 budget:

- Revenues are expected to remain static to reflect projected 2025 revenues.
- The expected increase in other financing sources of $543,000 when compared to 2025 actual is primarily due to an increase of $750,000 in the transfer from Dalton-Whitfield Regional Solid Waste Authority coupled with an expected decrease from the WLSF transfer of $148,000.
- Expenditures are expected to increase $4.7 million from 2025 actuals based on the following factors:
    - Implementation of the wage study recommendations and the updated step-grade pay scale for the fire department
    - 2.8% pay increase for full-time positions that were not recommended increases per the wage study
    - Health care premiums increase of $1.3 million
    - Addition of 6 full-time positions
- The expected decrease in other financing uses of $1.9 million when compared to 2025 actual is due to a decrease in funding for capital projects of $711,000 and grant matches of $1.1 million.

At the end of May, 2026:

- General fund operating revenues are 4% ($337,000) more than operating revenues for the same period in 2025:
    - Taxes increase of $205,000
    - Fines and forfeitures increase of $148,000
- 2024 SPLOST collections are tracking 29% over budget.
- Expenditures are $1.3 million (7%) more than 2025 actuals for the same period, as reflected in the 2026 budget due to increases in wages and benefits.
- Unemployment increased slightly to 4.0% in April 2026 from 3.6% in December 2025.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. If you have questions concerning this document or would like to request additional information, contact the City's Chief Financial Officer, 300 West Waugh Street, Dalton, Georgia 30720 or access the City's website at www.daltonga.gov. The separately issued financial statements for The WLSF Commission can be obtained by contacting their finance department, Dalton Utilities, 1200 VD Parrott Junior Parkway, Dalton, Georgia 30721.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Dalton, Georgia
Statement of Net Position
December 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Assets				
Current Assets				
Cash and cash equivalents	$ 33,820,243	$ 37,008,242	$ 70,828,485	$ 12,747,344
Investments	5,817,769	52,575,000	58,392,769	-
Restricted cash	516,905	7,424,000	7,940,905	-
Receivables:				
Accounts	6,870,662	23,092,000	29,962,662	-
Taxes	6,820,451	-	6,820,451	-
Intergovernmental	6,840,156	-	6,840,156	-
Interest	-	663,000	663,000	454
Leases	-	251,000	251,000	3,945,000
Unbilled revenues	-	9,839,000	9,839,000	-
Fuel stocks	-	3,637,000	3,637,000	-
Materials and supplies inventory	131,222	24,630,035	24,761,257	-
Deposits and prepaid items	480,779	3,414,955	3,895,734	-
Total Current Assets	61,298,187	162,534,232	223,832,419	16,692,798
Noncurrent Assets				
Nondepreciable capital assets	39,957,789	43,761,582	83,719,371	-
Depreciable capital assets, net	96,767,884	982,451,524	1,079,219,408	-
Nuclear fuel, at amortized cost	-	23,251,000	23,251,000	-
Lease and SBITA right-to-use assets	-	152,000	152,000	-
Customer deposit fund	-	4,140,000	4,140,000	-
Combined renewals and extensions fund	-	37,221,000	37,221,000	-
Restricted wastewater settlement liability fund	-	192,000	192,000	-
Restricted nuclear decommissioning	-	45,058,000	45,058,000	-
Leases receivable (less current portion)	-	5,199,000	5,199,000	21,750,000
Regulatory asset	-	98,141,000	98,141,000	-
Investment in joint ventures	3,585,934	18,274,235	21,860,169	-
Total Noncurrent Assets	140,311,607	1,257,841,341	1,398,152,948	21,750,000
Total Assets	201,609,794	1,420,375,573	1,621,985,367	38,442,798
Deferred Outflows of Resources	5,083,241	5,403,546	10,486,787	-
Total Assets and Deferred Outflows	$ 206,693,035	$1,425,779,119	$ 1,632,472,154	$ 38,442,798

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
December 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	$ 5,391,961	$ 34,512,070	$ 39,904,031	$ 12,552,672
Internal balances	(23,241)	23,241	-	-
Accrued interest payable	197,933	-	197,933	-
Unearned revenue	881,769	32,021	913,790	-
Compensated absences payable	1,500,000	40,000	1,540,000	-
Revenue bonds payable	-	6,269,000	6,269,000	3,945,000
Settlement liability	-	5,000,000	5,000,000	-
Leases payable	730,000	-	730,000	-
Customer deposits	-	6,500,000	6,500,000	-
Total Current Liabilities	8,678,422	52,376,332	61,054,754	16,497,672
Long-Term Liabilities				
Compensated absences payable (less current portion)	4,551,695	98,722	4,650,417	-
Asset retirement obligations	-	68,150,000	68,150,000	-
Revenue bonds payable (less current portion)	-	137,164,000	137,164,000	21,750,000
Settlement liability (net of current portion)	-	5,000,000	5,000,000	-
Leases payable (less current portion)	16,616,222	-	16,616,222	-
Net pension liability	3,379,529	3,623,857	7,003,386	-
Net OPEB liability	8,589,824	8,988,826	17,578,650	-
Other	-	4,215,000	4,215,000	-
Total Long-Term Liabilities	33,137,270	227,240,405	260,377,675	21,750,000
Total Liabilities	41,815,692	279,616,737	321,432,429	38,247,672
Deferred Inflows of Resources	10,529,440	20,899,495	31,428,935	-
Net Position				
Net investment in capital assets	134,915,152	891,870,106	1,026,785,258	-
Restricted for:				
Debt service	-	6,837,000	6,837,000	-
Capital projects	8,149,611	-	8,149,611	-
Public safety	422,224	-	422,224	-
Public works	143,379	-	143,379	-
Culture and recreation	27,500	-	27,500	-
Health and welfare	215,195	-	215,195	
Development	5,013,961	-	5,013,961	-
Wastewater settlement liability	-	10,583,000	10,583,000	-
Wetlands fund	-	379,000	379,000	-
Nuclear decommissioning	-	48,298,000	48,298,000	-
Unrestricted	5,460,881	167,295,781	172,756,662	195,126
Total Net Position	154,347,903	1,125,262,887	1,279,610,790	195,126
Total Liabilities, Deferred Inflows, and Net Position	$ 206,693,035	$1,425,779,119	$ 1,632,472,154	$ 38,442,798

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Activities
For the Year Ended December 31, 2025

Function/Program	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants, Contributions, and Transfers	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Building Authority
Primary Government								
Governmental Activities:								
General government	$ 5,600,203	$ 566,372	$ 207,379	$ 4,314,092	$ (512,360)	$ -	$ (512,360)	$ -
Judicial	764,750	585,223	-	-	(179,527)	-	(179,527)	-
Public safety	25,989,844	1,821,970	6,547	3,516,600	(20,644,727)	-	(20,644,727)	-
Public works	11,341,098	117,661	1,189,957	3,502,108	(6,531,372)	-	(6,531,372)	-
Health and welfare	91,361	-	20,044	2,198	(69,119)	-	(69,119)	-
Culture and recreation	7,229,394	376,776	-	2,925,407	(3,927,211)	-	(3,927,211)	-
Housing and development	297,595	3,492	237,707	-	(56,396)	-	(56,396)	-
Interest on long-term debt	380,003	-	-	-	(380,003)	-	(380,003)	-
Total Governmental Activities	51,694,248	3,471,494	1,661,634	14,260,405	(32,300,715)	-	(32,300,715)	-
Business-Type Activities:								
WLSF:								
Electric system	155,343,000	194,770,000	-	-	-	39,427,000	39,427,000	-
Gas system	26,991,000	31,674,000	-	-	-	4,683,000	4,683,000	-
Water system	31,376,000	31,810,000	-	-	-	434,000	434,000	-
Wastewater system	28,250,000	25,094,000	-	-	-	(3,156,000)	(3,156,000)	-
Information technology system	18,449,000	22,528,000	-	-	-	4,079,000	4,079,000	-
Landfill	-	1,148,650	-	-	-	1,148,650	1,148,650	-
Convention Center	735,794	-	-	-	-	(735,794)	(735,794)	-
Municipal golf course	1,553,537	1,814,065	-	-	-	260,528	260,528	-
Municipal airport	1,337,441	749,935	-	-	-	(587,506)	(587,506)	-
Total Business-Type Activities	264,035,772	309,588,650	-	-	-	45,552,878	45,552,878	-
Total - Primary Government	$ 315,730,020	$ 313,060,144	$ 1,661,634	$ 14,260,405	(32,300,715)	45,552,878	13,252,163	-
Total - Component Unit	$ 76,714	$ (4,233)	$ -	$ -				(80,947)
General Revenues								
Property taxes levied for general purposes					9,977,943	-	9,977,943	-
Selective taxes					16,827,996	-	16,827,996	-
Hotel/motel taxes					2,131,418	-	2,131,418	-
Investment earnings					1,457,970	6,564,658	8,022,628	-
Donations - unrestricted					396,057	-	396,057	-
Miscellaneous					582,856	581,343	1,164,199	-
Total General Revenues					31,374,240	7,146,001	38,520,241	-
Transfers					10,676,817	(10,676,817)	-	76,714
Total General Revenues and Transfers					42,051,057	(3,530,816)	38,520,241	76,714
Change in Net Position					9,750,342	42,022,062	51,772,404	(4,233)
Net Position Beginning of Year, restated					144,597,561	1,083,240,825	1,227,838,386	199,359
Net Position End of Year					$ 154,347,903	$ 1,125,262,887	$ 1,279,610,790	$ 195,126

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

City of Dalton, Georgia
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 14,730,852	$ 19,089,391	$ 33,820,243
Restricted cash	-	516,905	516,905
Investments	5,817,769	-	5,817,769
Receivables:			
Accounts	954,768	5,893,711	6,848,479
Taxes	6,423,680	396,771	6,820,451
Intergovernmental - federal	15,807	251,279	267,086
Intergovernmental - state	870,569	1,814,999	2,685,568
Intergovernmental - local	923,147	2,964,355	3,887,502
Interfund	119,924	336,457	456,381
Inventory	131,222	-	131,222
Prepaid items	480,779	-	480,779
Total Assets	$ 30,468,517	$ 31,263,868	$ 61,732,385
Liabilities			
Accounts payable	$ 372,600	$ 4,260,898	$ 4,633,498
Accrued expenditures	730,278	1,192	731,470
Unearned revenue	153,450	728,319	881,769
Interfund payable	256,457	176,683	433,140
Total Liabilities	1,512,785	5,167,092	6,679,877
Deferred Inflows of Resources			
Unavailable revenue - property taxes	1,015,460	346,018	1,361,478
Fund Balances			
Nonspendable:			
Inventory and prepaid items	612,001	-	612,001
Restricted:			
Public safety (police and fire expenditures)	-	422,224	422,224
Public works (cemetery chapel and street improvements)	143,379	-	143,379
Culture and recreation (greenway and community garden)	27,500	-	27,500
Health and welfare (OPIOID expenditures)	-	215,195	215,195
Housing and development (grant expenditures)	-	1	1
Economic development (taxes and PILOT revenues)	-	1,428,026	1,428,026
Capital projects (SPLOST projects and other projects)	-	23,685,312	23,685,312
Unrestricted:			
Committed:			
General government (airport projects)	812,000	-	812,000
Unassigned	26,345,392	-	26,345,392
Total Fund Balances	27,940,272	25,750,758	53,691,030
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 30,468,517	$ 31,263,868	$ 61,732,385

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2025

Total Governmental Fund Balances		$ 53,691,030
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets do not represent financial resources and therefore are not reported in the funds but are reported for governmental activities:		
Cost	315,078,442	
Less accumulated depreciation	(178,352,769)	136,725,673
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		1,361,478
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net position:		
Interfund receivables	(176,684)	
Interfund payables	176,684	-
Long-term liabilities that are not due and payable in the current period are not reported in governmental funds but are reported on the statement of net position:		
Accrued interest on leases payable	(197,933)	
Leases payable	(17,346,222)	
Compensated absences	(6,051,695)	
Net pension liability	(3,379,529)	
Net OPEB liability	(8,589,824)	(35,565,203)
The Joint Development Authority (JDA) is a joint venture of the City of Dalton and Whitfield County, Georgia. The equity interest in the JDA is shown on the government-wide statement of net position but is reported on the fund balance sheet only to the extent the investment is evidenced by current financial resources, such as amounts due to and from the entity:		
City's portion of equity investment		3,585,934
The internal service funds are used by management to charge the costs of self-insurance. The assets and liabilities of the internal service funds are included in governmental activities columns in the statement of net position.		(4,810)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows related to pensions	3,255,239	
Deferred inflows related to pensions	(8,272,173)	
Deferred outflows related to OPEB	1,828,002	
Deferred inflows related to OPEB	(2,257,267)	(5,446,199)
Net Position of Governmental Activities		$ 154,347,903

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 24,561,232	$ 3,613,990	$ 28,175,222
Licenses and permits	444,138	-	444,138
Intergovernmental - federal	21,145	662,470	683,615
Intergovernmental - state	991,166	4,065,929	5,057,095
Intergovernmental - local	110,800	9,091,223	9,202,023
Charges for services	1,854,637	3,492	1,858,129
Fines and forfeitures	905,988	263,239	1,169,227
Investment earnings	1,008,466	1,228,810	2,237,276
Miscellaneous	657,653	154,958	812,611
Total Revenues	30,555,225	19,084,111	49,639,336
Expenditures			
Current:			
General government	4,443,904	545,058	4,988,962
Judicial	683,671	-	683,671
Public safety	23,457,420	86,115	23,543,535
Public works	8,591,229	1,590	8,592,819
Health and welfare	25,600	57,440	83,040
Culture and recreation	4,912,220	644,049	5,556,269
Housing and development	2,219,434	129,434	2,348,868
Capital Outlay:			
General government	-	7,287,041	7,287,041
Judicial	-	6,092	6,092
Public safety	14,306	6,122,928	6,137,234
Public works	62,328	9,245,744	9,308,072
Health and welfare	-	44,760	44,760
Culture and recreation	51,500	10,690,414	10,741,914
Debt Service:			
Principal retirement	-	695,000	695,000
Interest and fiscal charges	-	492,675	492,675
Total Expenditures	44,461,612	36,048,340	80,509,952
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,906,387)	(16,964,229)	(30,870,616)
Other Financing Sources (Uses)			
Proceeds from sale of assets	42,492	56,456	98,948
Transfers in	17,815,245	3,871,945	21,687,190
Transfers out	(3,791,945)	(1,596,667)	(5,388,612)
Total Other Financing Sources (Uses)	14,065,792	2,331,734	16,397,526
Net Change in Fund Balances	159,405	(14,632,495)	(14,473,090)
Fund Balances Beginning of Year	27,780,867	40,383,253	68,164,120
Fund Balances End of Year	$ 27,940,272	$ 25,750,758	$ 53,691,030

See accompanying notes to the basic financial statements.

City of Dalton, 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

Net Changes in Fund Balances - Total Governmental Funds		$ (14,473,090)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:		
Depreciation expense	(6,083,652)	
Capital outlay	33,525,113	27,441,461
Donations of or contributions for capital assets not reported at the fund level.		331,189
Transfer of capital assets from governmental funds to the Municipal Airport enterprise fund.		(5,621,761)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		762,135
Elimination of transfers between governmental funds:		
Transfers in	(3,871,945)	
Transfers out	3,871,945	-
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Additionally, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Repayment of leases	695,000	
Amortization of premium on leases	98,201	793,201
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. These items include:		
Net change in accrued compensated absences liability	(207,947)	
Net change in accrued interest on leases payable	14,471	
Pension benefit (expense)	(2,580,225)	
OPEB benefit (expense)	1,201,667	(1,572,034)
The Joint Development Authority (JDA) is a joint venture of the City of Dalton and Whitfield County, Georgia. The current year payments to the JDA are reported as expenditures for the housing and development function on the fund statements, but the City's interest in the government-wide net income or loss is reported on the statement of activities:		
City's portion of the government-wide JDA current year net income		2,076,414
The internal service funds have historically been used by management to charge the costs of the operation and maintenance of insurance funds to individual funds, and are not reported in the government-wide statement of activities. For the 2023 year forward, the City has obtained commercial insurance and has discontinued use of the internal service funds. Current year income or loss is reported in the general governmental function in the statement of activities:		12,827
Change in Net Position of Governmental Activities		$ 9,750,342

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	$ 24,967,000	$ 24,844,000	$ 24,561,232	$ (282,768)
Licenses and permits	438,000	449,000	444,138	(4,862)
Intergovernmental - federal	13,000	5,500	21,145	15,645
Intergovernmental - state	448,000	1,000,500	991,166	(9,334)
Intergovernmental - local	122,000	122,000	110,800	(11,200)
Charges for services	1,798,000	1,890,000	1,854,637	(35,363)
Fines and forfeitures	478,000	828,000	905,988	77,988
Investment earnings	1,300,000	1,030,000	1,008,466	(21,534)
Miscellaneous	533,000	654,425	657,653	3,228
Total Revenues	30,097,000	30,823,425	30,555,225	(268,200)
Expenditures				
Current:				
General government	5,025,000	4,860,000	4,443,904	416,096
Judicial	678,000	690,000	683,671	6,329
Public safety	24,166,000	23,970,000	23,457,420	512,580
Public works	8,959,000	8,934,800	8,591,229	343,571
Health and welfare	26,000	26,000	25,600	400
Culture and recreation	4,959,500	4,937,700	4,912,220	25,480
Housing and development	642,500	2,242,500	2,219,434	23,066
Total Current	44,456,000	45,661,000	44,333,478	1,327,522
Capital Outlay				
Public safety	4,000	4,000	14,306	(10,306)
Public works	17,000	82,200	62,328	19,872
Culture and recreation	15,000	51,800	51,500	300
Total Capital Outlay	36,000	138,000	128,134	9,866
Total Expenditures	44,492,000	45,799,000	44,461,612	1,337,388
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,395,000)	(14,975,575)	(13,906,387)	1,069,188
Other Financing Sources (Uses)				
Proceeds from sale of assets	40,000	40,000	42,492	2,492
Transfers in	16,188,000	17,815,575	17,815,245	(330)
Transfers out	(1,833,000)	(3,822,000)	(3,791,945)	30,055
Total Other Financing Sources (Uses)	14,395,000	14,033,575	14,065,792	32,217
Net Change in Fund Balances	$ -	$ (942,000)	159,405	$ 1,101,405
Fund Balances Beginning of Year			27,780,867	
Fund Balances End of Year			$ 27,940,272	

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2025

	Business-type Activities - Enterprise Funds			
	Water, Light, and Sinking Fund Commission	Other Proprietary Funds	Total Funds	Governmental Activities - Internal Service Funds
Assets				
Current Assets:				
Cash and cash equivalents	$ 36,970,000	$ 38,242	$ 37,008,242	$ -
Short-term investments	52,575,000	-	52,575,000	-
Customer deposit fund	587,000	-	587,000	-
Custodial bond funds	6,837,000	-	6,837,000	-
Accounts receivable, net	23,092,000	-	23,092,000	22,183
Unbilled revenues	9,839,000	-	9,839,000	-
Leases receivable	251,000	-	251,000	-
Interest receivable	663,000	-	663,000	-
Fuel stocks	3,637,000	-	3,637,000	-
Materials and supplies inventory	24,542,000	88,035	24,630,035	-
Deposits and prepaid items	3,402,000	12,955	3,414,955	-
Total Current Assets	162,395,000	139,232	162,534,232	22,183
Noncurrent Assets:				
Land	-	5,215,145	5,215,145	-
Construction in progress	29,020,000	9,526,437	38,546,437	-
Nuclear fuel, at amortized cost	23,251,000	-	23,251,000	-
Depreciable capital assets, net	974,328,000	8,123,524	982,451,524	-
Lease and SBITA right-to-use assets	152,000	-	152,000	-
Customer deposit fund	4,140,000	-	4,140,000	-
Combined renewals/extensions fund	37,221,000	-	37,221,000	-
Restricted wastewater settlement liability fund	192,000	-	192,000	-
Restricted nuclear decommissioning fund	45,058,000	-	45,058,000	-
Regulatory assets, net	98,141,000	-	98,141,000	-
Leases receivable	5,199,000	-	5,199,000	-
Investment in joint ventures	-	18,274,235	18,274,235	-
Total Noncurrent Assets	1,216,702,000	41,139,341	1,257,841,341	-
Total Assets	1,379,097,000	41,278,573	1,420,375,573	22,183
Deferred Outflows of Resources	5,245,000	158,546	5,403,546	-
Total Assets and Deferred Outflows	$ 1,384,342,000	$ 41,437,119	$ 1,425,779,119	$ 22,183

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2025

	Business-type Activities - Enterprise Funds			
	Water, Light, and Sinking Fund Commission	Other Proprietary Funds	Total Funds	Governmental Activities - Internal Service Funds
Liabilities				
Current Liabilities:				
Accounts payable and accrued expenses	$ 34,470,000	$ 42,070	$ 34,512,070	$ 26,993
Unearned revenue	-	32,021	32,021	-
Compensated absences payable	-	40,000	40,000	-
Revenue bonds payable	6,269,000	-	6,269,000	-
Settlement liability	5,000,000	-	5,000,000	-
Customer deposits	6,500,000	-	6,500,000	-
Interfund payable	-	23,241	23,241	-
Total Current Liabilities	52,239,000	137,332	52,376,332	26,993
Long-Term Liabilities:				
Compensated absences (net of current portion)	-	98,722	98,722	-
Revenue bonds payable (net of current portion)	137,164,000	-	137,164,000	-
Settlement liability (net of current portion)	5,000,000	-	5,000,000	-
Net pension liability	3,516,000	107,857	3,623,857	-
Net OPEB liability	8,732,000	256,826	8,988,826	-
Asset retirement obligations	68,150,000	-	68,150,000	-
Other	4,215,000	-	4,215,000	-
Total Long-Term Liabilities	226,777,000	463,405	227,240,405	-
Total Liabilities	279,016,000	600,737	279,616,737	26,993
Deferred Inflows of Resources	20,568,000	331,495	20,899,495	-
Net Position				
Net investment in capital assets	869,005,000	22,865,106	891,870,106	-
Restricted for:				
Debt service	6,837,000	-	6,837,000	-
Wastewater settlement liability	10,583,000	-	10,583,000	-
Wetlands fund	379,000	-	379,000	-
Nuclear decommissioning	48,298,000	-	48,298,000	-
Unrestricted	149,656,000	17,639,781	167,295,781	(4,810)
Total Net Position	1,084,758,000	40,504,887	1,125,262,887	(4,810)
Total Liabilities, Deferred Inflows, and Net Position	$ 1,384,342,000	$ 41,437,119	$ 1,425,779,119	$ 22,183

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	Water, Light, and Sinking Fund Commission	Other Proprietary Funds	Total	Governmental Activities - Internal Service Funds
Operating Revenues				
Charges for services	$ 305,876,000	$ 2,168,647	$ 308,044,647	$ 395,778
Merchandise sales	-	176,505	176,505	-
Tournaments	-	99,435	99,435	-
Concessions	-	119,020	119,020	-
Miscellaneous	-	393	393	-
Total Operating Revenues	305,876,000	2,564,000	308,440,000	395,778
Operating Expenses				
Personal services and benefits	29,444,000	1,083,696	30,527,696	-
Purchased and contracted services	188,365,000	289,594	188,654,594	-
Supplies	-	847,131	847,131	-
Depreciation and amortization	38,726,000	670,557	39,396,557	-
Claims	-	-	-	382,951
Total Operating Expenses	256,535,000	2,890,978	259,425,978	382,951
Operating Income (Loss)	49,341,000	(326,978)	49,014,022	12,827
Non-Operating Revenues (Expenses)				
Interest income	6,963,000	2,658	6,965,658	-
Interest expense	(3,874,000)	-	(3,874,000)	-
Net increase (decrease) in fair value of investments	(401,000)	-	(401,000)	-
Miscellaneous income	577,000	-	577,000	-
Gain on sale of assets	-	4,343	4,343	-
Income (loss) from joint ventures	-	412,856	412,856	-
Total Non-Operating Revenues (Expenses)	3,265,000	419,857	3,684,857	-
Income Before Contributions and Transfers	52,606,000	92,879	52,698,879	12,827
Contributions and Transfers				
Transfers in (out)	(15,698,000)	5,021,183	(10,676,817)	-
Total Contributions and Transfers	(15,698,000)	5,021,183	(10,676,817)	-
Change in Net Position	36,908,000	5,114,062	42,022,062	12,827
Net Position Beginning of Year, restated	1,047,850,000	35,390,825	1,083,240,825	(17,637)
Net Position End of Year	$ 1,084,758,000	$ 40,504,887	$ 1,125,262,887	$ (4,810)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	Water, Light, and Sinking Fund Commission	Other Proprietary Funds	Total	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities				
Cash received from customers	$ 304,679,000	$ 2,570,891	$ 307,249,891	$ -
Cash received from overparity in transmission facilities	3,184,000	-	3,184,000	-
Cash received from interfund services provided	-	-	-	408,039
Cash payments for personnel services and benefits	(37,125,000)	(1,010,759)	(38,135,759)	-
Cash payments for goods, services, claims, and fees	(174,863,000)	(1,297,785)	(176,160,785)	(408,039)
Net Cash Provided by (Used in) Operating Activities	95,875,000	262,347	96,137,347	-
Cash Flows from Noncapital Financing Activities				
Transfers out	(15,698,000)	-	(15,698,000)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	(15,698,000)	-	(15,698,000)	-
Cash Flows from Capital and Related Financing Activities				
Payments long-term debt	(11,088,000)	-	(11,088,000)	-
Acquisition and construction of capital assets	(45,389,000)	(944,969)	(46,333,969)	-
Cash received from sale of capital assets	-	4,343	4,343	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(56,477,000)	(940,626)	(57,417,626)	-
Cash Flows from Investing Activities				
Investment earnings	6,969,000	2,658	6,971,658	-
Sales and maturity of investment securities	153,101,000	-	153,101,000	-
Purchases of investment securities	(166,784,000)	-	(166,784,000)	-
Net Cash Provided by (Used in) Investing Activities	(6,714,000)	2,658	(6,711,342)	-
Net Increase (Decrease) in Cash and Cash Equivalents	16,986,000	(675,621)	16,310,379	-
Cash and Cash Equivalents Beginning of Year	19,984,000	713,863	20,697,863	-
Cash and Cash Equivalents End of Year	$ 36,970,000	$ 38,242	$ 37,008,242	$ -

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	Water, Light, and Sinking Fund Commission	Other Proprietary Funds	Total	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	$ 49,341,000	$ (326,978)	$ 49,014,022	$ 12,827
Adjustments:				
Depreciation	38,726,000	670,557	39,396,557	-
Amortization	6,430,000	-	6,430,000	-
Pension (benefit)/expense	(2,453,000)	102,131	(2,350,869)	-
OPEB (benefit)/expense	1,738,000	(47,850)	1,690,150	-
(Increase) Decrease in Assets:				
Accounts receivable	1,358,000	153	1,358,153	12,261
Fuel stocks	(772,000)	-	(772,000)	-
Materials and supplies inventory	(1,176,000)	(1,942)	(1,177,942)	-
Prepaid expenses and deposits	-	3,009	3,009	-
Increase (Decrease) in Liabilities:				
Accounts payable and accrued expenses	8,251,000	(179,135)	8,071,865	(25,088)
Customer deposits	(444,000)	-	(444,000)	-
Unearned revenue	-	6,738	6,738	-
Settlement liability	(5,000,000)	-	(5,000,000)	-
Other	(124,000)	12,423	(111,577)	-
Net Cash Provided by (Used in) Operating Activities	$ 95,875,000	$ 262,347	$ 96,137,347	$ -
Noncash Investing, Capital, and Financing Activities				
Net increase (decrease) in fair value of investments	$ (401,000)	$ -	$ (401,000)	$ -
Accrued property additions at year end	$ 257,000	$ -	$ 257,000	$ -
Acquisition of capital assets from interfund transfers	$ -	$ 5,621,761	$ 5,621,761	$ -

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2025

	Pension and OPEB Trust Funds	Municipal Court and Police Custodial Funds
Assets		
Cash and cash equivalents	$ 3,803,232	$ 418,495
Investments, at fair value:		
Georgia Municipal Employees Benefit System OPEB Trust Account	20,300	-
MetLife Equity Index Fund	9,437,581	-
MetLife Core Bond Index Fund	27,335,884	-
MetLife Goldman Sachs Fund	9,495,942	-
Vanguard Institutional Index Fund	78,337,909	-
Vanguard Small Cap Index Fund	22,990,907	-
Vanguard Total Bond Market Index Fund	20,647,982	-
Total Assets	$ 172,069,737	$ 418,495
Liabilities		
Current Liabilities:		
Accounts payable	$ 925	$ 39,747
Total Liabilities	925	39,747
Net Position		
Restricted for pension	172,048,512	-
Restricted for OPEB	20,300	-
Restricted for others	-	378,748
Total Net Position	172,068,812	378,748
Total Liabilities and Net Position	$ 172,069,737	$ 418,495

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Changes in Fiduciary Net Position
Trust Funds and Custodial Funds
For the Year Ended December 31, 2025

	Pension and OPEB Trust Funds	Municipal Court and Police Custodial Funds
Additions		
Contributions:		
Employer	$ 4,478,999	$ -
Plan members	574,231	-
Total contributions	5,053,230	-
Fine/confiscation collections	-	1,569,209
Investment income:		
Interest and dividends	3,632,639	-
Net increase (decrease) in fair value of investments	16,043,682	-
Total investment income	19,676,321	-
Less: investment expense	142,640	-
Net investment earnings	19,533,681	-
Total Additions	24,586,911	1,569,209
Deductions		
Administrative expenses	58,947	-
Premium payments	179,090	-
Benefit payments	10,208,576	-
Fine/confiscation remittances	-	1,736,503
Total Deductions	10,446,613	1,736,503
Change in Net Position	14,140,298	(167,294)
Net Position Beginning of Year	157,928,514	546,042
Net Position End of Year	$ 172,068,812	$ 378,748

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2025

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The City of Dalton, Georgia ("City") operates under a council-administration form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture and recreation, education, public improvements, planning and zoning, general administrative services, and public utilities.

Note 1 - Summary of Significant Accounting Policies

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

1-A Reporting Entity

The reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. This entity includes the legal entity, the City of Dalton, Georgia.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs of services performed or provided by the organizations or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes, or issues their debt.

The City of Dalton Building Authority ("Building Authority") is a legally separate entity and has been included as a discretely presented component unit in the accompanying financial statements. It is reported as a separate column in the government-wide statements to emphasize that it is legally separate from the City. The City appoints the members of the five-person board and all debt issuances must first be approved by the City Council. Financial information of the Building Authority can be obtained from the City of Dalton Finance Department. Separate financial statements for the Building Authority are not prepared.

Related party organizations - The Dalton Housing Authority is a related organization which has not been included in the reporting entity. The Authority provides low-income housing to eligible families in the City. The Authority's Board consists of six members appointed by City Council, however the City is not financially accountable (impose will or have a financial benefit or burden relationship) for the Authority.

The Downtown Dalton Development Authority ("DDDA") is a related organization which has not been included in the reporting entity. The Authority provides centralized leadership for communication on downtown issues. The DDDA was created by constitutional ratification by the 1980 general election. The City of Dalton does not appoint a simple majority of the DDDA's governing board. One member of the City Council serves as liaison between the DDDA and the City. The remaining six DDDA board members are elected by the business and property owners in the downtown Dalton district, according to enabling legislation. The City is not able to impose its will on the DDDA. The DDDA's power to issue bonds, notes, or other obligations is not subject to approval by the City of Dalton. The Authority is not a component unit because it meets none of the three criteria for consideration as a component unit. The DDDA is different from many other downtown development authorities in Georgia. Several Georgia cities created downtown development authorities by local constitutional amendments approved by the Georgia General Assembly. In 1981, the General Assembly passed enabling legislation which provided for the establishment of downtown development authorities from that point forward, and some municipalities elected to surrender provisions of existing authorities and operate under the provisions of the new Code. However, the City of Dalton chose to retain the provisions of its original act created by local constitutional amendment with enabling legislation.

1-A Reporting Entity (continued)

Joint ventures - The City participates with Whitfield County in the Dalton-Whitfield Regional Solid Waste Management Authority ("DWRSWMA"). The City has fifty percent equity in this entity. Separately issued financial statements of the DWRSWMA can be obtained from their administrative office: 4350 Gazaway Drive SE, Dalton, Georgia 30720.

The City participates with Whitfield County in the Northwest Georgia Trade and Convention Center Authority ("Convention Center"). The Convention Center was formerly accounted for within the City as an enterprise fund. The Convention Center became a separate authority in 2003. The County and City retained their respective shares of their equity balances as of December 31, 2002. The City and County each now have fifty percent interest in the income or loss of this entity. Separately issued financial statements of the Convention Center can be obtained from their administrative office: 2211 Tony Ingle Parkway, Dalton, Georgia 30720.

The City participates with Whitfield County in the Dalton-Whitfield Joint Development Authority ("JDA"), formerly known as the Dalton-Whitfield Economic Development Authority ("EDA"). The JDA was created during 2007 to replace and to serve the same purpose as the EDA. Both entities existed as of December 31, 2025, but shared a board and activity. The EDA will be dissolved in the future and the JDA will continue to operate. The City has fifty percent equity in this entity. Separately issued financial statements of the JDA can be obtained from their administrative office: 100 S. Hamilton Street, Dalton, Georgia 30720.

Under Georgia law, the City, in conjunction with other cities and counties in the region, is a member of the Northwest Georgia Regional Commission ("NWGRC") and is required to pay annual dues thereto. The City utilizes the NWGRC for projects such as performing planning and administrative services. During its year ended December 31, 2025, the City paid $34,508 in dues to the NWGRC. Membership in the NWGRC is required by the Official Code of Georgia Annotated ("OCGA") Section 50-8-39 which provides for the organizational structure of the NWGRC in Georgia. The NWGRC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the NWGRC. Separately issued financial statements may be obtained from the NWGRC, PO Box 1798, Rome, Georgia 30162.

1-B Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide financial statements - The government-wide financial statements include the statement of net position and the statement of activities. They include all funds of the reporting entity except for fiduciary funds. Individual funds are not displayed at this financial reporting level. These statements distinguish governmental activities, which are generally supported by City general revenues, from business-type activities, which are generally financed in whole or in part by charges to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the City's business-type activities. Direct expenses are those that are specifically associated with a function and therefore are clearly identifiable to that particular function. The City does allocate the indirect expenses of the internal service funds to the functions in the statement of activities.

1-B Basis of Presentation (continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which include fees and other charges to users of the City's services, (2) operating grants and contributions, which finance annual operating activities, including restricted investment income, and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. When identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue; for grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources not properly included with program revenues are reported as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund financial statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns.

Fund accounting - The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses three categories of funds: governmental, proprietary, and fiduciary.

Governmental funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The City’s governmental funds include one major fund and fifteen nonmajor funds.

Major governmental fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor governmental funds – The City’s nonmajor governmental funds include special revenue funds, capital projects funds, and a debt service fund. The special revenue funds include the hotel/motel tax fund, the confiscated assets fund, the community development block grant fund, the airport improvement grant fund, the ARPA grant fund, the other grants fund, the tax allocation district #1 fund, the tax allocation district #3 fund, the tax allocation district #4 fund, the economic development fund, and the opioid settlement fund. The capital projects funds include the bonded capital projects fund, the SPLOST 2024 capital projects fund, the SPLOST 2020 capital projects fund, the SPLOST 2015 capital projects fund, and the capital acquisition fund.

1-B Basis of Presentation (continued)

Proprietary funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The City's proprietary funds are classified as major and nonmajor enterprise funds and internal service funds.

Major enterprise fund – The Water, Light, and Sinking Fund Commission ("WLSF Commission") is used to account for the operations of Dalton Utilities, a public utility providing electric, natural gas, water, wastewater, and information technology services to the City and to customers in Dalton, Whitfield County, and portions of Murray, Gordon, Catoosa, and Floyd counties.

Nonmajor enterprise funds – Nonmajor enterprise funds include the municipal golf course, the municipal airport, the Northwest Georgia Trade and Convention Center Authority, and the Dalton-Whitfield Regional Solid Waste Management Authority.

Internal service funds – These funds are used to account for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The internal service fund is a risk pool fund, paying remaining claims from the closed workers' compensation insurance and health insurance funds.

Fiduciary funds – Fiduciary funds are used to report assets that, by definition, are being held in a trustee or custodial capacity for the benefit of others and are therefore not available to support City programs. Fiduciary fund reporting focuses on net position. The City has four fiduciary funds which include two trust funds and two custodial funds. The fiduciary funds are not included in the government-wide financial statements.

Pension trust fund – The pension trust fund accounts for the activities of the Mayor and Council of the City of Dalton Employee's Pension Plan, which accumulates resources for pension benefit payments to qualified City employees.

Other postemployment benefit ("OPEB") trust fund – The OPEB trust fund accounts for the activities of the City of Dalton Postretirement Plan, which accumulates resources for postemployment benefit payments to qualified City retirees.

Municipal court custodial fund – The municipal court custodial fund reports resources which are not held in a trust, and are in the name of the City, but are held for parties outside the City. The fund accounts for various fees, fines, and surcharges held by the municipal court.

Police custodial fund – The police custodial fund reports resources which are not held in a trust, and are in the name of the City, but are held for parties outside the City. The fund accounts for various confiscations held by the police department.

1-C Measurement Focus

Government-wide financial statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net position. The statement of activities reports revenues and expenses.

1-C Measurement Focus (continued)

Fund financial statements - Governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

The fiduciary funds are accounted for on a flow of economic resources measurement focus. The statement of fiduciary net position presents the trust funds' and custodial funds' assets, liabilities, and net position. The statement of changes in fiduciary net position reports additions to and deductions from net position.

1-D Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. The fiduciary funds use the accrual basis at the fund reporting level. Differences in the accrual basis and the modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - exchange transactions - Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, the phrase "available for exchange transactions" means expected to be received within 60 days of year end.

Revenues - non-exchange transactions **-** Non-exchange transactions in which the City receives value without directly giving equal value in return include taxes, grants, and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the year for which the taxes are levied (Note 3-C). Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales tax, interest, and federal and state grants.

1-D Basis of Accounting (continued)

WLSF Commission - The WLSF Commission follows GAAP and governmental accounting and financial reporting standards issued by GASB and also conforms to the provisions of GASB accounting for the effects of rate regulation. In the event that a portion of the WLSF Commission's operations are no longer subject to the provisions of GASB's accounting for the effects of rate regulation as a result of a change in regulation or the effects of competition, the WLSF Commission would be required to write off related regulatory assets and liabilities that are not specifically recoverable through regulated rates (Note 3-D). In addition, the WLSF Commission would be required to determine if any impairment of other assets, including capital assets, exists, and write down the assets, if impaired, to their fair value.

The WLSF Commission's accounts are maintained separately for each system generally in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission for the electric and natural gas sectors (with the exception of its capital asset accounts) and generally in accordance with the Uniform System of Accounts prescribed by the National Association of Regulatory Utility Commissioners for the water, sewer, and information technology sectors (with the exception of its capital asset accounts).

Rates charged to customers are established solely by the WLSF Commission. Electric, natural gas, water, wastewater, and information technology customers are billed so that operating revenues and investment earnings shall be sufficient to meet operating and maintenance expenses, debt service requirements, and certain reserve requirements. In addition, no funds obtained from ad valorem taxes are to be used for operating and maintenance expenses of the WLSF Commission.

WLSF Commission revenue for utility services is recorded when the commodity or service is delivered and includes an estimate for utility services provided but unbilled at the end of the year. Unbilled revenues included in operating revenues were $9,800,000 for the year ended December 31, 2025.

In the information technology sector, the WLSF Commission has adopted the industry standard of billing customers in advance for telecommunication services. Such amounts are recorded on the statement of net position and recognized as revenues in the periods the services are provided. Unearned revenues included in accounts payable and accrued expenses were $700,000 for the year ended December 31, 2025.

Electricity that is purchased and not used by the WLSF Commission is sold back to Southern Power Company ("SPC"), the wholesale power subsidiary of the Southern Company. In 2025, total MW hours sold back to SPC were 68,057 with proceeds of $4,300,000, which are presented as an offset to purchased energy expense.

Deferred/unearned revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (they are measurable but not available) rather than as revenue.

Grants and entitlements received (e.g., cash advances) before the eligibility requirements are met also are recorded as deferred revenue.

Deferred revenue is reclassified as unearned revenue on the government-wide statement of net position.

Expenses/expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1-E Assets, Liabilities, and Fund Balance

1-E-1 Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits, non-negotiable certificates of deposit, and short-term investments with a maturity date within three months of the date acquired by the City. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. All other investments are stated at fair value based on quoted market prices. The carrying amount is a reasonable estimate of fair value for such short-term investments. Restricted cash and cash equivalents refers to those funds limited by law, regulations, or WLSF Commission action as to their allowable disbursement. Unrestricted cash and cash equivalents refers to all other funds not meeting the requirements of restricted cash and cash equivalents.

Georgia law authorizes the City to invest in the following types of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States government
- Obligations fully insured or guaranteed by the United States government or governmental agency
- Obligations of any corporation of the government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

The WLSF Commission's investment policy allows the following types of investments:

- Government obligations which are direct general obligations of the U.S. government, U.S. government agencies, or obligations that are unconditionally guaranteed by the U.S. government
- Obligations of the Federal Home Loan Bank that are senior debt obligations
- Repurchase agreements with a term of thirty days or less
- Certificates of deposit of national or state banks
- Securities or other interests in any no-load and open-end management-type investment company or investment trust registered under the Investment Company Act of 1940
- Investments in the local government investment pool (i.e., Georgia Fund I)
- Any other investments to the extent and at the time permitted by then-applicable law for the investment of public funds

At December 31, 2025, the City's bank balance was $38,596,670, $24,715,976 of which was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the name of the City.

At December 31, 2025, the City of Dalton Building Authority's bank balance was $12,747,344, $12,293,373 of which was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the name of the Building Authority.

1-E-2 Receivables

All trade and property tax receivables are reported net of an allowance for uncollectibles, where applicable.

1-E-3 Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables and interfund payables. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

1-E-4 Inventories

The governmental and proprietary funds' supply inventories are stated at cost, which is determined on a first-in, first-out basis. Inventories of the governmental and proprietary funds are expensed when consumed.

The WLSF Commission values inventory, including fuel stocks, using the average cost method. Storage gas inventory is stated at the lower of cost or market using the weighted-average cost method. In 2025, no adjustment was needed to reflect the lower of market pricing compared to cost.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2025 and prepaid deposits are recorded as prepaid items. The expense or expenditure is recognized during the benefiting period.

1-E-6 Restricted Assets

The City has cash balances which are restricted as to use for capital projects, in accordance with the terms of debt agreements. Those amounts are included in current assets and are reported as restricted cash.

The WLSF Commission has investments in certain restricted funds, including the customer deposit fund, which is included in both current and noncurrent assets on the statement of net position, the wetlands mitigation fund, which is included in current assets, and the combined utilities renewals and extensions fund, the wastewater settlement liability fund, and the nuclear decommissioning fund, which are included in noncurrent assets on the statement of net position. The nuclear decommissioning fund holds funds in accordance with the Nuclear Regulatory Commission's ("NRC") guidelines. The other restricted funds are segregated from the operating funds at the discretion of the WLSF Commission. Investments in the nuclear decommissioning fund and the other restricted funds are stated at fair market value. The combined utilities construction funds are reported using cost-based measures.

1-E-7 Capital Assets

General capital assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

1-E-7 Capital Assets (continued)

Capital assets, which include property, plant, equipment, and infrastructure assets, are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City's infrastructure consists of roads, bridges, airport infrastructure, and water lines. During initial capitalization of general infrastructure assets, the City chose to include all such items regardless of their acquisition date or amount. The City estimated the historical cost for the initial reporting of these assets. The City maintains a capitalization threshold of five thousand dollars for machinery, equipment, furniture and fixtures, and works of art; a threshold of ten thousand dollars for land improvements, building improvements, and intangibles; and no threshold for land, buildings, infrastructure assets, vehicles, and motorized equipment. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value as of the date received. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized in enterprise funds is capitalized.

All reported capital assets are depreciated except for land, right-of-ways, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	Estimated Lives	
Description	Governmental Activities	Business-type Activities
Land improvements	10 - 45 years	10 - 45 years
Buildings	25 - 50 years	25 - 50 years
Building improvements	5 - 15 years	5 - 25 years
Vehicles	6 years	6 years
Machinery	5 - 12 years	5 - 15 years
Equipment	5 - 12 years	5 - 40 years
Furniture and fixtures	20 years	--
Utility plant	--	5 - 60 years
Intangibles	5 years	--
Bridges and culverts	40 - 50 years	--
Streets	20 - 50 years	--
Mast arms	20 - 50 years	--

At the inception of financed purchases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments. The City is obligated under certain leases, independently and through the City of Dalton Building Authority, a component unit, as disclosed in Note 3-H, as of December 31, 2025.

1-E-7 Capital Assets (continued)

Participation in electric generation and transmission facilities - The WLSF Commission participates in ownership of electric generation and transmission facilities to meet the present and future service demands of its customers. They have entered into agreements with Georgia Power Company ("GPC"), acting as agent, Oglethorpe Power Corporation ("OPC"), and Municipal Electric Authority of Georgia ("MEAG") for the construction, purchase, ownership, operation, and maintenance of the following facilities:

Electric Plant in Service	WLSF Ownership Percentage	Gross Investment Balance as of December 31, 2025
Plant Hatch, Nuclear Units 1 and 2	2.2%	$ 93,660,000
Plant Vogtle, Nuclear Units 1, 2, 3, and 4	1.6%	426,337,000
Plant Scherer, Coal-Fired Units 1 and 2	1.4%	46,284,000

In addition, the WLSF Commission initiated investment for two new generation projects in 2025. The first is a joint ownership project with Georgia Power for a natural gas combined cycle generation facility at Plant Wansley ("Wansley 10 and 11"). The WLSF Commission's ownership interest in this project is 1.5% and completion is anticipated in 2030. As of December 31, 2025, WLSF Commission investment for work in progress is $5,600,000. The second project is wholly owned by the WLSF Commission and consists of a series of dual fuel, reciprocating internal combustion engines ("RICE"). The investment for this facility in 2025 totaled $6,000,000, with an estimated completion date in 2029.

The WLSF Commission's proportionate share of direct expenses for joint operation of the above plants is included in the corresponding operating expense captions in the accompanying statements of revenues, expenses, and changes in fund net position. The WLSF Commission is responsible for providing its own financing for its ownership in the above plants.

WSLF Commission utility plant - Utility plant constructed or purchased by the WLSF Commission is stated at cost, which includes material and labor costs and applicable overheads. Property received as a contribution is recorded at its estimated fair value on the date received. The costs of maintenance, repairs, and minor replacements of property are charged to expense. The costs of renewals and improvements are capitalized. Detailed property records are not maintained for assets other than automobiles and electric transmission plants in service acquired prior to 1998. Property descriptions and dollar amounts from individual invoices are maintained in the capital asset system for all post-1998 records. The cost of property retired or otherwise disposed of in the normal course of business is charged to accumulated depreciation at the time such property is removed from service.

The WLSF Commission defines capital assets as assets with an initial individual cost of more than $2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed.

The cost of WLSF Commission property retired or disposed of in the normal course of business which does not have detailed property records is estimated by management. Property retirements and disposals totaled $120,000 for the year ended December 31, 2025. The property retired or disposed of in the normal course of business approximates its original cost.

The WLSF Commission continues to amortize into income a deferred gain recognized on the sale of integrated transmission system ("ITS") assets in 2012. The gain, presented in the statement of net position in deferred inflows of resources, is being recognized to income ratably over the useful life of the ITS facilities (approximately 37 years) as an annual reduction to depreciation expense of $171,000.

1-E-7 Capital Assets (continued)

Depreciation of the major classes of utility plant is computed on additions when placed in service using rates computed under the composite straight-line method, which approximated 2.0% in 2025, and is based on the following remaining useful lives:

Electric system	30-60 years
Natural gas system	15-80 years
Water system	40-75 years
Wastewater system	40-60 years
Information technology system	3-40 years

Depreciation studies are conducted periodically to update the composite rates that are approved by the WLSF Commission Board. When property subject to composite rates is retired or otherwise disposed of in the normal course of business, its original cost, together with the cost of removal, less salvage, is charged to accumulated depreciation. For other property dispositions, the applicable cost and accumulated depreciation are removed from the statement of net position accounts and a gain or loss is recognized.

In accordance with GASB's accounting for the impairment of capital assets, the WLSF Commission periodically evaluates the carrying value of capital assets. A capital asset is considered impaired when its usefulness has significantly and unexpectedly declined. The WLSF Commission is required to evaluate notable events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Events or changes in circumstances that may indicate impairment include evidence of physical damage; enactment or passage of laws or regulations, or other changes, in environmental factors; technological changes or evidence of obsolescence; changes in the manner or duration of use of the asset; or construction stoppage. A capital asset is generally considered impaired if both (a) the decline in usefulness of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the WLSF Commission will be reported at the lower of carrying value or fair value. There were no impairments in 2025.

Amortization of nuclear fuel - The cost of nuclear fuel, including a provision for the disposal of spent fuel, is amortized to fuel expense based on usage. Nuclear fuel amortization is included in production expense and totaled $6,430,000 during 2025.

Nuclear decommissioning - The NRC requires all licensees operating commercial nuclear power reactors to establish a plan for providing, with reasonable assurance, funds for decommissioning. While the WLSF Commission does not operate the nuclear plants, its joint ownership requires it to bear its share of the related decommissioning costs. The WLSF Commission has an external trust fund to comply with the NRC's regulations. See Note 3-A for additional information on the trust fund. The NRC's minimum external funding requirements are based on a generic estimate of the cost to decommission only the radioactive portions of a nuclear unit based on the size and type of reactor. The WLSF Commission has transferred and will continue to transfer sufficient funds to the external trust to ensure that, over time, the deposits and earnings of the trust will provide the minimum funding amounts prescribed by the NRC.

1-E-7 Capital Assets (continued)

Site study cost is the estimated future cost to decommission a specific facility as of the site study year. The estimated costs of decommissioning based on the most current study completed in September 2024 for the WLSF Commission's ownership interests in plants Hatch and Vogtle Units 1 through 4 were as follows:

	Plant Hatch	Plant Vogtle
Decommissioning periods		
Beginning year	2034	2047
Completion year	2058	2092
Site study cost	$ 2,351,297,000	$ 3,964,989,000
WLSF's portion	2.2%	1.6%
	$ 51,729,000	$ 63,440,000

The decommissioning cost estimates are based on prompt dismantlement and removal of the plants from service. The actual decommissioning costs may vary from the above estimates because of changes in the assumed dates of decommissioning, changes in NRC requirements, or changes in the assumptions used in making these estimates. See Note 3-J for details regarding asset retirement obligations, including nuclear decommissioning.

1-E-8 Parity Income

The WLSF Commission is required, under the Integrated Transmission System Agreement ("ITS Agreement") with GPC, Georgia Transmission Corporation, and MEAG, to maintain a specified level of investment (i.e., parity) in transmission facilities necessary to provide for the transporting of electric energy for customers within the state of Georgia which is in proportion to the WLSF Commission's use of such system. Parity will, therefore, fluctuate in response to any changes in the WLSF Commission's load requirements, as well as any changes in the level of investment in transmission facilities made by the other participants in the ITS Agreement. As of December 31, 2025, the WLSF Commission's investment in ITS facilities was greater than parity, as defined by the ITS Agreement. The required level of investment and the excess investment in the transmission facilities are included in utility plant. The excess investment earns parity income from the other participants in the ITS Agreement, which is reported as parity income.

The WLSF Commission's total investment in ITS facilities at December 31, 2025 was $185,300,000. In 2025, the WLSF Commission recognized $171,000 into income from the deferred inflow of resources resulting from the sale of transmission lines in 2012 (Note 1-E-7). The unrecognized gain presented within deferred inflows of resources is $4,218,000 at December 31, 2025. Parity income for the year ended December 31, 2025 totaled $3,200,000.

1-E-9 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the City's past experience of making termination payments.

All compensated absence liabilities include salary-related payments, where applicable. The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absence liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only when due.

1-E-10 Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and leases are recognized as a liability in the governmental fund financial statements when due.

1-E-11 Premiums, Discounts, and Issuance Costs

On the government-wide statement of net position and the proprietary fund statement of net position, premiums and discounts are netted against the related debt instrument. On the government-wide statement of activities and proprietary fund statement of revenues, expenses, and changes in fund net position, premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method and issuance costs are reported as expenses.

At the governmental fund reporting level, premiums and discounts are reported as other financing sources and uses, separate from the face amount of the debt issued. Issuance costs are reported as expenditures.

1-E-12 Net Position and Fund Balances

The City's net position on the government-wide statement of net position is classified as follows:

Net investment in capital assets - This represents the City's total investment in capital assets, net of accumulated depreciation and net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position - This represents resources for which the City is legally or contractually obligated to spend resources for continuation of federal programs, economic development, debt service, and capital projects in accordance with restrictions imposed by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position - This represents resources derived from property taxes, sales taxes, grants and contributions not restricted to specific programs, charges for services, and miscellaneous revenues. These resources are used for transactions relating to general operations of the City, and may be used at the discretion of the City Council to meet current expenses for those purposes.

1-E-12 Net Position and Fund Balances (continued)

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

At the governmental fund financial reporting level, fund balance represents the difference between the assets 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. The City's fund balances are classified as follows:

1) **Non-spendable fund balance** - Non-cash assets such as inventories or prepaid items. Non-spendable fund balance for governmental funds totaled $612,001 at December 31, 2025.

2) **Restricted fund balance** - Funds with limitations imposed on their use by external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted fund balance for governmental funds totaled $25,921,637 at December 31, 2025. The major projects that comprise this total include: $23,685,312 held in five capital projects funds to be used for SPLOST projects as approved by voter referendum (see Schedule of Projects Constructed with Special Purpose Local Option Sales Tax for project to date information) and to be used for general projects; $422,224 held in the confiscated assets special revenue fund for future public safety expenditures; $215,195 held in the opioid settlement special revenue fund for future health and welfare expenditures; $1,428,026 held in four special revenue funds for economic development both generally and within specific tax allocation districts; and $27,500 for various culture and recreation projects, $128,379 for cemetery projects, and $15,000 for streetscape projects, all held in the general fund.

3) **Committed fund balance** - Amounts that can only be used for specific purposes pursuant to a majority vote of the City Council, the City's highest level of decision making authority, by resolution. Commitments may only be modified or rescinded by a majority vote of the Council. Commitments must be adopted prior to the end of the year; however, the amount to be committed may be determined up to 120 days after year end. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Committed fund balance for governmental funds totaled $812,000 at December 31, 2025, and will be used to provide matching funding for specific airport grants.

4) **Assigned fund balance** - Amounts intended by the City Council for specific purposes. Under the City's adopted policy, amounts may be assigned by the finance committee, under the authorization of the City Council. Amounts appropriated to eliminate a projected deficit in the subsequent year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital projects funds, and debt service funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance. Assigned fund balance for governmental funds totaled $0 at December 31, 2025.

5) **Unassigned fund balance** - Residual spendable fund balance for the general fund after subtracting all above amounts. The general fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance, as all fund balances of other governmental funds are, at a minimum, assigned to specific purposes. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

1-E-12 Net Position and Fund Balances (continued)

Restricted fund balances are considered restricted net position on the statement of net position. Non-spendable fund balances for inventory and prepaid items, committed, assigned, and unassigned fund balances are considered unrestricted net position on the statement of net position.

When expenditures are incurred by the City that would qualify for payment with either restricted or unrestricted funds, it will be paid from restricted funds. When an expenditure is incurred that qualifies for payment from one of the three unrestricted fund balances categories, it will be applied in the following order: committed, assigned, then unassigned.

1-E-13 Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category; deferred outflows of resources related to pension and deferred outflows of resources related to OPEB, which are reported in the government-wide and proprietary funds' statements of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The City has three items that qualify for reporting in this category. The first is unavailable revenue, which arises only under the modified accrual basis of accounting, and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, and these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other two are deferred inflows of resources related to pension and deferred inflows of resources related to OPEB, which are reported in the government-wide and proprietary funds' statements of net position.

The WLSF Commission reports deferred inflows and outflows of resources related to pension and OPEB, and also reports deferred inflows of resources related to the sale of certain ITS assets during 2012 as disclosed in Notes 1-E-7 and 1-E-8 and leased assets as disclosed in Note 3-H.

Deferred inflows and outflows for the City at December 31, 2025 are as follows:

	Governmental Activities	Business-type Activities	Total
Deferred outflows - pensions	$ 3,255,239	$ 3,490,891	$ 6,746,130
Deferred outflows - OPEB	1,828,002	1,912,655	3,740,657
	$ 5,083,241	$ 5,403,546	$ 10,486,787
Deferred inflows - pensions	$ 8,272,173	$ 8,871,005	$ 17,143,178
Deferred inflows - OPEB	2,257,267	2,361,490	4,618,757
Deferred inflows - ITS sale	-	4,217,000	4,217,000
Deferred inflows - lease assets	-	5,450,000	5,450,000
	$ 10,529,440	$ 20,899,495	$ 31,428,935

1-E-14 Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, wastewater, electricity, information technology systems, natural gas, golfing, and airport fees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of each fund.

Non-operating revenues are those revenues that are not generated from the primary activity of the proprietary funds. These revenues include interest and investment income and changes in the fair value of investments. Non-operating expenses include interest expense on debt.

1-E-15 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Payments for external services, labor, supplies, and other items provided by one department to another department are treated as reductions of the provider's expenditures/expenses and increases in the recipient's expenditures/expenses. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are presented as reductions in internal balances.

On the government-wide statement of activities, transfers between governmental and business-type activities are reported as general revenues. Direct expenses are not eliminated from the various functional categories. Interfund transfers reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

Interfund activity for services provided and used, such as utility services provided by the WLSF Commission, are not eliminated in the process of consolidation.

1-E-16 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. Significant management estimates include the estimation of pension and OPEB liabilities and the useful lives of depreciable assets. Significant management estimates related to the WLSF Commission include the estimation of unbilled revenues, the impacts of regulation, and the valuation of investments.

1-E-17 Major Customers

WLSF Commission customers comprising at least 10% of revenue by sector or in total for the year ended December 31, 2025 are detailed below. No other customer accounted for more than 10% percent of the WLSF Commission's sector or total sales during 2025.

Customer	Total	Electric	Gas	Water	Sewer	Information Technology
Core Scientific	17.9%	28.2%	< 10%	< 10%	< 10%	< 10%
Shaw Industries	< 10%	< 10%	24.8%	< 10%	18.7%	< 10%
Engineered Floors	< 10%	12.2%	11.8%	< 10%	< 10%	< 10%
Clean Spark Inc	< 10%	11.1%	< 10%	< 10%	< 10%	< 10%

The DWRSWMA's fee revenue from three major customers during the year ended December 31, 2025 comprised approximately 42% of total fee revenue. Each represented 18%, 16%, and 8%, respectively, of fee revenue for the year then ended.

1-E-18 Comparative Data

Comparative total data for the prior year has been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds.

1-F Restatements and Reclassifications

Certain 2024 amounts have been reclassified to conform to the 2025 presentation, with no material impact on total assets, total liabilities, total net position, total revenues, total expenditures, or total expenses.

Effective January 1, 2025, the WLSF Commission changed its accounting policy for contributions in aid of construction. Such contributions are now reported as a reduction of capital assets, rather than being recognized through income and included in net position. The change was applied retrospectively by restating beginning balances as of January 1, 2025. As a result, beginning capital assets and beginning net position were each decreased by $106,123,000.

Note 2 - Stewardship, Compliance, and Accountability

2-A Budgetary Information

The City adopts an annual operating budget for the general fund, special revenue funds, the debt service fund, and the capital acquisition capital projects fund. A project budget is adopted for the bonded capital projects fund and the 2024, 2020, and 2015 SPLOST capital projects funds. The annual budgets are adopted on a basis consistent with GAAP. The budgets for the capital projects funds are adopted on a basis consistent with GAAP except the budget period is a project period rather than an annual period. Formal budgetary integration is employed for management control purposes in the enterprise funds. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget is the department/function level within each individual fund. The department head is authorized to transfer budget line-items within the department's budget. Any change in total to a fund or departmental appropriation within a fund requires City Council approval. All unexpended annual appropriations lapse at year end.

2-B Implementation of New Standards

The City and WLSF Commission implemented GASB Statement No. 102, *Certain Risk Disclosures*, which has the primary objective of providing financial statement users with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The implementation of GASB Statement No. 102 did not have an impact for the fiscal year 2025.

Note 3 - Detailed Notes on All Funds

3-A Investments

All investments are carried at fair value based on quoted market prices as required by GASB's accounting and reporting for investments and external investment pools, which requires that governmental entities report investments at fair value in the statement of net position and balance sheets and recognize all investment income, including changes in the fair value of investments, as other income in the statement of activities and statement of revenues, expenses/expenditures, and changes in fund net position/balances.

Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the City will not be able to recover the value of the investment or the collateral securities that are in the possession of an outside party. The City has an investment policy for credit risk that limits its investments to those authorized by Georgia law.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2025:

- Cash, money market accounts, and certificates of deposit in the amount of $34,337,148 for governmental funds, $38,242 for nonmajor proprietary funds, $3,803,232 for trust funds, $418,495 for custodial funds, and $12,747,344 for the discretely presented component unit are presented in the financial statements and are reported at cost or amortized cost and are not subject to fair value hierarchy measurement.
- Investments in the local government investment pool, a 2a-7-like investment, in the amount of $5,817,769 for governmental funds are presented in the financial statements and, while reported at fair value, are not subject to the fair value hierarchy measurement. The pool is managed to maintain a constant net asset value of $1.00. The fund is rated AAAf/S1 by Fitch. The primary objectives of the pool are safety of capital, liquidity, investment income, and diversification. The weighted average maturity was 51 days at December 31, 2025.
- Investments in index and other mutual funds in the amount of $121,976,798 for trust funds are valued based on quoted prices in active markets for identical assets (level 1).
- Investments in index and other mutual funds in the amount of $46,269,407 for trust funds are valued based on significant other observable inputs (level 2).
- Investments in the Georgia Municipal Employees Benefit System OPEB Trust in the amount of $20,300 for trust funds are valued using significant unobservable inputs (level 3).

3-A Investments (continued)

Investments (pension trust fund) – In general, the cash and investments held by the Mayor and Council of the City of Dalton Employee's Pension Plan ("Pension Plan") in the pension trust fund are exempt from the City's investment and cash management policies, including the requirement that deposits be federally insured. The City of Dalton Pension Board has adopted a separate investment policy for the pension trust fund.

The assets of the Pension Plan are invested in an immediate participation contract with Metropolitan Life Insurance Company and in mutual funds with Vanguard. The pension trust fund investments follow State of Georgia Code Sections 47-20-82, 47-20-83, and 47-20-84 for authorized investments.

The pension investment policy limits investment in equity securities to 70% (book value – cost) of total asset value. Investments in international equities and derivative investments are prohibited. The investment manager is restricted from using financial leverage or engaging in short sale techniques. Domestic equities must be traded on the New York or American Stock Exchange, NASDAQ system, or any other major exchange and single securities may not comprise more than 5% (market value) of the investment's equity mix. Domestic fixed income shall be of investment grade quality and the average credit quality of the Pension Plan's fixed income assets should be rated A or higher as rated by Standard & Poor's or Moody's rating services.

Investments subject to credit risk include the following investments maintained in the pension trust fund and in the OPEB trust fund:

	Fair Value	Rating
MetLife Large Cap Equity Index Fund	$ 9,437,581	Not rated
MetLife Aggregate Bond Index Fund	27,335,884	Not rated
MetLife Intermediate Duration Bond Fund	9,495,942	Not rated
Vanguard Institutional Index Fund	78,337,909	Not rated
Vanguard Institutional Small Cap Index Fund	22,990,907	Not rated
Vanguard Total Bond Market Index Fund	20,647,982	Not rated
Total pension trust fund investments	$ 168,246,205	
Georgia Municipal Employees Benefit System OPEB Trust Account	$ 20,300	Not rated
Total OPEB trust fund investments	$ 20,300	

Investments (WLSF Commission) – The WLSF Commission invests in U.S. government and government agency securities including those of States and territories within, fully insured or U.S. government guaranteed instruments including those of States and territories within, and repurchase agreements that are registered and held by the WLSF Commission or an agent in the WLSF Commission's name. The contractual maturities of these securities range from one month to 20 years.

The WLSF Commission has the following recurring fair value measurements as of December 31, 2025:

- Cash and certificates of deposit in the amount of $39,600,000 are reported at cost or amortized cost and are not subject to fair value hierarchy measurement.
- U.S. government securities in the amount of $119,600,000 are valued based on observable market data and valuations of similar inputs (level 2 inputs).
- No investment securities are valued using level 3 inputs.

3-A Investments (continued)

The fair value analysis of the investments for the year ended December 31, 2025 is as follows:

Fund Type	Cost	Fair Value at 1/1/25	Fair Value		Fair Value at 12/31/25	Change in Fair Value
			Purchases	Sales		
Customer deposit fund	$ 4,857,000	$ 4,505,000	$ 2,443,000	$ 2,093,000	$ 4,727,000	$ (128,000)
Certificates of deposit	-	2,582,000	1,000,000	1,026,000	2,556,000	-
Combined utilities renewals and extensions fund	38,645,000	34,095,000	23,606,000	18,393,000	38,132,000	(1,176,000)
Wastewater settlement liability fund	10,552,000	15,897,000	30,776,000	36,315,000	10,582,000	224,000
Utilities sinking fund	34,805,000	21,135,000	88,350,000	75,151,000	35,068,000	734,000
Wetlands mitigation fund	379,000	3,624,000	139,000	3,384,000	379,000	-
Nuclear decommissioning fund	50,334,000	44,623,000	20,470,000	16,739,000	48,299,000	(55,000)
Total	$ 139,572,000	$ 126,461,000	$ 166,784,000	$ 153,101,000	$ 139,743,000	$ (401,000)

The WLSF Commission had the following investments and maturities for the year ended December 31, 2025:

	Credit Quality	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 to 5	6 to 10	10 +
Cash and cash equivalents	AAA/Aaa	$ 20,149,000	$ 20,149,000	$ -	$ -	$ -
City of Atlanta GA Wtr & WW Rev	AAA/Aaa	3,468,000	-	944,000	153,000	2,371,000
City of Union City GA	AAA/Aaa	223,000	223,000	-	-	-
Cowetta Co, Wtr & WW Rev	AAA/Aaa	226,000	-	-	226,000	-
Downtown Savannah Authority	AAA/Aaa	424,000	-	424,000	-	-
Federal Farm Credit Banks	AAA/Aaa	8,097,000	-	3,893,000	4,204,000	-
Federal Home Loan Bank	AAA/Aaa	2,404,000	-	2,404,000	-	-
Federal National Mortgage Association	AAA/Aaa	594,000	-	-	594,000	-
Metro Atlanta Rapid Transit Auth	AAA/Aaa	3,223,000	-	1,705,000	1,518,000	-
State of GA	AAA/Aaa	3,164,000	-	-	3,164,000	-
Small Business Administration Pools	AAA/Aaa	64,786,000	-	-	58,827,000	5,959,000
United States Treasury	AAA/Aaa	32,985,000	32,985,000	-	-	-
Total		$ 139,743,000	$ 53,357,000	$ 9,370,000	$ 68,686,000	$ 8,330,000

Interest rate risk for investments is the risk a government may face should changes in the interest rate affect the fair value of its investments. The WLSF Commission's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the WLSF Commission will not be able to recover the value of the investment or the collateral securities that are in the possession of an outside party. The WLSF bond ordinance follows Georgia state law in restricting investments to obligations of the United States government, states and political subdivisions, and obligations that are fully insured or guaranteed by the U.S. government.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an investment in a single issuer. The WLSF Commission does not place a limit on the amount it may invest in any one issuer.

3-B Receivables

Receivables at December 31, 2025 consisted of taxes, interest, accounts (billings for user charges), and intergovernmental receivables arising from grants and contracts.

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

3-C Property Taxes

Property tax rates are set by the City each year and are limited by statutory or constitutional provision. The Whitfield County tax assessor's office sets property values and assesses property tax bills in accordance with those values and tax rates set by all applicable taxing authorities. The Whitfield County tax commissioner's office collects property taxes for the City. Property taxes are levied as of January 1 on property values assessed as of the same date. The tax bills are typically mailed on October 20 and are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending sixty days after the tax billing. After December 20, the bill becomes delinquent and penalties and interest may be assessed by the City. If the tax is unpaid after ninety days from due date, a lien is placed against the property. For the 2025 year, property tax bills were processed late, and have a due date of February 20, 2026.

Taxes receivable at December 31, 2025 consists of uncollected property taxes levied during the year ended December 31, 2025 and prior years. A 1% allowance for uncollectible taxes has been considered in reporting taxes receivable. The amount of taxes uncollected sixty days subsequent to year end for all tax years has been included in taxes receivable, and corresponding deferred revenue has been recorded. Taxes receivable are reported in the general fund and in the special revenue tax allocation district funds, and are summarized below.

Gross property taxes receivable	$ 6,889,344
Allowance for uncollectible taxes	(68,893)
Taxes receivable	$ 6,820,451
Taxes uncollected 60 days subsequent to year end, net of allowance, reported in deferred inflows	$ (1,361,478)

3-D Regulatory Assets

As the WLSF Commission has the authority to set rates, they follow GASB's accounting for the effects of rate regulation, which provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure. Regulatory assets represent probable future revenues associated with certain costs that are expected to be recovered from customers through the rate-making process. Regulatory liabilities represent probable future reductions in revenues associated with amounts that are expected to be credited to customers through the rate-making process.

Regulatory assets reflected in the statement of net position as of December 31, 2025 relate to the following:

Asset retirement obligations (a)	$	58,055,000
Pension (b)		18,921,000
OPEB (c)		12,700,000
Wansley (d)		8,465,000
Total regulatory assets - net	$	98,141,000

(a) Amount being recovered over the life of the related capital asset and will be settled following completion of the related activities.

(b) The adoption of GASB 68 in 2015 required the recognition of the funded status of defined benefit pensions in the statement of net position, with a cumulative effect of adpotion recorded as a restatement of beginning net position for 2015. The WLSF Commission Board, however, is recognizing this cumulative impact amount as a regulatory asset, which resulted in no restatement to the beginning net position for 2015. The Board has approved an amortization period to recognize the recovery of the regulatory asset beginning in January 2024 and continuing until 2044. See Note 3-K for additional information.

(c) The adoption of GASB 75 in 2018 required the recognition of the funded status of defined OPEB in the statement of net position, with a cumulative effect of adpotion recorded as a restatement of beginning net position for 2018. The WLSF Commission Board, however, is recognizing this cumulative impact amount as a regulatory asset, which resulted in no restatement to the beginning net position for 2018. The Board has approved an amortization period to recognize the recovery of the regulatory asset beginning in January 2024 and continuing until 2044. See Note 3-L for additional information.

(d) In July 2022, the Georgia Public Service Commission approved Georgia Power's 2022 integrated resource plan which included the co-owners' intent to retire the coal-fired units at Plant Wansley, in which the WLSF Commission owns a 1.4% interest. Plant Wansley was retired in August 2022, and the WLSF Commission Board of Commissioners directed the WLSF Commission to create a regulatory asset for the continued recovery of the remaining net book value of the plant assets as of the retirement date and approved an amortization period to recognize the recovery of the regulatory asset beginning in January 2023 and continuing through 2030.

3-E Capital Assets

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

	Balance 12/31/2024	Additions	Disposals & Transfers	Balance 12/31/2025
Capital assets not being depreciated:				
Land	$ 20,509,005	$ 581,748	$ -	$ 21,090,753
Construction in progress	16,069,350	14,212,511	(11,414,825)	18,867,036
Total capital assets not being depreciated	36,578,355	14,794,259	(11,414,825)	39,957,789
Other capital assets:				
Land improvements	63,836,801	5,703,557	8,833,588	78,373,946
Buildings	31,331,923	2,183,940	1,741,964	35,257,827
Building improvements	3,478,064	96,121	13,300	3,587,485
Vehicles	7,939,812	1,343,888	(415,928)	8,867,772
Machinery	17,446,241	1,706,904	-	19,153,145
Equipment	12,084,941	2,104,152	(85,760)	14,103,333
Furniture & fixtures	176,692	-	-	176,692
Intangibles	1,208,301	-	-	1,208,301
Bridge and bridge culvert	11,246,798	301,720	825,973	12,374,491
Streets and streetscape	101,593,922	-	-	101,593,922
Mast arm lighting	423,739	-	-	423,739
Total other capital assets	250,767,234	13,440,282	10,913,137	275,120,653
Total cost	287,345,589	28,234,541	(501,688)	315,078,442
Accumulated depreciation:				
Land improvements	31,471,956	1,967,110	-	33,439,066
Buildings	14,407,068	645,152	-	15,052,220
Building improvements	2,032,287	146,060	-	2,178,347
Vehicles	5,860,511	599,557	(415,928)	6,044,140
Machinery	11,438,627	845,665	-	12,284,292
Equipment	5,491,624	725,849	(85,760)	6,131,713
Furniture & fixtures	176,692	-	-	176,692
Intangibles	1,167,064	21,914	-	1,188,978
Bridge and bridge culvert	8,045,364	241,140	-	8,286,504
Streets and streetscape	92,393,727	880,639	-	93,274,366
Mast arm lighting	285,885	10,566	-	296,451
Total accumulated depreciation	172,770,805	6,083,652	(501,688)	178,352,769
Governmental activities capital assets, net	$ 114,574,784	$ 22,150,889	$ -	$ 136,725,673

3-E Capital Assets (continued)

Depreciation expense is allocated to the governmental activities functions for the year ended December 31, 2025 as follows:

General government	$ 562,504
Judicial	2,992
Public safety	1,270,801
Public works	2,650,145
Culture and recreation	1,588,889
Health and welfare	8,321
	$ 6,083,652

Business-type capital asset activity for the year ended December 31, 2025 is as follows:

	Balance at 12/31/2024	Additions	Disposals and Reclassifications	Balance at 12/31/2025
Capital assets not being depreciated:				
Land	$ 5,215,145	$ -	$ -	$ 5,215,145
Construction in progress	18,509,513	31,475,283	(11,438,359)	38,546,437
Total capital assets not being depreciated	23,724,658	31,475,283	(11,438,359)	43,761,582
Other capital assets:				
Land improvements	9,768,971	961,603	2,832,359	13,562,933
Buildings	3,692,433	-	-	3,692,433
Building improvements	71,054	-	-	71,054
Vehicles	51,996	4,344	(37,492)	18,848
Machinery and equipment	3,078,270	19,500	-	3,097,770
Utility plant	1,788,543,000	24,891,000	(108,792,000)	1,704,642,000
Total other capital assets	1,805,205,724	25,876,447	(105,997,133)	1,725,085,038
Total cost	1,828,930,382	57,351,730	(117,435,492)	1,768,846,620
Accumulated depreciation:				
Land improvements	6,945,781	440,181	-	7,385,962
Buildings	2,597,872	76,380	-	2,674,252
Building improvements	68,463	216	-	68,679
Vehicles	51,996	120	(37,492)	14,624
Machinery and equipment	2,022,337	153,660	-	2,175,997
Utility plant	694,759,000	35,668,000	(113,000)	730,314,000
Total accumulated depreciation	706,445,449	36,338,557	(150,492)	742,633,514
Nuclear fuel, at amortized cost	22,555,000	7,126,000	(6,430,000)	23,251,000
Business-type activities capital assets, net	$ 1,145,039,933	$ 28,139,173	$ (123,715,000)	$ 1,049,464,106

3-F Interfund Balances and Transfers

Interfund balances at December 31, 2025 consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year. Interfund balances at December 31, 2025 consisted of the following:

	Payable from:			
Payable to:	General fund	Nonmajor governmental funds	Nonmajor enterprise funds	Total
General fund	$ -	$ 96,683	$ 23,241	$ 119,924
Nonmajor governmental funds	256,457	80,000	-	336,457
Total	$ 256,457	$ 176,683	$ 23,241	$ 456,381

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, to segregate money for anticipated capital projects, to provide additional resources for current operations or debt service, and to move remaining funds once a project is completed. All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer. Interfund transfers for the year ended December 31, 2025 consisted of the following:

	Transfer from:				
Transfer to:	General fund	WLSF Commission fund	Nonmajor governmental funds	Nonmajor enterprise funds	Total
General fund	$ -	$ 15,698,000	$ 867,245	$ 1,250,000	$ 17,815,245
Nonmajor governmental funds	3,791,945	-	80,000	-	3,871,945
Nonmajor enterprise funds	-	-	6,271,183	-	6,271,183
Total	$ 3,791,945	$ 15,698,000	$ 7,218,428	$ 1,250,000	$ 27,958,373

Within the nonmajor governmental funds transfer to the nonmajor enterprise funds of $6,271,183, $5,621,761 is a transfer of capital assets. For the enterprise funds, the transfer is reported in the fund statements. For the governmental funds, the transfer is reported only at the government-wide level.

3-G Compensated Absences

Employees of the City of Dalton are entitled to paid vacation, sick leave, and loss leave depending on length of service and applicable employment policies. Effective April 1, 1998, employees are entitled to accumulate ten sick days per year, up to a maximum of one hundred twenty sick days. Upon retirement, up to sixty days of accumulated sick leave may be added to length of service for retirement purposes. Effective April 1, 1998, employees are entitled to accumulate twelve vacation days per year, up to a maximum of forty days. Upon separation from service, employees are entitled to receive payment for accumulated vacation leave. Employees hired prior to April 1, 1998, who had sick or vacation leave balances in excess of these limits as of that date, retained those excess capped leave balances; therefore, certain employees hired prior to April 1, 1998 may have leave balances in excess of the maximum amounts described above.

The City recognizes a liability for compensated absences for leave that has not been used when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when the employee has performed the services required to earn the leave. Leave accumulates when it is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used, paid, or otherwise settled. In determining the amount of leave that is more likely than not to be used, paid, or otherwise settled, the City considers its employment policies, whether earned leave is or will become eligible for use or payment, historical information about the use, payment, or forfeiture of compensated absences, and other information known to management that may indicate historical patterns are not representative of future trends.

The liability for compensated absences is generally measured using employees' pay rates as of the financial statement date and includes salary-related payments that are directly and incrementally associated with payments for leave, if applicable. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits is not included in the compensated absences liability.

3-H Leases

The City is subject to a variety of lease agreements, none of which meet the criteria for inclusion in the financial statements under GASB 87.

The City leases four pieces of office equipment from outside vendors with fixed payment terms, either with terms of less than 12 months or with title not transferring. Total lease expense on these leases approximates $6,000 for the year ended December 31, 2025.

The City leases sixteen pieces of land, buildings, or equipment to others. Thirteen building and land leases are leased at terms that do not meet the criteria for an exchange-like transaction, as they are at discounted values. Three land leases from the airport to others are regulated by the Federal Aviation Authority. Total lease income on these leases, included in miscellaneous income, approximates $150,000 for the year ended December 31, 2025.

The WLSF Commission has several leases under the scope of the Statement for which the WLSF Commission is the lessor. Most of the leases where the WLSF Commission is the lessor are land leases, with the exception of one right-of-way lease. The WLSF Commission has one equipment lease under the scope of the Statement for which it is the lessee. Leasing activity is not an integral part of the WLSF Commission's operations, and the equipment lease is not significant.

WLSF Commission as Lessee - The WLSF Commission has a lease for multiple copy machines with MSA Business Technology. The lease was created in June of 2023 and amended in August of 2023 and will continue until July 31, 2028. Ownership will not transfer at the end of lease. As of December 31, 2025, the total assets and liabilities associated with the remaining payments total $26,414. The lease assets are recorded with capital assets and corresponding liabilities are reflected in the statement of net position.

3-H Leases (continued)

WLSF Commission as Lessor - The WLSF Commission currently has land lease agreements with multiple companies. These leases do not include interest and range from 5 to 20 years with options for automatic renewal. Some of the leases include cost escalators at each renewal. Annual revenue associated with leases for the years ended December 31, 2025 was immaterial. The accumulation of the remaining amounts to be received over the life of the lease agreements totaled $5,450,000 at December 31, 2025. These amounts are recorded as current and non-current receivables with a corresponding amount classified as a deferred inflow of resources on the statement of net position.

3-I Subscription-Based Information Technology Agreements

As noted in Note 2-B, the City and the WLSF Commission have adopted GASB Statement No. 96 effective January 1, 2023.

Under the provisions of the Statement, numerous software subscriptions held by the City fall within the scope of SBITAs. However, all of these subscriptions are classified as short-term SBITAs or are immaterial. Consistent with the stipulations of the Statement, none of the SBITAs are recorded, and the implementation of this Standard had no impact on the City.

Under the provisions of the Statement, numerous software subscriptions held by the WLSF Commission fall within the scope of SBITAs. Notably, a significant portion of these subscriptions are classified as short-term SBITAs. Consistent with the stipulations of GASB Statement No. 96, short-term subscriptions are not recorded within the statement of net position. The terms of the WLSF Commission's long-term SBITAs range from 36 to 72 months. The related balance associated with SBITAs for the year ended December 31, 2025 is $126,000. This amount is represented in capital assets, with corresponding liabilities recorded in the statement of net position.

3-J Long-term Debt

Building Authority Revenue Bonds, Series 2021, dated April 20, 2021, were issued as a public offering with a par amount of $18,360,000, plus an original issue premium of $1,964,026, and all-in true interest cost of 1.82% for a total debt service amount of $23,953,335. The bonds were issued to acquire, construct, and install certain public buildings, facilities, and equipment necessary for the operation of the City, to refund the Building Authority Recovery Zone Economic Development Bonds, and to cover issuance costs. As these bonds were issued in the name of the City of Dalton Building Authority, they were reflected as a lease payable on the government-wide financial statements.

At December 31, 2025, the amount presented as leases on the government-wide statement of net position consisted of the following:

Leases payable	$ 15,775,000
Unamortized premium	1,571,222
Less: current maturities	(730,000)
Total long-term leases payable	$ 16,616,222

3-J Long-term Debt (continued)

Debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Total
2026	$ 730,000	$ 457,050	$ 1,187,050
2027	770,000	419,550	1,189,550
2028	815,000	379,925	1,194,925
2029	850,000	338,300	1,188,300
2030	895,000	294,675	1,189,675
2031-2035	4,995,000	955,650	5,950,650
2036-2040	5,545,000	399,250	5,944,250
2041	1,175,000	11,750	1,186,750
	$ 15,775,000	$ 3,256,150	$ 19,031,150

City of Dalton, Georgia, Combined Utilities Revenue Bonds, Series 2020, dated December 10, 2020 and maturing March 1, 2041, were issued as a public offering in the amount of $84,510,000. The bonds were issued primarily for the benefit of the WLSF Commission to fund electric capital projects, excluding Vogtle Units 3 & 4, with a par amount of $84,510,000 plus an original issue premium of $16,301,111, and all-in true interest cost of 2.46% for a total debt service amount of $128,268,314. The bonds require that the WLSF Commission produce net revenues not less than 120% of the debt service requirement for the then current sinking fund year. The WLSF Commission was in compliance with that requirement as of December 31, 2025.

City of Dalton, Georgia, Combined Utilities Revenue Bonds, Series 2017, dated November 21, 2017 and maturing March 1, 2038, were issued as a public offering in the amount of $66,660,000. The bonds were issued primarily for the benefit of the WLSF Commission to fund water and wastewater projects with a par amount of $66,660,000 and all-in true interest cost of 3.24% for a total debt service amount of $103,620,575. The bonds require that the WLSF Commission produce net revenues not less than 120% of the debt service requirement for the then current sinking fund year. The WLSF Commission was in compliance with that requirement as of December 31, 2025.

At December 31, 2025, WLSF Commission debt consisted of the following:

Bond offering principal	$ 118,566,000
Bond principal in escrow	5,014,000
Unamortized debt premium, net of $1.2 M of debt issuance costs	19,853,000
Less: current maturities	(6,269,000)
Total long-term debt	$ 137,164,000

3-J Long-term Debt (continued)

Bond debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Total
2026	$ 6,269,000	$ 5,225,000	$ 11,494,000
2027	6,595,000	4,912,000	11,507,000
2028	6,929,000	4,582,000	11,511,000
2029	7,285,000	4,234,000	11,519,000
2030	7,657,000	3,871,000	11,528,000
2031-2035	44,048,000	13,588,000	57,636,000
2036-2040	38,757,000	4,371,000	43,128,000
2041	1,026,000	40,000	1,066,000
	$ 118,566,000	$ 40,823,000	$ 159,389,000

The WLSF Commission does not have any unused lines of credit or assets pledged as collateral.

All long-term obligations of the City's governmental funds will be financed through future debt service fund available financial sources as they become due. Principal and interest payments related to the WLSF Commission are financed from income derived from the operation of their systems.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. In prior years, the funds used to relieve the liability included the general fund, the WLSF Commission fund, the airport fund, and the municipal golf course fund. Any net pension liability will be paid from the pension trust fund. Any net OPEB liability will be paid from the OPEB trust fund. Any remaining net pension liability or net OPEB liability which cannot be satisfied by those funds will be paid from funds which have participants that comprise the obligation balance, primarily the general fund and the WLSF Commission fund.

Asset retirement obligations and other costs of removal – The WLSF Commission records asset retirement obligations ("ARO") for legal obligations associated with the costs of retiring long-lived assets. The present value of the costs for an asset's future retirement must be recorded in the period in which the liability is incurred. The costs must be accreted as part of the related long-lived asset and depreciated over the asset's useful life. This is subject to adjustment upon periodic updated estimates reflecting current assumptions regarding the retirement of the applicable long-lived asset.

The ARO recognized in the financial statements to retire long-lived assets primarily relates to the WLSF Commission's ownership interests in the jointly owned nuclear plants Hatch and Vogtle, as well as coal ash ponds, landfills, and gypsum cells related to jointly owned coal-fired plants Wansley and Scherer. The WLSF Commission recognizes in the statement of revenues, expenses, and change in fund net position allowed removal costs for both legal obligations and for other costs of removal in accordance with regulatory treatment. Any differences between costs recognized for accounting purposes and those reflected in rates are recognized as either a regulatory asset or liability.

In accordance with GASB Statement No. 83, *Certain Asset Retirement Obligations*, as a minority owner (less than 50%) of applicable jointly owned generation facilities (see footnote below), the WLSF Commission uses the measurement produced by the nongovernmental minority owner that has operational responsibility for the generating units ("ARO Measurement"), to account for its ARO, which is included in noncurrent liabilities on the statement of net position.

3-J Long-term Debt (continued)

Details of the ARO reflected in the statement of net position as of December 31, 2025 are as follows:

	Total ARO	ARO at WLSF Commission Ownership Percentage
Nuclear	$ 2,830,638,000	$ 54,038,000
Coal ash	1,215,687,000	13,360,000
Other	50,233,000	752,000
Total	$ 4,096,558,000	$ 68,150,000

WLSF Commissions' percentage of ARO approximates its ownership of jointly owned common generation facilities, which range from 1.4% to 2.2%, with the exception of Scherer common facilities, which include ash ponds, landfills, and gypsum cells. The WLSF Commissions' Scherer common ownership is 0.7% as of December 31, 2025.

In 2025, the WLSF Commission recorded cash flow revisions of $38,000 to its ARO related to the jointly owned coal-fired plants, associated with the Coal Combustion Residuals from Electric Utilities final rule published by the Environmental Protections Agency ("EPA") in April 2015 ("CCR Rule"), and to the jointly owned nuclear facilities at Plant Hatch and Plant Vogtle.

Changes in long-term liabilities - The City's long-term obligations consisted of the following at December 31, 2025:

	Outstanding 12/31/2024	Additions	Reductions	Outstanding 12/31/2025	Amounts Due in One Year
Governmental activities:					
Leases payable	$ 16,470,000	$ -	$ (695,000)	$ 15,775,000	$ 730,000
Unamortized premium on debt	1,669,423	-	(98,201)	1,571,222	-
Compensated absences	5,843,748	207,947	-	6,051,695	1,500,000
Total governmental activities	$ 23,983,171	$ 207,947	$ (793,201)	$ 23,397,917	$ 2,230,000
Business-type activities					
Wastewater settlement liability	$ 15,000,000	$ -	$ (5,000,000)	$ 10,000,000	$ 5,000,000
Asset retirement obligations	66,595,000	1,555,000	-	68,150,000	-
Revenue bonds payable	129,300,000	-	(5,720,000)	123,580,000	6,269,000
Unamortized premium on revenue bonds	20,951,000	-	(1,098,000)	19,853,000	-
Compensated absences	126,299	12,423	-	138,722	40,000
Total business-type activities	$ 231,972,299	$ 1,567,423	$ (11,818,000)	$ 221,721,722	$ 11,309,000

Note that above additions for compensated absences and asset retirements obligations present the net change in the liability.

3-K Pensions

Plan description - The Mayor and Council of the City of Dalton Employees' Pension Plan ("Pension Plan") was established to provide retirement benefits for eligible employees. The Pension Plan is a defined benefit single employer public employee retirement system. The Pension Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The Pension Plan is subject to the provisions of Section 401(a) and 501(a) of the Internal Revenue Code. The Mayor and Council of the City of Dalton serve as the Pension Plan administrator. The Pension Plan is accounted for in the pension trust fund, financial statements for which are found on pages 34 - 35 and 162 - 163 of this report. The Pension Plan is audited on a biennial basis and issues stand-alone financial statements in conjunction with those audits. The most recent stand-alone financial statement issued by the Pension Plan was for the year ended December 31, 2024. The most recent unaudited stand-alone financial statement issued by the Pension Plan was for the year ended December 31, 2025, and may be obtained from the City of Dalton Finance Department. The Pension Plan's fiduciary net position has been determined on the same basis used by the Pension Plan and is equal to the fair value of assets calculated under the accrual basis of accounting.

Summary of significant accounting policies - The City of Dalton Pension Plan financial statements are prepared on the accrual basis of accounting. Contributions from the City and the City's employees are recognized as revenue in the period that contributions are due. Investment income is recognized as earned by the Pension Plan. The net appreciation (depreciation) in the fair value of investments held by the Pension Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the statement of fiduciary net position. Benefits and refunds of the Pension Plan are recognized when due and payable in accordance with the terms of the Pension Plan. All contributions to the Pension Plan, less any administrative expenses paid out, are invested into insurance contracts with the Metropolitan Life Insurance Company or in index funds with Vanguard. The Pension Plan's investment contracts and index funds are valued at fair value. The value of the assets is determined in regards to applicable laws and regulations. The value of any assets not publicly traded will reflect prevailing interest rates and prices of publicly traded securities of similar quality.

Eligibility - All full-time employees of a participating employer who were hired prior to July 1, 2002 are eligible to participate in the Pension Plan after completing six months of service as a covered employee, except that the Mayor, Councilmembers, Commissioners, and Authority Board Members are not eligible to participate in the Pension Plan. Participating employers include the City, including the Public Safety Commission, the WLSF Commission, and the Recreation Commission; the Dalton-Whitfield Convention and Visitors Bureau; and the Dalton-Whitfield Regional Solid Waste Management Authority. Employees who began work after July 1, 2002 are eligible for participation in the defined contribution plan (Note 3-M). The Pension Plan provides pension benefits, early retirement benefits, and death benefits.

Benefits - Benefits fully vest after ten years of service. Normal retirement benefits are available to employees of any age after thirty years of service. Employees who retire at the normal retirement date are entitled to monthly pension payments for the remainder of their lives equal to 1.80% of their average monthly compensation, multiplied by their years of credited service for which they were employed by a participating employer of the Pension Plan. These benefit payments are subject to a discretionary annual cost-of-living adjustment as determined and approved on an annual basis by the Mayor and Council of the City of Dalton. The participant's average monthly compensation is equal to the average of the participant's highest 36 consecutive basic monthly earnings during their last 120 months of employment; basic monthly earnings are equal to total compensation for a calendar year, excluding lump sum payments for severance and unused sick and vacation leave, and are deemed to be earned uniformly throughout each calendar year; annual compensation is limited to $200,000 per year. Monthly pension benefits will be paid as a life annuity to the participant, with ten years guaranteed. Pension Plan provisions include a 55% survivor annuity payable to the participant's surviving spouse, commencing after the ten years of the full benefit amount. The surviving spouse may receive death benefits for life.

Pension Plan provisions include early retirement benefits whereby an employee may terminate his employment with the City after accumulating fifteen years of service and reaching the age of fifty or after accumulating ten years of service and reaching the age of fifty-five. The retirement benefits are reduced by 0.5% for each month by which the participant's early retirement age precedes their normal retirement age.

3-K Pensions (continued)

The benefit terms of the Pension Plan have not changed from the prior measurement date.

Current membership of active and inactive participants as of the most recent Pension Plan valuation date of January 1, 2026 is as follows:

Actively employed participants		114
Average age		53.0 years
Average service		27.2 years
Total annualized compensation for the prior year	$	10,848,728
Total expected compensation for the current year	$	11,201,303
Participants receiving a benefit		
Service retirees		329
Beneficiaries		79
Inactive participants - deferred; vested		17

Contribution requirements - In accordance with the most recent actuarial report, the Pension Plan's funding policy for employers should be decreased from 32.16% (at the last valuation date) to 25.14% of covered payroll to adequately fund the Pension Plan's ongoing costs and an amortization of the unfunded actuarial accrued liability over a 20-year period from January 1, 2020 with level dollar payments. Employees are required to pay 5% of their pensionable earnings to the Pension Plan. The funding policy of the Pension Plan is established and may be amended by the Mayor and the Council.

Investments - The Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote. The Board has full power to invest or reinvest Pension Plan assets in any kind of property which the Pension Board deems proper. It is the policy of the Pension Board to purse an investment strategy which reduces risk through prudent diversification of the portfolio. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class for the investments of the Pension Plan are as follows:

Investment Category	Target Allocation	Expected Long Term Real Return
Domestic large cap stocks	40.0%	6.00% per annum
Domestic small cap stocks	10.0%	6.75% per annum
Domestic core fixed income	37.5%	2.00% per annum
Intermediate core fixed income	12.5%	2.00% per annum
Total or weighted arithmetic average	100.0%	4.31% per annum

For the year ended December 31, 2025, the annual money-weighted rate of return on the Pension Plan's investments, net of Pension Plan investment expense, was 12.56%. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested.

3-K Pensions (continued)

The following actuarial assumptions used in the determination of the City's net pension liability were based on the results of an actuarial experience study for the period January 1, 2025 through December 31, 2025:

Actuarial Assumptions	
Discount rate:	6.81% per annum (2.50% per annum is attributable to long term inflation); this rate was used to discount all future benefit payments.
Investment return:	6.81% per year
Salary increases:	3.25% per year
Cost of living increase:	None assumed
Mortality basis:	Sex-distinct rates set forth in the PUB-2010 Mortality Table for general employees (without pay adjustments), with full generational improvements in mortality using Scale MP-2020.
Retirement:	Retirement is assumed to occur at normal retirement age.
Other decrements:	Assumed employment termination is based on age and ranges from 23.00% at age 20 to 4.00% at age 55. Assumed disability is based on age and gender and ranges from 0.04% for males and 0.02% for females at age 20 to 2.24% for males and 1.27% for females at age 65.
Non-investment expenses:	$50,000 per year
Future contributions:	Contributions from the employer and employees are assumed to be made as legally required.
Changes:	No assumptions were changed since the prior measurement date.

Discount rate - The discount rate used to measure the total pension liability was 6.81%. There has been no change to the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employees and the participating employers make their contributions at the actuarially determined rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.81% was applied to all periods of projected benefit payments to determine the total pension liability.

3-K Pensions (continued)

Proportionate share of net pension liability of the City – The net pension liability reported by the City is based on the measurement date of December 31, 2025. The components of the net pension liability allocable to the City as of the Pension Plan's year end are as follows:

	Allocable Total Pension Liability	Allocable Plan Fiduciary Net Position	Allocable Net Pension Liability
Balance at December 31, 2024	$ 162,086,937	$ 153,166,215	$ 8,920,722
Changes for the year:			
Service cost	1,479,453	-	1,479,453
Expected interest growth	10,838,120	10,292,972	545,148
Unexpected interest growth	-	8,715,590	(8,715,590)
Demographic experience	3,241,472	-	3,241,472
Contributions - employer	-	4,362,452	(4,362,452)
Contributions - employee	-	559,289	(559,289)
Benefit payments and refunds	(9,942,941)	(9,942,941)	-
Administrative expenses	-	(58,827)	58,827
Benefit term changes	6,367,318	-	6,367,318
Assumption changes	-	-	-
Allocation changes	504,706	476,929	27,777
Net changes	12,488,128	14,405,464	(1,917,336)
Balance at December 31, 2025	$ 174,575,065	$ 167,571,679	$ 7,003,386

Allocable Plan Fiduciary Net Position as a percentage of Allocable Total Pension Liability	96%

The following represents the net pension liability allocable to the City as of the measurement date and the Pension Plan's year end, December 31, 2025, calculated using the discount rate of 6.81%, as well as what the net pension liability would be using a discount rate that is 1% lower or 1% higher than the current rate:

	Discount Rate Minus 1.00%	Discount Rate 6.81%	Discount Rate Plus 1.00%
Allocable total pension liability	$ 192,847,793	$ 174,575,065	$ 159,227,498
Allocable plan fiduciary net position	167,571,679	167,571,679	167,571,679
Net pension liability for City	$ 25,276,114	$ 7,003,386	$ (8,344,181)

3-K Pensions (continued)

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 $5,899,356. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Allocable Deferred Outflows of Resources	Allocable Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ 6,745,821	$ 17,142,390
Changes in proportion	309	788
Balance as of December 31, 2025	$ 6,746,130	$ 17,143,178

The above amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Allocable Deferred Outflows of Resources	Allocable Deferred Inflows of Resources	Net Outflows (Inflows) Recognized to (Benefit) Expense
2026	$ 6,746,130	$ 5,875,507	$ 870,623
2027	-	5,875,505	(5,875,505)
2028	-	3,648,969	(3,648,969)
2029	-	1,743,197	(1,743,197)
2030	-	-	-

The deferred outflows of resources, net pension liability, and deferred inflows of resources were allocated and reported among the Pension Plan's participants, which includes City departments, the WLSF Commission, and the DWRSWMA, a joint venture. Amounts recorded for DWRSWMA are not reflected on the statements of net position, as the balances and activity are reported as a net investment in the joint venture. The allocations were as follows:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources
Governmental activities	$ 3,255,239	$ 3,379,529	$ 8,272,173
WLSF Commission	3,387,000	3,516,000	8,607,000
Municipal golf course	103,891	107,857	264,005
DWRSWMA	179,912	187,102	457,187
	$ 6,926,042	$ 7,190,488	$ 17,600,365

3-K Pensions (continued)

Financial statements – The Pension Plan's statement of fiduciary net position at December 31, 2025 was as follows:

Assets	
Cash and cash equivalents	$ 3,803,232
Investments, at fair value:	
MetLife Equity Index Fund	9,437,581
MetLife Core Bond Index Fund	27,335,884
MetLife Goldman Sachs Fund	9,495,942
Vanguard Institutional Index Fund	78,337,909
Vanguard Small Cap Index Fund	22,990,907
Vanguard Total Bond Market Index Fund	20,647,982
Total Assets	$ 172,049,437
Liabilities	
Current Liabilities:	
Accounts payable	$ 925
Total Liabilities	925
Net Position	
Restricted for pension	172,048,512
Total Net Position	172,048,512
Total Liabilities and Net Position	$ 172,049,437

3-K Pensions (continued)

The Pension Plan's statement of changes in fiduciary net position for the year ended December 31, 2025 was as follows:

Additions	
Contributions:	
Employer	$ 4,478,999
Plan members	574,231
Total contributions	5,053,230
Investment income:	
Interest and dividends	3,631,144
Net increase (decrease) in fair value of investments	16,025,801
Total investment income	19,656,945
Less: investment expense	142,326
Net investment earnings	19,514,619
Total Additions	24,567,849
Deductions	
Administrative expenses	58,899
Benefit payments	10,208,576
Total Deductions	10,267,475
Change in Net Position	14,300,374
Net Position Beginning of Year	157,748,138
Net Position End of Year	$ 172,048,512

Additional information on the Pension Plan is presented in the financial statements as required supplementary information, which immediately follows these notes to the basic financial statements.

In addition to the Pension Plan above, various City employees are also covered under the pension plans of the Georgia Firefighters' Pension Fund and the Peace Officers' Annuity and Benefit Fund of Georgia. The City bears no liability for their employees' participation in those plans. Further information regarding these plans can be obtained from those plans' annual reports.

3-L Other Postemployment Benefits

Plan description – The City of Dalton OPEB Plan ("OPEB Plan") was established to provide other postemployment benefits for eligible retirees and beneficiaries. The OPEB Plan is a single employer defined benefit healthcare plan, providing both health and life insurance at the same levels afforded to active employees. The OPEB Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10.1). The Mayor and Council of the City of Dalton serve as the OPEB Plan administrator. The Mayor and Council hold the authority to amend or establish benefit provisions and employee and employer contribution rates. The OPEB Plan is accounted for in the OPEB trust fund, financial statements for which are found on pages 34 – 35 and 162 - 163 of this report. The most recent unaudited stand-alone financial statement issued by the OPEB Plan was for the year ended December 31, 2025, and may be obtained from the City of Dalton Finance Department. The OPEB Plan's fiduciary net position has been determined on the same basis used by the OPEB Plan and is equal to the fair value of assets calculated under the accrual basis of accounting.

Summary of significant accounting policies – The OPEB Plan financial statements are prepared on the accrual basis of accounting. Contributions from the City and the City's employees are recognized as revenue in the period that contributions are due. Investment income is recognized as earned by the OPEB Plan. The net appreciation (depreciation) in the fair value of investments held by the OPEB Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the statement of fiduciary net position. All contributions to the OPEB Plan, less insurance premiums and administrative expenses paid out, are invested in a trust fund with Georgia Municipal Association, and are valued at fair value. The value of the assets is determined in regards to applicable laws and regulations. The value of any assets not publicly traded will reflect prevailing interest rates and prices of publicly traded securities of similar quality.

Eligibility – All full-time employees of a participating employer who were hired prior to September 1, 2007 are eligible to participate in the OPEB Plan. The OPEB Plan covers eligible retirees and beneficiaries of the City of Dalton, including the Public Safety Commission and the Recreation Commission; the WLSF Commission; the Northwest Georgia Trade and Convention Center Authority; and the Dalton Whitfield Regional Solid Waste Management Authority. All full-time employees hired prior to September 1, 2007 become eligible for health insurance coverage based upon the earlier of attaining: (1) age sixty-five with five years of service, (2) age fifty-five with twenty-five years of service, or (3) any age with thirty years of service. If a retiree is eligible for health insurance coverage, the OPEB Plan will also provide health insurance coverage for the retiree's spouse so long as the retiree is covered. Employees hired after September 1, 2007 are not eligible for health insurance benefits after retirement.

Benefits – Eligible individuals receive subsidized healthcare coverage until age sixty-five or for no more than five years if hired after May 31, 1998. The OPEB Plan provides life insurance until age seventy in an amount equal to the participant's basic annual compensation in force on the date of retirement, rounded to the next higher $1,000. The maximum benefit provided is $25,000 ($30,000 for retirees who retired before June 1, 1989). The benefit terms of the OPEB Plan have not changed from the prior measurement date.

3-L Other Postemployment Benefits (continued)

Membership in the OPEB Plan consisted of the following at December 31, 2025:

Current retirees and beneficiaries receiving benefits	187
Active employees not yet receiving benefits	672
Total number of covered individuals	859

Funding policy – The Mayor and Council determine the contribution requirements to the OPEB Plan on an annual basis. The participating employers do not contribute to the plan at this time, and have not since 2014. Eligible retirees are required to share in the cost of health insurance coverage. Annual contribution rates for 2025 are as follows:

Coverage	Annual Retiree Premium
Individual	$ 1,176
Individual + 1	3,588

Investments – The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Mayor and Council by a majority vote. The Mayor and Council have full power to invest or reinvest OPEB Plan assets in any kind of property which they deem proper. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class for the investments of the OPEB Plan are as follows:

Investment Category	Target Allocation	Expected Long Term Real Return
Domestic equities	50%	5.95% per annum
International equities	15%	6.45% per annum
Domestic fixed income	25%	1.55% per annum
Real estate	10%	3.75% per annum
Total or weighted arithmetic average	100%	4.43% per annum

3-L Other Postemployment Benefits (continued)

The following actuarial assumptions used in the determination of the net OPEB liability were based on the results of an actuarial experience study for the period January 1, 2025 through December 31, 2025:

Actuarial Assumptions	
Discount rate:	4.43% per annum; this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
Expected long-term return on assets:	4.43% per annum (2.75% per annum is attributable to long-term inflation)
Salary increases:	3.25% per annum
Cost of living increases:	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates; life insurance premiums are not assumed to increase.
Healthcare cost trend rates:	Increases in healthcare costs are assumed to be 8.00% for the 2025 fiscal year graded down by 0.50% per year to 5.00% for the 2031 and later fiscal years.
Age-related morbidity:	Insurance premiums are assumed to increase with each year of age in accordance with the rates set forth in the Society of Actuaries report "Health Care Costs - From Birth to Death" prepared by Dale H. Yamamoto (June, 2013). Rates set forth in Chart 2 (Group Costs by Age for 2009/10) were used to develop the morbidity rates prior to age 65 and the rates set forth in Table 4 (Development of Plan Specific Medicare Age Curve) were used to develop the morbidity rates after age 65.
Implied health subsidy:	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy has been assumed for the 2025 fiscal year based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates.
Mortality basis:	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general employees, with full generational improvements in mortality using Scale MP-2020.
Retirement:	Retirement is assumed to occur at the earliest age of 65 with five years of service, age 55 with ten years of service, age 50 with fifteen years of service, or any age with thirty years of service.
Other decrements:	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1).
Coverage election:	100% of eligible employees are assumed to elect medical coverage upon retirement or disability; all retirees (current and future) have been assumed to continue their current health plan coverage election.
Spouses and dependents:	Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children.

3-L Other Postemployment Benefits (continued)

Actuarial Assumptions	
COBRA:	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.
Changes:	Since the prior measurement date, the discount rate was increased from 4.28% per annum to 4.43% per annum; the expected long-term return on assets was decreased from 7.21% per annum to 4.43% per annum and the underlying inflation rate was increased from 2.50% per annum to 2.75% per annum; and the healthcare cost trend rates were increased from 7.00% for the 2025 fiscal year graded down to 5.00% for the 2029 and later fiscal years to 8.00% for the 2025 fiscal year graded down to 5.00% for the 2031 and later fiscal years.

Discount rate – The discount rate used to measure the total OPEB liability was 4.43%. That rate is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date. The expected long-term rate of return on assets was determined as of the valuation date by the trust's investment manager.

Proportionate share of the net OPEB liability of the City – The net OPEB liability is based on the measurement date of December 31, 2025. The components of the net OPEB liability allocable to the City as of the OPEB Plan's year end are as follows:

	Allocable Total OPEB Liability	Allocable Plan Fiduciary Net Position	Allocable Net OPEB Liability
Balance at December 31, 2024	$ 17,030,955	$ 172,813	$ 16,858,142
Changes for the year:			
Service cost	129,753	-	129,753
Expected interest growth	795,715	6,336	789,379
Unexpected investment income	-	11,800	(11,800)
Demographic experience	1,609,649	-	1,609,649
Contributions - employer	-	2,124,137	(2,124,137)
Benefit payments	(2,294,523)	(2,294,523)	-
Administrative expenses	-	(45)	45
Assumption changes	445,126	-	445,126
Allocation changes	(118,711)	(1,204)	(117,507)
Net changes	567,009	(153,499)	720,508
Balance at December 31, 2025	$ 17,597,964	$ 19,314	$ 17,578,650
Allocable Plan Fiduciary Net Position as a percentage of Allocable Total OPEB Liability			0%

3-L Other Postemployment Benefits (continued)

The following represents the net OPEB liability allocable to the City as of the measurement date and the OPEB Plan's year end, December 31, 2025, calculated using the healthcare cost trend rate of 8.0% downgraded to 5.00%, as well as what the net OPEB liability would be using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate:

	Trend Rates Minus 1.00%	Healthcare Trend Rate 8.00% - 5.00%	Trend Rates Plus 1.00%
Allocable total OPEB liability	$ 16,869,283	$ 17,597,964	$ 18,373,712
Allocable plan fiduciary net position	19,314	19,314	19,314
Net OPEB liability for City	$ 16,849,969	$ 17,578,650	$ 18,354,398

The following represents the net OPEB liability allocable to the City as of the measurement date and the OPEB Plan's year end, December 31, 2025, calculated using the discount rate of 4.43%, as well as what the net OPEB liability would be using a discount rate that is 1% lower or 1% higher than the current rate:

	Discount Rate Minus 1.00%	Discount Rate 4.43%	Discount Rate Plus 1.00%
Allocable total OPEB liability	$ 18,340,694	$ 17,597,964	$ 16,906,787
Allocable plan fiduciary net position	19,314	19,314	19,314
Net OPEB liability for City	$ 18,321,380	$ 17,578,650	$ 16,887,473

OPEB expense and deferred outflows and inflows of resources related to other postemployment benefits – For the year ended December 31, 2025, the City recognized an OPEB benefit of $2,980,774. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Allocable Deferred Outflows of Resources	Allocable Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ 87,351	$ 63,642
Differences between expected and actual economic experience	2,424,160	3,670,984
Changes in actuarial assumptions	1,229,403	884,760
Changes in proportion	(257)	(629)
Balance as of December 31, 2025	$ 3,740,657	$ 4,618,757

3-L Other Postemployment Benefits (continued)

The above amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year	Allocable Deferred Outflows of Resources	Allocable Deferred Inflows of Resources	Net Outflows (Inflows) Recognized to (Benefit) Expense
2026	$ 1,572,014	$ 1,745,842	$ (173,828)
2027	814,451	1,743,301	(928,850)
2028	570,105	810,832	(240,727)
2029	389,090	318,782	70,308
2030	331,927	-	331,927

The deferred outflows of resources, net OPEB liability, and deferred inflows of resources were allocated and reported among the OPEB Plan's participating employers, which includes City departments, the WLSF Commission, the Northwest Georgia Trade and Convention Center Authority, and the Dalton-Whitfield Solid Waste Authority. Allocations to the participating employers were as follows:

	Deferred Outflows of Resources	Net OPEB Liability	Deferred Inflows of Resources
Governmental activities	$ 1,828,002	$ 8,589,824	$ 2,257,267
WLSF Commission	1,858,000	8,732,000	2,294,000
Nonmajor proprietary funds	54,655	256,826	67,490
Convention Center	54,655	256,826	67,490
DWRSWMA	136,718	641,236	169,136
	$ 3,932,030	$ 18,476,712	$ 4,855,383

3-L Other Postemployment Benefits (continued)

Financial statements – The OPEB Plan's statement of fiduciary net position at December 31, 2025 was as follows:

Assets	
Investments, at fair value:	
Georgia Municipal Employees Benefit System OPEB Trust Account	$ 20,300
Total Assets	$ 20,300
Net Position	
Restricted for OPEB	$ 20,300
Total Net Position	$ 20,300

The OPEB Plan's statement of changes in fiduciary net position for the year ended December 31, 2025 was as follows:

Additions	
Investment income:	
Interest and dividends	$ 1,495
Net increase (decrease) in fair value of investments	17,881
Total investment income	19,376
Less: investment expense	314
Net investment earnings	19,062
Total Additions	19,062
Deductions	
Administrative expenses	48
Premium payments	179,090
Total Deductions	179,138
Change in Net Position	(160,076)
Net Position Beginning of Year	180,376
Net Position End of Year	$ 20,300

Additional information on the OPEB Plan is presented in the financial statements as required supplementary information, which immediately follows the notes to the basic financial statements.

3-M Defined Contribution Plan

Employees with an employment commencement date, including former employees rehired after a severance, on or after July 1, 2002 will not be allowed to participate in the Pension Plan (Note 3-K). Employees hired or re-hired after July 1, 2002 will be covered by the City of Dalton Employee Retirement Plan ("Retirement Plan"), which is a combined profit sharing/money purchase plan. The Mayor and Council of the City approved the Retirement Plan, maintain it, and are the authority under which the contribution requirements are established or may be amended. All full-time employees who are at least eighteen years old, have completed six months of continuous service, and work at least 1,000 per year are eligible to participate in the Retirement Plan. The Retirement Plan is a defined contribution plan in which the employer contributes 5% of the employee's compensation, up to an annual limit of $200,000, regardless of employee contribution amounts. Beyond this, the employer will match up to the first 5% of the employee's compensation that the employee contributes to the plan. Employees hired on or after December 27, 2014 become vested in the employer's contributions over a three-year period. Employees hired prior to December 27, 2014 become vested in employer matching contributions after 1 year of service. In 2014, the Retirement Plan was revised to include a Roth contribution option. Employees who participate in the Pension Plan are allowed to make contributions to the Retirement Plan up to IRS annual limitations, but do not receive matching employer contributions. For the year 2025, plan-wide employee contributions approximated $2,600,000 and plan-wide employer contributions approximated $3,400,000. For the year 2025, plan-wide forfeitures of employer matching contributions totaled $2,362 and the ending balance in the forfeiture account was $125,912.

3-N Net Position

Net investment in capital assets reported on the government-wide statement of net position as of December 31, 2025 is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Cost of capital assets	$ 315,078,442	$ 1,792,097,620	$ 2,107,176,062
Less: accumulated depreciation	(178,352,769)	(742,633,514)	(920,986,283)
Book value	136,725,673	1,049,464,106	1,186,189,779
Less: capital related debt	-	(123,580,000)	(123,580,000)
Less: premium on capital related debt	-	(19,853,000)	(19,853,000)
Less: payables for capital items	(1,810,521)	-	(1,810,521)
Less: asset retirement obligations	-	(68,150,000)	(68,150,000)
Less: deferred inflows of resources - ITS sale	-	(4,218,000)	(4,218,000)
Add: lease and SBITA assets	-	152,000	152,000
Add: regulatory asset - capital asset AROs	-	58,055,000	58,055,000
Net investment in capital assets	$ 134,915,152	$ 891,870,106	$ 1,026,785,258

3-N Net Position (continued)

Net position restricted for capital projects for governmental activities, reported on the government-wide statement of net position as of December 31, 2025, is calculated as follows:

	Governmental Activities
Capital projects fund balance	$ 23,685,312
Less: capital related debt	(15,775,000)
Less: premium on capital related debt	(1,571,222)
Add: payables for capital items included elsewhere	1,810,521
Net position restricted for capital projects	$ 8,149,611

3-O Interutility Sales

The WLSF Commission records sales of electricity, natural gas, water, wastewater, and information technology (at rates charged to customers for similar services) among its utility systems as revenue of the selling utility system and expense of the purchasing utility system. During the year ended December 31, 2025, interutility sales were as follows:

Electric	$ 4,330,000
Natural gas	12,000
Water	263,000
Wastewater	176,000
Information technology	2,536,000
Total	$ 7,317,000

Note 4 - Other Notes

4-A Hotel/Motel Lodging Tax

The City has levied a 7% tax in accordance with the provisions of O.C.G.A. 48-13-51(b). The City is required to spend an amount equal to at least 57% for the purposes of promoting tourism, conventions, and trade shows or for facilities used for these purposes. A summary of the transactions for the current year are as follows:

Lodging tax receipts	$ 2,131,418
Disbursements for tourism, conventions, trade shows, center support, and tourism product development	$ 1,264,174
Percentage of tax receipts	59.3%

The City transferred $867,244 of hotel/motel tax receipts to the general fund for the current year.

4-B Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The government has transferred risk of loss to commercial insurers for the majority of the risks for which it is exposed.

The City was self-insured in the past for workers' compensation insurance and health insurance. A risk pool fund was created to pay any remaining workers' compensation or health insurance claims. As claims arise, the risk pool fund charges the specific department to reimburse the claim expense. For the years ended December 31, 2025, 2024, and 2023 there were no settlements in excess of stop-loss insurance coverage.

The risk pool fund had an increase in net position for 2025. This increase in net position of $12,827 was allocated to the general government function in the statement of activities.

The WLSF Commission has transferred risk of loss to commercial insurers for the majority of the risks for which it is exposed, except for any potential environmental liabilities, as disclosed in Note 4-C.

The WLSF Commission maintains private insurance through its participation with GPC and agreements of indemnity with the NRC to cover third-party liability arising from a nuclear incident, which might occur at the nuclear plants in which the WLSF Commission has an interest. In the event a public liability loss arising from a nuclear incident at a facility currently covered by government indemnification exceeds $450,000,000, under the current provisions of the Price-Anderson Act, the owners of a nuclear power plant could be assessed a deferred assessment of up to $137,600,000 per incident for each licensed reactor operated by it, but not more than $20,500,000 per reactor per incident to be paid in a calendar year. The WLSF Commission is liable for its share of any such deferred assessment, based on its ownership percentage in nuclear plants as set forth in Note 1.

GPC, on behalf of all co-owners of Plants Hatch and Vogtle, is a member of Nuclear Electric Insurance Limited ("NEIL"). NEIL is a mutual insurer established to provide insurance coverage against property damage to its members' nuclear generating facilities. In the event that losses exceed accumulated reserve funds, the members are subject to retroactive premium assessments in proportion to their participation in the mutual insurer. The WLSF Commission's maximum annual assessment would be $2,400,000 under current policies.

All retrospective assessments, whether generated for liability, property, or replacement power, may be subject to applicable state premium taxes.

The WLSF Commission has implemented GASB Statement No. 102, *Certain Risk Disclosures* for 2025, as disclosed in Note 2-B. Upon review, the WLSF Commission has determined that a concentration risk is present in terms of customer class for data center and industrial customers that can impact the electric and natural gas sectors. Data center customers make up 35% of revenues for the electric sector and approximately 24% of revenues for the combined system. Industrial customers (primarily manufacturing) represent 37% of electric sector revenues and 52% of the natural gas sector revenues. When looking at the combined system for the WLSF Commission, industrial class customers comprise 35% of total revenues.

The WLSF Commission has traditionally experienced this type of concentration risk in our industrial customer profile since manufacturing growth occurred in the 1960s and 1970s centered around the carpet industry. Data center customer concentration, while more recent than manufacturing, has also been a factor for the WLSF Commission for the past eight years. No events that may cause a substantial financial impact associated with the customer class concentration risk have occurred or are expected to occur in the next twelve months.

4-C Commitments and Contingent Liabilities

General litigation matters – The WLSF Commission is subject to certain claims and legal actions arising in the ordinary course of business. Litigation over claims of various types, including property damage, personal injury, common law nuisance, and citizen enforcement of environmental requirements, has increased generally throughout the U.S. The ultimate outcome of such pending or potential litigation against the WLSF Commission cannot be predicted at this time; however, for current proceedings not specifically reported herein, management does not anticipate that the ultimate liabilities, if any, arising from such current proceedings would have a material effect on the WLSF Commission's financial statements.

Ante-Litem Notices - Land Application System - In October 2019, the WLSF Commission received two ante litem notices asserting state law tort claims related to the WLSF Commission's Land Application System, which allege negligence which caused personal injuries and property damages to claimants in a total amount of $5 million. On October 31, 2019, the WLSF Commission denied the claims of the ante litem notice. At this time, no suit has been filed by the claimants. The WLSF Commission intends to vigorously pursue and defend this matter. However, the ultimate outcome of this matter cannot be determined at this time.

Clean Water Act Claims - City of Rome, Georgia v. Board of Water Light and Sinking Fund Commissioners of the City of Dalton, Georgia d/b/a Dalton Utilities, et. al. - This suit was originally filed in 2019 by the City of Rome, Georgia against several floorcovering and chemical manufacturers. The case was amended in May 2022 to include the WLSF Commission, and alleges that PFAS chemicals from operations had entered the waterways in and around Dalton through the land application system ("LAS") operated by the WLSF Commission, resulting in alleged damages to the City of Rome. In December 2022, the City of Rome case was settled by all defendants, including the WLSF Commission, with confidential terms of settlement. The WLSF Commission's financial part of the settlement is an agreement to pay $25 million dollars to the City of Rome in annual payments of $5 million dollars, beginning in June of 2023 and continuing until the settlement amount of $25 million dollars is paid in full. As of December 31, 2025, the WLSF Commission is compliant with the terms agreed upon.

In addition to the financial term of the settlement set forth above, a settlement agreement and general release was executed between the parties containing the following provision: The WLSF Commission "warrants and represents that, to address claims asserted in the Rome and Johnson cases, it will take reasonable steps to prevent the future release of PFAS from the LAS into surrounding waterways by (1) seeking input from the Georgia Environmental Protection Division ("EPD") and, as necessary, the EPA; (2) seeking funding necessary to add PFAS treatment to its current wastewater operations; and (3) at the appropriate time with necessary approvals in place, entering into a consent order requiring the WLSF Commission to address the release of PFAS at the LAS with measures including: (a) shifting from an LAS permit to a direct discharge permit; (b) reducing the historic PFAS at the LAS; (c) minimizing the release of PFAS from the LAS into surrounding waterways." At this time, the financial cost and timing associated with this term of settlement is not known and not reasonably estimable.

Clean Water Act Claims - Johnson v. 3M, et al (including the Board of Water Light and Sinking Fund Commissioners of the City of Dalton, Georgia d/b/a Dalton Utilities) - In 2020, the WLSF Commission was named as a defendant in a claim that it was in violation of the Clean Water Act and two additional state laws. In September 2021, the court dismissed one of the state law claims. In December of 2024, the court ruled that Mr. Johnson lacked standing to pursue an injunction requiring the Defendants to pay for remediation of PFAS. The only remaining pending claims against the WLSF Commission are for violation(s) of the Clean Water Act. There is a Motion for Summary Judgment filed by the WLSF Commission to resolve those claims; this Motion remains pending. At this time, the WLSF Commission is unable to determine the potential liabilities that could result from unfavorable outcomes in this matter. The WLSF Commission intends to vigorously pursue and defend these matters. However, the ultimate outcome of these matters cannot be determined at this time.

4-C Commitments and Contingent Liabilities (continued)

Clean Water Act Claims - Coosa River Basin Initiative, et al (including the Board of Water Light and Sinking Fund Commissioners of the City of Dalton, Georgia d/b/a Dalton Utilities) – In April 2025, the WLSF Commission was named as a defendant in a claim that it was in violation of the Clean Water Act and the Georgia Water Quality Control Act. The WLSF Commission filed a Motion to Stay litigation in this case. As it stands, the matter is essentially stayed. The WLSF Commission intends to vigorously pursue and defend these matters. However, the ultimate outcome of the case cannot be determined at this time.

Clean Water Act Claims - The City of Chatsworth, Georgia, and Chatsworth Water Works Commission v. 3M Company, et al. – On February 19, 2026, the WLSF Commission received notice that the City of Chatsworth would be filing an amended complaint adding the WLSF Commission as a Defendant in the above case. No ante-litem notice has been served. The WLSF Commission intends to vigorously pursue and defend these matters. However, the ultimate outcome cannot be determined at this time.

Certain environmental contingencies - The WLSF Commission is subject to present and developing environmental regulations by various federal, state, and local jurisdictions.

Five-year permit for wastewater treatment - During 1997, the WLSF Commission was issued a five-year permit for its wastewater treatment systems by the EPD of the Georgia Department of Natural Resources. The permit was contingent upon the undertaking by the WLSF Commission to make certain improvements to its wastewater treatment systems and included a compliance schedule for those improvements. The WLSF Commission completed all improvements required under the 1997 permit. In March 2002, the WLSF Commission requested and received a two-year extension of the permit to allow time for a full watershed assessment to be performed. The assessment was completed on December 24, 2003 and a permit renewal application was submitted in accordance with the requirements of the existing permit. The existing five-year permit was issued March 26, 2007, and expired March 25, 2012. On March 23, 2012, the WLSF Commission was granted an indefinite extension by the EPD on its existing permit while its application for a reissuance of the five-year permit is evaluated. On March 23, 2015, a new permit was received by the WLSF Commission, effective April 1, 2015 but was appealed. It was amended on October 13, 2015 and expired at midnight on March 31, 2020. The WLSF Commission is allowed to operate on the expired permit due to the length of time to review applications, which has been submitted to the EPA.

Fuel commitments - The WLSF Commission has entered into various long-term commitments for the procurement and delivery of natural gas and electricity to consumers, which are not recognized on the statement of net position. In 2025, the WLSF Commission incurred purchased gas expense of $20,800,000 and purchased electricity expense of $86,500,000, the majority of which was purchased under long-term commitments. The WLSF Commission expects that a substantial amount of its future gas and purchased electricity needs will continue to be purchased under long-term commitments.

4-D Conduit Debt Obligations

Conduit debt obligations with limited commitments – In April 2018, the City issued general obligation bonds for the use and benefit of the City of Dalton Board of Education to finance the construction and equipping of a new school building. The City of Dalton Board of Education is the obligor of the debt pursuant to a contractual agreement. The City of Dalton Board of Education is not a component unit of the City. The bonds are payable solely from a voter-approved property tax, as facilitated through a Dalton Public Schools debt service millage rate. In addition, no commitments beyond the pledged tax funds, the payments from the City of Dalton Board of Education, and maintenance of the tax-exempt status of the conduit debt obligations were extended by the City for any of those bonds. At December 31, 2025, the bonds have an aggregate outstanding principal amount payable of $38,630,000.

4-E Joint Ventures

The City participates with Whitfield County in the Dalton-Whitfield Regional Solid Waste Management Authority. All budgetary and financial records are maintained by the City of Dalton. The DWRSWMA issued separate audited financial statements dated June 8, 2026.

The City and Whitfield County share equally in operations of the DWRSWMA, which operates solid waste disposal sites within Whitfield County. Administration is accomplished through a five-member board with each government appointing two members and those four appointing the fifth member. Current expenditures are funded through user fees and, if necessary, equal transfers from both governments. The City's equity interest in this joint venture is reported as an enterprise fund. The City's share of the resulting income or loss from the joint venture is shown separately as charge for services on the statement of activities.

State and federal laws and regulations require the DWRSWMA to place a final cover on its landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at each site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the DWRSWMA reports a portion of the closure and post-closure care costs as a non-operating expense in each period based on landfill capacity used as of each balance sheet date. The accrual for closure and post-closure cost is summarized by location as follows:

Landfill sites:	Westside	Old Dixie Phases 2, 4, & 5	Old Dixie Phase 6	Balefill	Total
Estimated future costs:					
Closure	Completed	Completed	$ 15,461,000	$ 3,221,000	$ 18,682,000
Post-closure	1,025,000	2,671,000	8,805,000	1,629,000	14,130,000
	1,025,000	2,671,000	24,266,000	4,850,000	32,812,000
Percentage of total landfill capacity used at December 31, 2025	100.0%	100.0%	70.6%	67.2%	
	$ 1,025,000	$ 2,671,000	$ 17,128,000	$ 3,261,000	$ 24,085,000

The DWRSWMA will record the remaining estimated cost of closure and post-closure care costs of $8,727,000 as the remaining capacity is filled. Estimated remaining landfill life varies by site, but ranges from 1 year to 17 years. The above estimates are based on what it would cost to perform all closure and post-closure care in 2025. Actual costs when incurred may be higher due to inflation, changes in technology, or changes in laws and regulations.

4-E Joint Ventures (continued)

The DWRSWMA landfill closure and post-closure requirements are being funded from user fees and interest earned from investments. If these revenues are inadequate or additional post-closure care requirements are determined, these costs may need to be covered by charges to future landfill users.

According to the latest inspection reports issued by the Georgia Department of Natural Resources, dated October 9, 2025, the DWRSWMA was in compliance for closure and post-closure care financial assurance requirements through for the year ended December 31, 2024. The Authority has not yet submitted information, but asserts they will again be in compliance for the year ended December 31, 2025.

Condensed audited financial statements for the DWRSWMA at December 31, 2025 are as follows:

Statement of Net Position		
Assets		
Current assets	$	26,507,505
Capitalized assets		24,192,204
Other assets		92,632
Total assets		50,792,341
Deferred outflows of resources		316,630
Total assets and deferred outflows	$	51,108,971
Liabilities		
Current liabilities	$	670,799
Non-current liabilities		25,167,945
Total liabilities		25,838,744
Deferred inflows of resources		728,156
Net position		24,542,071
Total liabilities, deferred inflows, and net position	$	51,108,971
Statement of Revenues, Expenses, and Changes in Fund Net Position		
Operating revenues	$	10,376,146
Operating expenses		(6,186,169)
Depreciation		(1,567,453)
Operating income (loss)		2,622,524
Non-operating revenues (expenses)		(2,825,224)
Change in net position		(202,700)
Beginning net position		24,744,771
Ending net position	$	24,542,071

4-E Joint Ventures (continued)

The City participates with Whitfield County in the Northwest Georgia Trade and Convention Center Authority. All budgetary and financial records are maintained by the City of Dalton. The Convention Center issued separate audited financial statements dated May 20, 2026.

The City and Whitfield County share equally in operations of the Convention Center, which operates to promote tourism within the City of Dalton and Whitfield County by hosting conventions, special events, and trade shows. Current expenditures are funded through user fees and, if necessary, equal transfers from both governments. The City's equity interest in this joint venture is reported as an enterprise fund. The City's share of the resulting income or loss from the joint venture is shown separately as either a charge for services or expense on the statement of activities.

Condensed audited financial statements for the Convention Center at December 31, 2025 are as follows:

Statement of Net Position		
Assets		
Current assets	$	1,033,999
Capitalized assets		9,023,423
Total assets		10,057,422
Deferred outflows of resources		54,655
Total assets and deferred outflows	$	10,112,077
Liabilities		
Current liabilities	$	780,630
Non-current liabilities		261,400
Total liabilities		1,042,030
Deferred inflows of resources		67,490
Net position		9,002,557
Total liabilities, deferred inflows, and net position	$	10,112,077
Statement of Revenues, Expenses, and Changes in Fund Net Position		
Operating revenues	$	2,000,382
Operating expenses		(2,668,067)
Depreciation		(803,912)
Operating income (loss)		(1,471,597)
Non-operating revenues (expenses)		1,298,853
Change in net position		(172,744)
Beginning net position		9,175,301
Ending net position	$	9,002,557

4-E Joint Ventures (continued)

The City participates with Whitfield County in the Dalton-Whitfield Joint Development Authority and the Dalton-Whitfield Economic Development Authority, which are reported as one entity as disclosed in Note 1. All budgetary and financial records are maintained by the JDA, which is housed at the Dalton-Whitfield Chamber of Commerce. The JDA issued separate audited financial statements dated May 27, 2026.

The City and Whitfield County share equally in operations of the JDA, which operates to promote economic development within the City of Dalton and Whitfield County. Current expenditures are funded through equal transfers from both governments and fees charged related to bond issuances. The City's transfer to this entity is shown as an expenditure of the general fund, and the City's equity interest in this joint venture is shown as an investment in a joint venture for governmental activities in the government-wide statement of net position. The City's share of the resulting income or loss from the joint venture is shown as an expense for economic development on the statement of activities.

Condensed audited financial statements for the JDA at December 31, 2025 are as follows:

Statement of Net Position		
Assets		
Current assets	$	4,846,960
Capitalized assets		21,810
Noncurrent assets		2,557,963
Total assets	$	7,426,733
Current liabilities	$	254,865
Net position		7,171,868
Total liabilities and net position	$	7,426,733
Statement of Activities		
Program revenues	$	7,026,175
General revenues		467,326
Economic development expenses		(3,340,672)
Change in net position		4,152,829
Beginning net position		3,019,039
Ending net position	$	7,171,868

4-F Component Unit

The City of Dalton Building Authority is a legally separate entity and has been included as a discretely presented component unit in the accompanying financial statements. It is reported as a separate column in the government-wide statements to emphasize that it is legally separate from the City. The City of Dalton Board of Education, Whitfield County, Georgia, and the City of Dalton, Georgia each have outstanding debt in the Building Authority's name, as discussed in Note 3-J. All debt proceeds and payments related to Building Authority issued debt flow through the Building Authority. The entity reports inflows from the City of Dalton Board of Education, Whitfield County, and the City as transfers in and reports the related outflows of principal, interest, and sinking fund payments as debt service expenditures, as the entity is primarily a conduit for the respective governmental entities. The Building Authority holds various cash balances from proceeds from debt on behalf of the City, Whitfield County, or of the Board of Education. Amounts held in the Building Authority's cash account are reported as a receivable or payable in the financials.

4-G Debt Contingency

The City of Dalton Building Authority issued revenue bonds as a public offering during 2022 to finance certain capital outlay projects for the City of Dalton Board of Education. The amount of the bonds outstanding as of December 31, 2025 is $9,920,000.

4-H Tax Abatements

The Dalton-Whitfield Joint Development Authority (a joint venture between the City and Whitfield County, as disclosed in Note 1-A) has entered into several agreements for abatement of property taxes. The JDA provides tax incentives, based upon certain criteria, to potential and existing entities for the purpose of furthering economic growth in the Dalton-Whitfield area. The JDA is not a taxing authority. The tax abatements offered are abatements of Whitfield County, Georgia property tax and City of Dalton, Georgia property tax. Whitfield County and the City must approve the tax incentive agreements prior to their execution.

The criteria that makes an entity eligible for tax abatements through the JDA include providing new capital investment and/or new jobs in the Dalton-Whitfield area. The amount of the tax abatement transaction is determined based upon a specified rubric. Planned new jobs, community investment, diversification, wage levels, project location, and other factors are considered in determining the amount of tax abatement offered to an entity. The tax abatement period for a project can last up to fifteen years.

The entity must be willing to enter into a contractual agreement with the JDA and willing to enter into a bond financed sale leaseback transaction ("Industrial Revenue Bonds") which transfers title to improvements (land, buildings, equipment) during the life of the tax deferment/abatement plan to the JDA, as provided by Georgia state law. The local taxing jurisdictions and the public receive notice of the title transfer pursuant to an Industrial Revenue Bond validation.

4-H Tax Abatements (continued)

Entities with tax abatements are required to file an annual report with the JDA which certifies the number of jobs created, the cumulative amount of capital investment, and other applicable measurements. In the event the entity fails to meet specified goals, a percentage method described in each agreement is used to determine the shortfall. The shortfall percentage is multiplied by the amount of taxes abated for the year for the project to arrive at a recovery payment. The recovery payment is due with the annual report.

Twenty-seven abatement agreements are outstanding as of December 31, 2025. Reductions in tax revenues attributable to local governments are as follows:

Government Entity	2025 Tax Reduction
City of Dalton, Georgia	$ 122,180
Downtown Dalton Development Authority	39,794
Whitfield County, Georgia	1,990,653
City of Dalton Board of Education	904,398
Whitfield County Board of Education	4,495,296

4-I Subsequent Events

In accordance with GASB Statement No. 105, *Subsequent Events*, which supersedes GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, the City and WLSF Commission management evaluated operating transactions and other events that may constitute a subsequent event through June 24, 2026.

The WLSF Commission issued Series 2026 Bonds with a closing date of April 27, 2026. The Series 2026 Bonds were issued in the principal amount of $130,000,000. Additionally, contingencies arising subsequent to year end are disclosed in Note 4-C.

REQUIRED SUPPLEMENTARY INFORMATION

City of Dalton, Georgia
Required Supplementary Information
Schedule of Changes in the Net Pension (Asset) Liability
December 31, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total pension liability:										
Service cost	$ 1,652,021	$ 1,592,733	$ 1,453,620	$ 1,439,780	$ 1,426,355	$ 1,566,107	$ 1,470,510	$ 1,517,033	$ 1,470,162	$ 1,518,977
Expected interest growth	8,495,017	8,713,989	8,904,957	9,270,324	9,429,765	9,868,313	10,314,455	10,633,869	10,987,459	11,127,670
Demographic experience	216,267	(54,192)	(798,265)	(780,862)	(1,001,988)	3,245,665	(703,877)	2,169,780	(641,319)	3,328,071
Benefit payments and refunds	(6,904,562)	(7,133,475)	(7,440,532)	(7,499,751)	(7,662,936)	(7,845,115)	(8,464,660)	(8,994,541)	(9,241,439)	(10,208,576)
Benefit term changes	-	-	-	-	-	-	2,543,098	-	-	6,537,427
Assumption changes	-	-	3,352,582	-	4,198,143	-	(252,245)	-	-	-
Allocation changes	-	-	-	674	-	(2)	-	-	-	-
Net change in total pension liability	3,458,743	3,119,055	5,472,362	2,430,165	6,389,339	6,834,968	4,907,281	5,326,141	2,574,863	12,303,569
Total pension liability - beginning (a)	126,422,514	129,881,257	133,000,312	138,472,674	140,902,839	147,292,178	154,127,146	159,034,427	164,360,568	166,935,431
Total pension liability - ending (c)	$ 129,881,257	$ 133,000,312	$ 138,472,674	$ 140,902,839	$ 147,292,178	$ 154,127,146	$ 159,034,427	$ 164,360,568	$ 166,935,431	$ 179,239,000
Plan fiduciary net position:										
Employer contributions	$ 6,841,734	$ 7,225,029	$ 7,311,443	$ 7,729,413	$ 9,130,197	$ 3,251,149	$ 2,600,285	$ 1,651,195	$ 8,218,086	$ 4,478,999
Employee contributions	769,249	727,343	688,300	663,908	677,164	646,835	647,018	608,829	593,940	574,231
Benefit payments and refunds	(6,904,591)	(7,133,475)	(7,440,532)	(7,499,751)	(7,662,936)	(7,845,115)	(8,464,660)	(8,994,541)	(9,241,439)	(10,208,576)
Administrative expenses	(42,900)	(59,239)	(50,901)	(69,262)	(79,278)	(61,000)	(49,056)	(51,592)	(50,021)	(60,399)
Expected interest growth	5,800,923	6,299,827	7,130,290	6,967,184	8,411,988	9,461,022	10,412,008	8,353,212	9,449,492	10,567,958
Unexpected investment income	814,584	5,258,879	(10,188,016)	12,813,826	7,913,820	9,130,438	(34,630,214)	11,429,573	9,782,983	8,948,435
Allocation changes	-	-	-	(684)	-	(2)	-	-	-	-
Net change in plan fiduciary net position	7,278,999	12,318,364	(2,549,416)	20,604,634	18,390,955	14,583,327	(29,484,619)	12,996,676	18,753,041	14,300,648
Plan fiduciary net position - beginning (b)	84,855,903	92,134,902	104,453,266	101,903,850	122,508,484	140,899,439	155,482,766	125,998,147	138,994,823	157,747,864
Plan fiduciary net position - ending (d)	$ 92,134,902	$ 104,453,266	$ 101,903,850	$ 122,508,484	$ 140,899,439	$ 155,482,766	$ 125,998,147	$ 138,994,823	$ 157,747,864	$ 172,048,512
Net pension (asset) liability - beginning (a) - (b)	$ 41,566,611	$ 37,746,355	$ 28,547,046	$ 36,568,824	$ 18,394,355	$ 6,392,739	$ (1,355,620)	$ 33,036,280	$ 25,365,745	$ 9,187,567
Net pension (asset) liability - ending (c) - (d)	$ 37,746,355	$ 28,547,046	$ 36,568,824	$ 18,394,355	$ 6,392,739	$ (1,355,620)	$ 33,036,280	$ 25,365,745	$ 9,187,567	$ 7,190,488
Pension Plan's fiduciary net position as a % of total pension liability	71%	79%	74%	87%	96%	101%	79%	85%	94%	96%
Covered payroll	$ 15,756,935	$ 15,113,517	$ 14,091,077	$ 13,722,784	$ 13,304,622	$ 13,740,735	$ 13,030,951	$ 12,664,635	$ 11,986,986	$ 11,641,340
Net pension liability as a percentage of covered payroll	240%	189%	260%	134%	48%	N/A	254%	200%	77%	62%

City of Dalton, Georgia
Required Supplementary Information
Schedule of Funding Progress for Pensions
December 31, 2025

Measurement Date	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset) Liability	Funded Percentage	Covered Payroll	Net Pension Liability as a % of Covered Payroll
12/31/2016	$ 129,881,257	$ 92,134,902	$ 37,746,355	71%	$ 15,756,935	240%
12/31/2017	133,000,312	104,453,266	28,547,046	79%	15,113,517	189%
12/31/2018	138,472,674	101,903,850	36,568,824	74%	14,091,077	260%
12/31/2019	140,902,839	122,508,484	18,394,355	87%	13,722,784	134%
12/31/2020	147,292,178	140,899,439	6,392,739	96%	13,304,622	48%
12/31/2021	154,127,146	155,482,766	(1,355,620)	101%	13,740,735	N/A
12/31/2022	159,034,427	125,998,147	33,036,280	79%	13,030,951	254%
12/31/2023	164,360,568	138,994,823	25,365,745	85%	12,664,635	200%
12/31/2024	166,935,431	157,747,864	9,187,567	94%	11,986,986	77%
12/31/2025	179,239,000	172,048,512	7,190,488	96%	11,641,340	62%

N/A - Not applicable

City of Dalton, Georgia
Required Supplementary Information
Schedule of Actuarially Determined Contributions for Pensions
December 31, 2025

Year End	Actuarially Determined Contribution (1)	Contributions Recognized by the Plan (2)	Difference Between (1) and (2)	Covered Payroll	Contributions as a % of Covered Payroll
12/31/2016	$ 6,657,107	$ 6,841,734	$ (184,627)	$ 15,756,935	43%
12/31/2017	7,409,656	7,225,029	184,627	15,113,517	48%
12/31/2018	7,311,443	7,311,443	-	14,091,077	52%
12/31/2019	7,728,729	7,729,413	(684)	13,722,784	56%
12/31/2020	9,130,197	9,130,197	-	13,304,622	69%
12/31/2021	3,251,149	3,251,149	-	13,740,735	24%
12/31/2022	2,600,285	2,600,285	-	13,030,951	20%
12/31/2023	1,651,195	1,651,195	-	12,664,635	13%
12/31/2024	5,482,015	8,218,086	(2,736,071)	11,986,986	69%
12/31/2025	4,226,522	4,478,999	(252,477)	11,641,340	38%

City of Dalton, Georgia
Required Supplementary Information
Schedule of Annual Money-Weighted Rates of Return and Notes to Required Supplementary Information for Pensions
December 31, 2025

Schedule of Annual Money-Weighted Rates of Return, Net of Investment Expense:

December 31, 2025	12.56%

Notes to Required Supplementary Information for Pension:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Employers' reporting date:	December 31, 2025
Measurement date:	December 31, 2025
Actuarial valuation date:	January 1, 2025
Actuarial cost method:	Projected unit credit cost
Amortization method:	The unfunded actuarial accrued liability is amortized over a 20 year period from January 1, 2020 with level dollar payments, except that the increase in the unfunded actuarial accrued liability attributable to the January 1, 2025 retiree COLA is amortized over a 10 year period with level dollar payments from the date the COLA was granted.
Asset method:	The actuarial value of assets is equal to the fair value of assets.
Interest rate:	6.81% per annum
Discount rate:	6.81% per annum
Inflation:	2.50% per year
Salary increases:	3.25% per year
Changes in assumptions:	No assumptions were changed since the prior measurement date.
Changes in benefit terms:	Since the prior measurement date, an ad hoc COLA was granted to retirees, effective January 1, 2025.

City of Dalton, Georgia
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability
December 31, 2025

	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability:								
Service cost	$ 718,157	$ 343,785	$ 372,240	$ 327,457	$ 145,558	$ 213,077	$ 145,570	$ 136,382
Expected interest growth	1,345,164	1,142,963	453,023	461,185	1,100,391	696,378	797,068	836,366
Demographic experience	(4,699,489)	(4,840,113)	(36,737)	5,507,148	(6,499,491)	(462,682)	(1,883,404)	1,691,883
Benefit payments and refunds	(755,998)	(766,394)	(805,454)	(1,388,280)	(873,409)	(700,627)	(555,971)	(2,411,746)
Assumption changes	96,681	(7,827,897)	1,041,897	63,701	(2,149,127)	1,562,265	(220,284)	467,866
Net change in total OPEB liability	(3,295,485)	(11,947,656)	1,024,969	4,971,211	(8,276,078)	1,308,411	(1,717,021)	720,751
Total OPEB liability - beginning (a)	35,707,910	32,412,425	20,464,769	21,489,738	26,460,949	18,184,871	19,493,282	17,776,261
Total OPEB liability - ending (c)	$ 32,412,425	$ 20,464,769	$ 21,489,738	$ 26,460,949	$ 18,184,871	$ 19,493,282	$ 17,776,261	$ 18,497,012
Plan fiduciary net position:								
Employer contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,232,656
Retiree contributions	193,146	187,598	198,496	195,291	-	-	-	-
Benefit payments and refunds	(755,998)	(766,394)	(805,454)	(1,388,280)	(873,409)	(700,627)	(555,971)	(2,411,746)
Administrative expenses	(24,560)	(14,717)	(24,180)	(19,282)	(16,533)	(17,973)	(14,459)	(48)
Expected interest growth	296,647	236,909	222,135	190,631	89,122	64,539	29,583	6,660
Unexpected investment income	(456,718)	480,291	257,561	290,148	(459,073)	96,443	30,660	12,402
Net change in plan fiduciary net position	(747,483)	123,687	(151,442)	(731,492)	(1,259,893)	(557,618)	(510,187)	(160,076)
Plan fiduciary net position - beginning (b)	4,014,804	3,267,321	3,391,008	3,239,566	2,508,074	1,248,181	690,563	180,376
Plan fiduciary net position - ending (d)	$ 3,267,321	$ 3,391,008	$ 3,239,566	$ 2,508,074	$ 1,248,181	$ 690,563	$ 180,376	$ 20,300
Net OPEB liability - beginning (a) - (b)	$ 31,693,106	$ 29,145,104	$ 17,073,761	$ 18,250,172	$ 23,952,875	$ 16,936,690	$ 18,802,719	$ 17,595,885
Net OPEB liability - ending (c) - (d)	$ 29,145,104	$ 17,073,761	$ 18,250,172	$ 23,952,875	$ 16,936,690	$ 18,802,719	$ 17,595,885	$ 18,476,712
OPEB Plan's fiduciary net position as a percentage of total OPEB liability	10%	17%	15%	9%	7%	4%	1%	0%
Covered payroll	$ 31,589,049	$ 34,333,776	$ 40,206,869	$ 39,986,095	$ 44,439,081	$ 45,356,859	$ 44,608,622	$ 51,539,573
Net OPEB liability as a percentage of covered payroll	92%	50%	45%	60%	38%	41%	39%	36%

Note: 2018 was the first year that data was measured in accordance with GASB 75.

Note: Only eight years of information is presented in the schedule above; ten years of information will be presented as it becomes available.

City of Dalton, Georgia
Required Supplementary Information
Schedule of Funding Progress for OPEB
December 31, 2025

Measurement Date	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Funded Percentage	Covered Payroll	Net OPEB Liability as a % of Covered Payroll
12/31/2016	$ 33,266,025	$ 3,910,615	$ 29,355,410	12%	NA	NA
12/31/2017	35,707,910	4,014,804	31,693,106	11%	NA	NA
12/31/2018	32,412,425	3,267,321	29,145,104	10%	31,589,049	92%
12/31/2019	20,464,769	3,391,008	17,073,761	17%	34,333,776	50%
12/31/2020	21,489,738	3,239,566	18,250,172	15%	40,206,869	45%
12/31/2021	26,460,949	2,508,074	23,952,875	9%	39,986,095	60%
12/31/2022	18,184,871	1,248,181	16,936,690	7%	44,439,081	38%
12/31/2023	19,493,282	690,563	18,802,719	4%	45,356,859	41%
12/31/2024	17,776,261	180,376	17,595,885	1%	44,608,622	39%
12/31/2025	18,497,012	20,300	18,476,712	0%	51,539,573	36%

NA - Not available
Note: 2018 was the first year that data was measured in accordance with GASB 75.

Notes to Required Supplementary Information for OPEB:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Employers' reporting date:	December 31, 2025
Measurement date:	December 31, 2025
Actuarial valuation date:	January 1, 2025
Discount rate:	4.43% per annum; this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
Expected long-term return on assets:	4.43% per annum
Inflation:	2.75% per annum
Salary increases:	3.25% per annum
Healthcare cost trend rates:	Increases in healthcare costs are assumed to be 8.00% for the 2025 fiscal year graded down by 0.50% per year to 5.00% for the 2031 and later fiscal years.
COLA increases:	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates; life insurance premiums are not assumed to increase.
Changes in assumptions:	Since the prior measurement date, the discount rate was increased from 4.28% per annum to 4.43% per annum; the expected long-term return on assets was decreased from 7.21% per annum to 4.43% per annum and the underlying inflation rate was increased from 2.50% per annum to 2.75% per annum; and the healthcare cost trend rates were increased from 7.00% for the 2025 fiscal year graded down to 5.00% for the 2029 and later fiscal years to 8.00% for the 2025 fiscal year graded down to 5.00% for the 2031 and later fiscal years.

COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond, lease, and note payable principal and interest from governmental resources.

Capital Projects Funds

The Capital Projects Funds are used to account for the resources that are restricted, committed, or assigned for certain capital outlays. Ongoing capital outlays that are accounted for in these funds include SPLOST and LOST projects as well as general capital acquisition.

City of Dalton, Georgia
Combining Balance Sheet - By Fund Type
Nonmajor Governmental Funds
December 31, 2025

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 817,241	$ -	$ 18,272,150	$ 19,089,391
Restricted cash	-	-	516,905	516,905
Receivables:				
Accounts	867,645	-	5,026,066	5,893,711
Taxes	396,771	-	-	396,771
Intergovernmental - federal	251,279	-	-	251,279
Intergovernmental - state	1,814,999	-	-	1,814,999
Intergovernmental - local	1,363,643	-	1,600,712	2,964,355
Interfund	256,457	-	80,000	336,457
Total Assets	$ 5,768,035	$ -	$ 25,495,833	$ 31,263,868
Liabilities				
Accounts payable	$ 2,450,377	$ -	$ 1,810,521	$ 4,260,898
Accrued expenditures	1,192	-	-	1,192
Interfund payable	176,683	-	-	176,683
Unearned revenue	728,319	-	-	728,319
Total Liabilities	3,356,571	-	1,810,521	5,167,092
Deferred Inflows of Resources				
Unavailable revenue - property taxes	346,018	-	-	346,018
Fund Balances				
Restricted for:				
Economic development	1,428,026	-	-	1,428,026
Public safety	422,224	-	-	422,224
Health and welfare	215,195	-	-	215,195
Housing and development	1	-	-	1
Capital projects	-	-	23,685,312	23,685,312
Total Fund Balances	2,065,446	-	23,685,312	25,750,758
Total Liabilities and Fund Balances	$ 5,768,035	$ -	$ 25,495,833	$ 31,263,868

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - By Fund Type
Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Real and personal property taxes	$ 1,482,572	$ -	$ -	$ 1,482,572
Hotel/motel taxes	2,131,418	-	-	2,131,418
Intergovernmental - federal	662,470	-	-	662,470
Intergovernmental - state	4,065,929	-	-	4,065,929
Intergovernmental - local	108,273	-	8,982,950	9,091,223
Charges for services	3,492	-	-	3,492
Fines and forfeitures	263,239	-	-	263,239
Investment earnings	13,053	370	1,215,387	1,228,810
Miscellaneous	-	-	154,958	154,958
Total Revenues	8,730,446	370	10,353,295	19,084,111
Expenditures				
Current:				
General government	433,490	-	111,568	545,058
Public safety	86,115	-	-	86,115
Public works	-	-	1,590	1,590
Health and welfare	57,440	-	-	57,440
Culture and recreation	621,093	-	22,956	644,049
Housing and development	129,434	-	-	129,434
Capital Outlay				
General government	5,621,761	-	1,665,280	7,287,041
Judicial	-	-	6,092	6,092
Public safety	-	-	6,122,928	6,122,928
Public works	4,678,797	-	4,566,947	9,245,744
Culture and recreation	841,457	-	9,848,957	10,690,414
Health and welfare	-	-	44,760	44,760
Debt Service:				
Principal retirement	-	695,000	-	695,000
Interest and fiscal charges	-	492,675	-	492,675
Total Expenditures	12,469,587	1,187,675	22,391,078	36,048,340
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,739,141)	(1,187,305)	(12,037,783)	(16,964,229)
Other Financing Sources (Uses)				
Proceeds from sale of assets	5,908	-	50,548	56,456
Transfers in	1,196,034	1,181,911	1,494,000	3,871,945
Transfers out	(1,596,667)	-	-	(1,596,667)
Total Other Financing Sources (Uses)	(394,725)	1,181,911	1,544,548	2,331,734
Net Change in Fund Balances	(4,133,866)	(5,394)	(10,493,235)	(14,632,495)
Fund Balances Beginning of Year	6,199,312	5,394	34,178,547	40,383,253
Fund Balances End of Year	$ 2,065,446	$ -	$ 23,685,312	$ 25,750,758

GENERAL FUND

The General Fund accounts for all sources of financial resources applicable to the general operations of the City which are not accounted for in another fund.

City of Dalton, Georgia
Comparative Balance Sheet
General Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 14,730,852	$ 11,446,908
Investments	5,817,769	3,027,836
Receivables:		
Accounts	954,768	2,018,617
Taxes	6,423,680	6,924,417
Intergovernmental - federal	15,807	-
Intergovernmental - state	870,569	-
Intergovernmental - local	923,147	96,810
Interfund	119,924	6,191,391
Inventory	131,222	172,293
Prepaid items	480,779	3,473
Total Assets	$ 30,468,517	$ 29,881,745
Liabilities		
Accounts payable	$ 372,600	$ 786,757
Accrued expenditures	730,278	616,113
Unearned revenue	153,450	99,250
Interfund payable	256,457	269
Total Liabilities	1,512,785	1,502,389
Deferred Inflows of Resources		
Unavailable revenue - property taxes	1,015,460	598,489
Fund Balances		
Nonspendable:		
Inventory	131,222	172,293
Prepaid items	480,779	3,473
Restricted:		
Public works (cemetery)	128,379	88,675
Public works (streetscape)	15,000	15,000
Culture and recreation (greenway project)	25,000	27,575
Culture and recreation (community garden)	2,500	-
Culture and recreation (Heritage Point Park disc golf)	-	8,342
Culture and recreation (Haig Mill Lake project)	-	173,400
Culture and recreation (Burr Park)	-	25,000
Unrestricted:		
Committed:		
General government (airport projects)	812,000	641,000
Culture and recreation (garden project)	-	20,000
Economic development (902 S Hamilton project)	-	622,300
Unassigned	26,345,392	25,983,809
Total Fund Balances	27,940,272	27,780,867
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 30,468,517	$ 29,881,745

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Taxes:					
Real and personal property taxes	$ 8,544,000	$ 7,949,000	$ 7,733,236	$ (215,764)	$ 8,176,486
Alcohol tax	883,000	883,000	848,017	(34,983)	883,305
Business and occupation tax	745,000	735,000	732,455	(2,545)	721,833
Franchise tax	507,000	507,000	493,190	(13,810)	504,960
Financial institution tax	135,000	133,000	123,440	(9,560)	133,225
Insurance premium tax	3,453,000	3,748,000	3,748,834	834	3,287,467
Intangible tax	38,000	45,000	47,708	2,708	42,514
Real estate transfer tax	18,000	18,000	21,338	3,338	22,147
Sales tax	9,075,000	9,264,000	9,286,189	22,189	9,130,208
Title ad valorem tax	1,415,000	1,426,000	1,440,366	14,366	1,403,506
Vehicle tax	50,000	45,000	35,306	(9,694)	39,889
Penalties, fines, and interest	104,000	91,000	51,153	(39,847)	85,606
Total taxes	24,967,000	24,844,000	24,561,232	(282,768)	24,431,146
Licenses and permits:					
Alcohol beverage licenses	376,000	370,000	367,104	(2,896)	369,854
Business licenses	53,000	48,000	47,600	(400)	57,790
Other permits	3,000	8,500	7,530	(970)	2,230
Penalties, fines, and interest	6,000	22,500	21,904	(596)	3,388
Total licenses and permits	438,000	449,000	444,138	(4,862)	433,262
Intergovernmental:					
Payments in lieu of taxes	122,000	122,000	110,800	(11,200)	117,293
Federal grants and contracts	13,000	5,500	21,145	15,645	5,984
State grants and contracts	448,000	1,000,500	991,166	(9,334)	979,637
Total intergovernmental	583,000	1,128,000	1,123,111	(4,889)	1,102,914
Charges for services:					
Cemetery fees	85,000	112,000	112,450	450	90,565
Concession revenue	58,000	59,000	58,946	(54)	49,656
Election and advertising fees	3,000	4,500	4,836	336	2,050
Garbage and recycling revenue	3,000	6,000	4,711	(1,289)	3,354
Indirect cost allocation	117,000	117,000	117,121	121	105,822
Municipal court fees	700,000	622,000	585,223	(36,777)	733,047
Program fees and admissions	221,000	316,000	317,830	1,830	253,691
Public works fees	4,000	1,000	500	(500)	7,614
Public safety fees	52,000	54,000	53,918	(82)	53,144
School resource officer	555,000	598,000	598,825	825	527,903
Special events revenue	-	500	277	(223)	334
Total charges for services	1,798,000	1,890,000	1,854,637	(35,363)	1,827,180

(Continued)

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Fines and forfeitures	478,000	828,000	905,988	77,988	655,471
Investment earnings	1,300,000	1,030,000	1,008,466	(21,534)	1,416,704
Miscellaneous:					
Donations	13,000	64,400	64,868	468	77,739
Reimbursements	25,000	40,845	36,237	(4,608)	140,776
Rental income	282,000	336,180	370,997	34,817	329,591
Miscellaneous	213,000	213,000	185,551	(27,449)	214,674
Total miscellaneous	533,000	654,425	657,653	3,228	762,780
Total revenues	$ 30,097,000	$ 30,823,425	$ 30,555,225	$ (268,200)	$ 30,629,457

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
General Government:					
Legislative					
Personal services and benefits	$ 117,000	$ 118,050	$ 116,347	$ 1,703	$ 97,414
Purchased and contracted services	31,900	32,215	30,069	2,146	75,816
Supplies	11,600	12,100	10,906	1,194	10,185
Other costs	2,500	635	-	635	-
Total	163,000	163,000	157,322	5,678	183,415
Administrative					
Personal services and benefits	756,000	758,550	750,156	8,394	709,410
Purchased and contracted services	145,900	133,150	92,653	40,497	136,475
Supplies	19,100	18,850	12,448	6,402	16,676
Other costs	14,000	11,450	5,696	5,754	16,451
Total	935,000	922,000	860,953	61,047	879,012
City Clerk					
Personal services and benefits	418,000	426,940	426,714	226	408,334
Purchased and contracted services	38,000	33,710	32,744	966	39,931
Supplies	6,000	6,350	5,982	368	3,547
Total	462,000	467,000	465,440	1,560	451,812
Elections					
Purchased and contracted services	4,000	5,000	4,754	246	-
Total	4,000	5,000	4,754	246	-
Finance					
Personal services and benefits	673,000	673,000	679,433	(6,433)	637,183
Purchased and contracted services	216,000	214,800	203,782	11,018	282,181
Supplies	11,000	12,200	10,597	1,603	15,931
Other costs	-	-	-	-	74
Total	900,000	900,000	893,812	6,188	935,369
Human Resources					
Personal services and benefits	493,000	493,700	441,757	51,943	436,195
Purchased and contracted services	111,000	106,800	67,654	39,146	80,756
Supplies	6,000	9,500	7,324	2,176	2,594
Total	610,000	610,000	516,735	93,265	519,545
Technology					
Personal services and benefits	483,000	483,000	462,795	20,205	428,807
Purchased and contracted services	403,000	363,000	347,613	15,387	297,195
Supplies	90,000	92,000	88,921	3,079	5,461
Total	976,000	938,000	899,329	38,671	731,463

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Buildings and Grounds					
Personal services and benefits	72,300	72,400	64,352	8,048	63,668
Purchased and contracted services	247,000	220,500	139,051	81,449	215,367
Supplies	133,700	130,100	94,825	35,275	123,686
Total	453,000	423,000	298,228	124,772	402,721
Nondepartmental					
Defined benefit plan contribution	-	-	-	-	1,886,838
Purchased and contracted services	85,000	92,000	89,275	2,725	-
Professional fees	337,000	340,000	258,056	81,944	172,933
Other costs	100,000	-	-	-	74
Total	522,000	432,000	347,331	84,669	2,059,845
Total General Government	5,025,000	4,860,000	4,443,904	416,096	6,163,182
Judicial:					
Municipal Court					
Personal services and benefits	438,000	439,200	438,812	388	393,685
Purchased and contracted services	220,000	238,925	234,668	4,257	248,843
Supplies	20,000	11,875	10,191	1,684	10,508
Total Judicial	678,000	690,000	683,671	6,329	653,036
Public Safety:					
Fire Department					
Personal services and benefits	10,655,000	10,705,045	10,704,426	619	10,222,502
Purchased and contracted services	469,000	439,055	432,737	6,318	522,653
Supplies	477,000	424,900	418,211	6,689	452,150
Capital outlay	4,000	4,000	14,306	(10,306)	12,588
Total	11,605,000	11,573,000	11,569,680	3,320	11,209,893
Police Department					
Personal services and benefits	10,870,000	10,676,300	10,355,838	320,462	9,119,957
Purchased and contracted services	1,178,000	1,214,100	1,123,084	91,016	992,498
Supplies	517,000	505,200	417,802	87,398	409,134
Total	12,565,000	12,401,000	11,902,046	498,954	10,521,589
Total Public Safety	24,170,000	23,974,000	23,471,726	502,274	21,731,482

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Public Works:					
Public Works					
Personal services and benefits	5,829,000	5,843,500	5,793,467	50,033	5,400,205
Purchased and contracted services	1,100,000	1,147,166	1,039,936	107,230	1,129,990
Supplies	2,030,000	1,944,134	1,757,826	186,308	1,811,918
Capital outlay	17,000	82,200	62,328	19,872	281,814
Total Public Works	8,976,000	9,017,000	8,653,557	363,443	8,623,927
Health and Welfare:					
Special Projects					
Other costs	26,000	26,000	25,600	400	25,984
Total	26,000	26,000	25,600	400	25,984
Total Health and Welfare	26,000	26,000	25,600	400	25,984
Culture and Recreation:					
Recreation Department					
Personal services and benefits	3,167,000	3,170,214	3,159,079	11,135	2,766,549
Purchased and contracted services	641,000	633,151	626,833	6,318	615,521
Supplies	860,000	850,835	842,678	8,157	801,966
Capital outlay	15,000	51,800	51,500	300	28,695
Other costs	-	(8,000)	(7,850)	(150)	(140)
Total	4,683,000	4,698,000	4,672,240	25,760	4,212,591
Special Projects					
Other costs	291,500	291,500	291,480	20	367,280
Total	291,500	291,500	291,480	20	367,280
Total Culture and Recreation	4,974,500	4,989,500	4,963,720	25,780	4,579,871

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Housing and Development:					
Code Compliance					
Personal services and benefits	233,000	233,000	232,584	416	212,265
Purchased and contracted services	33,000	35,100	23,002	12,098	39,452
Supplies	24,000	21,900	11,348	10,552	18,069
Total	290,000	290,000	266,934	23,066	269,786
Special Projects					
Other	352,500	1,952,500	1,952,500	-	427,500
Total	352,500	1,952,500	1,952,500	-	427,500
Total Housing and Development	642,500	2,242,500	2,219,434	23,066	697,286
Total expenditures	$ 44,492,000	$ 45,799,000	$ 44,461,612	$ 1,337,388	$ 42,474,768

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Police Department:					
Administration					
Personal services and benefits	$ 998,000	$ 998,000	$ 984,745	13,255	$ 842,340
Purchased and contracted services	567,000	473,600	420,962	52,638	462,794
Supplies	17,000	14,400	8,710	5,690	9,707
Other costs	-	5,400	5,322	78	-
Total	1,582,000	1,491,400	1,419,739	71,661	1,314,841
Patrol					
Personal services and benefits	6,541,500	6,307,800	6,050,749	257,051	5,389,359
Purchased and contracted services	305,000	314,400	298,327	16,073	265,265
Supplies	299,000	285,200	229,944	55,256	257,207
Total	7,145,500	6,907,400	6,579,020	328,380	5,911,831
Criminal Investigation Division					
Personal services and benefits	2,089,000	2,089,000	2,047,671	41,329	1,862,566
Purchased and contracted services	80,000	82,500	65,240	17,260	56,420
Supplies	52,000	52,000	38,454	13,546	36,121
Total	2,221,000	2,223,500	2,151,365	72,135	1,955,107
Support Services					
Personal services and benefits	1,241,500	1,281,500	1,272,673	8,827	1,025,692
Purchased and contracted services	131,000	159,900	154,895	5,005	99,768
Supplies	149,000	153,600	140,694	12,906	106,099
Total	1,521,500	1,595,000	1,568,262	26,738	1,231,559
Custody of Prisoners					
Purchased and contracted services	95,000	183,700	183,660	40	108,251
Total	95,000	183,700	183,660	40	108,251
Total Police Department	$ 12,565,000	$ 12,401,000	$ 11,902,046	$ 498,954	$ 10,521,589

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Public Works Department:					
Administration					
Personal services and benefits	$ 691,000	$ 650,500	$ 640,926	$ 9,574	$ 574,396
Purchased and contracted services	241,000	200,750	169,623	31,127	248,012
Supplies	132,000	128,831	106,919	21,912	99,398
Total	1,064,000	980,081	917,468	62,613	921,806
Roads and Walkways					
Personal services and benefits	620,000	606,700	602,265	4,435	618,047
Purchased and contracted services	11,000	6,116	6,116	-	9,278
Supplies	284,000	215,178	208,996	6,182	275,197
Capital outlay	-	22,200	22,128	72	-
Total	915,000	850,194	839,505	10,689	902,522
Solid Waste Collections					
Personal services and benefits	2,046,000	2,062,300	2,060,968	1,332	1,887,784
Purchased and contracted services	332,000	293,500	293,316	184	340,265
Supplies	76,000	65,200	64,050	1,150	55,689
Total	2,454,000	2,421,000	2,418,334	2,666	2,283,738
Shop and Maintenance					
Personal services and benefits	690,000	690,000	660,319	29,681	632,489
Purchased and contracted services	180,000	175,000	173,840	1,160	190,786
Supplies	823,000	916,725	873,233	43,492	805,234
Total	1,693,000	1,781,725	1,707,392	74,333	1,628,509
Traffic engineer					
Personal services and benefits	573,000	612,000	611,416	584	592,133
Purchased and contracted services	14,000	7,000	6,500	500	7,635
Supplies	108,000	90,000	88,380	1,620	119,812
Total	695,000	709,000	706,296	2,704	719,580
Right of Way Maintenance					
Personal services and benefits	816,000	817,000	813,820	3,180	747,258
Purchased and contracted services	201,000	201,800	179,299	22,501	172,024
Supplies	95,000	79,200	67,932	11,268	73,173
Capital outlay	17,000	17,000	15,200	1,800	13,900
Total	1,129,000	1,115,000	1,076,251	38,749	1,006,355

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Street Lighting					
Supplies	415,000	355,000	312,426	42,574	307,393
Total	415,000	355,000	312,426	42,574	307,393
Storm Drainage					
Personal services and benefits	393,000	405,000	403,753	1,247	348,098
Purchased and contracted services	113,000	101,000	97,009	3,991	92,663
Supplies	97,000	94,000	35,890	58,110	76,022
Total	603,000	600,000	536,652	63,348	516,783
Other					
Purchased and contracted services	8,000	162,000	114,233	47,767	69,327
Capital outlay	-	43,000	25,000	18,000	267,914
Total	8,000	205,000	139,233	65,767	337,241
Total Public Works Department	$ 8,976,000	$ 9,017,000	$ 8,653,557	$ 363,443	$ 8,623,927

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Recreation Department:					
Administration					
Personal services and benefits	$ 1,299,800	$ 1,278,900	$ 1,269,826	$ 9,074	$ 1,010,874
Purchased and contracted services	157,000	120,336	116,831	3,505	152,934
Supplies	17,000	20,055	16,546	3,509	38,453
Other costs	-	(8,000)	(7,850)	(150)	(140)
Total	1,473,800	1,411,291	1,395,353	15,938	1,202,121
Programs					
Personal services and benefits	179,000	181,924	181,789	135	163,307
Purchased and contracted services	112,000	160,035	160,035	-	132,722
Supplies	183,000	177,031	176,896	135	186,720
Total	474,000	518,990	518,720	270	482,749
Parks					
Personal services and benefits	1,425,000	1,429,500	1,429,141	359	1,330,901
Purchased and contracted services	330,000	297,980	295,831	2,149	295,607
Supplies	528,000	551,539	548,840	2,699	478,812
Capital outlay	15,000	51,800	51,500	300	28,695
Total	2,298,000	2,330,819	2,325,312	5,507	2,134,015
Concessions					
Personal services and benefits	19,000	10,480	10,190	290	11,831
Purchased and contracted services	5,000	3,600	3,515	85	3,457
Supplies	27,000	13,317	13,030	287	16,122
Total	51,000	27,397	26,735	662	31,410
Facilities					
Personal services and benefits	185,200	195,810	195,225	585	177,949
Purchased and contracted services	-	13,000	13,000	-	-
Supplies	70,000	48,850	47,568	1,282	42,798
Total	255,200	257,660	255,793	1,867	220,747
Special Activities					
Personal services and benefits	59,000	73,600	72,908	692	71,687
Purchased and contracted services	37,000	38,200	37,621	579	30,801
Supplies	35,000	40,043	39,798	245	39,061
Total	131,000	151,843	150,327	1,516	141,549
Total Recreation Department	$ 4,683,000	$ 4,698,000	$ 4,672,240	$ 25,760	$ 4,212,591

NONMAJOR SPECIAL REVENUE FUNDS

Hotel/Motel Tax Fund – Established to account for the collection of excise tax on charges for hotel/motel accommodations in the City. The rate imposed is 7%. The levy is used to promote tourism, events, and other related purposes.

Confiscated Assets Fund – Established to account for the City's share of forfeited revenues that are restricted for law enforcement purposes.

Community Development Block Grant Fund – Established to account for grant proceeds from the Department of Housing and Urban Development for the operations of the City's community development program. The program is used to develop viable urban communities by providing a suitable living environment and expanding economic opportunities, principally for low to moderate income areas.

Airport Improvement Grant Fund – Established to account for grant proceeds from the Georgia Department of Transportation for improvements at the Dalton Municipal Airport.

ARPA Grant Fund – Established to account for grant proceeds from the Department of the Treasury for the American Rescue Plan Act.

Other Grants Fund – Established to account for miscellaneous grant proceeds.

Tax Allocation District #1, #3, and #4 Funds – Established to account for property tax collections derived from the City tax allocation districts for the purpose of stimulating private redevelopment within specified areas in downtown Dalton, on West Walnut Avenue, and on the North Bypass.

Economic Development Fund – Established to account for payments in lieu of taxes derived from agreements between businesses and the Dalton-Whitfield Joint Development Authority, with the proceeds restricted for economic development.

Opioid Settlement Fund – Established to account for proceeds from settlements from various companies for their roles in the opioid epidemic. Proceeds are restricted for opioid remediation efforts.

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2025

	Hotel/ Motel Tax	Confiscated Assets	Community Development Block Grant	Airport Improvement Grant	ARPA Grant	Other Grants	Tax Allocation Districts #1, #3, and #4	Economic Development	Opioid Settlement	Total Nonmajor Special Revenue Funds
Assets										
Cash and cash equivalents	$ -	$ 425,683	$ 1	$ -	$ -	$ -	$ 7,986	$ 168,376	$ 215,195	$ 817,241
Receivables:										
Accounts	135,833	-	-	-	-	-	3,493	-	728,319	867,645
Taxes	-	-	-	-	-	-	396,771	-	-	396,771
Intergovernmental - federal	-	-	30,437	158,747	-	62,095	-	-	-	251,279
Intergovernmental - state	-	-	-	1,814,999	-	-	-	-	-	1,814,999
Intergovernmental - local	-	-	-	-	-	-	1,255,465	108,178	-	1,363,643
Interfund	-	-	-	73,456	-	-	183,001	-	-	256,457
Total Assets	$ 135,833	$ 425,683	$ 30,438	$ 2,047,202	$ -	$ 62,095	$ 1,846,716	$ 276,554	$ 943,514	$ 5,768,035
Liabilities										
Accounts payable	$ 27,330	$ 1,706	$ 16,352	$ 2,047,202	$ -	8,561	$ 349,226	$ -	$ -	2,450,377
Accrued expenditures	-	-	-	-	-	1,192	-	-	-	1,192
Interfund payable	108,503	1,753	14,085	-	-	52,342	-	-	-	176,683
Unearned revenue	-	-	-	-	-	-	-	-	728,319	728,319
Total Liabilities	135,833	3,459	30,437	2,047,202	-	62,095	349,226	-	728,319	3,356,571
Deferred Inflows of Resources										
Unavailable revenue - property taxes	-	-	-	-	-	-	346,018	-	-	346,018
Fund Balances										
Restricted for:										
Economic development	-	-	-	-	-	-	1,151,472	276,554	-	1,428,026
Public safety	-	422,224	-	-	-	-	-	-	-	422,224
Health and welfare	-	-	-	-	-	-	-	-	215,195	215,195
Housing and development	-	-	1	-	-	-	-	-	-	1
Total Fund Balances	-	422,224	1	-	-	-	1,151,472	276,554	215,195	2,065,446
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 135,833	$ 425,683	$ 30,438	$ 2,047,202	$ -	$ 62,095	$ 1,846,716	$ 276,554	$ 943,514	$ 5,768,035

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2025

	Hotel/ Motel Tax	Confiscated Assets	Community Development Block Grant	Airport Improvement Grant	ARPA Grant	Other Grants	Tax Allocation Districts #1, #3, and #4	Economic Development	Opioid Settlement	Total Nonmajor Special Revenue Funds
Revenues										
Real and personal property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,482,572	$ -	$ -	$ 1,482,572
Hotel/motel taxes	2,131,418	-	-	-	-	-	-	-	-	2,131,418
Payments in lieu of taxes	-	-	-	-	-	-	-	108,273	-	108,273
Intergovernmental - federal	-	-	230,250	248,163	105,564	78,493	-	-	-	662,470
Intergovernmental - state	-	-	-	4,065,929	-	-	-	-	-	4,065,929
Administrative fees	-	-	-	-	-	-	3,492	-	-	3,492
Fines and forfeitures	-	203,147	-	-	-	-	-	-	60,092	263,239
Investment earnings	-	13,053	-	-	-	-	-	-	-	13,053
Total Revenues	2,131,418	216,200	230,250	4,314,092	105,564	78,493	1,486,064	108,273	60,092	8,730,446
Expenditures										
Current:										
General government	-	-	80,772	-	-	-	352,718	-	-	433,490
Public safety	-	86,115	-	-	-	-	-	-	-	86,115
Health and welfare	-	-	20,044	-	-	-	-	-	37,396	57,440
Culture and recreation	534,751	-	-	-	-	86,342	-	-	-	621,093
Housing and development	-	-	129,434	-	-	-	-	-	-	129,434
Total Current	534,751	86,115	230,250	-	-	86,342	352,718	-	37,396	1,327,572
Capital Outlay:										
General government	-	-	-	5,621,761	-	-	-	-	-	5,621,761
Public works	-	-	-	-	4,678,797	-	-	-	-	4,678,797
Culture and recreation	-	-	-	-	841,457	-	-	-	-	841,457
Total Capital Outlay	-	-	-	5,621,761	5,520,254	-	-	-	-	11,142,015
Total Expenditures	534,751	86,115	230,250	5,621,761	5,520,254	86,342	352,718	-	37,396	12,469,587
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,596,667	130,085	-	(1,307,669)	(5,414,690)	(7,849)	1,133,346	108,273	22,696	(3,739,141)

(continued)

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2025

	Hotel/ Motel Tax	Confiscated Assets	Community Development Block Grant	Airport Improvement Grant	ARPA Grant	Other Grants	Tax Allocation Districts #1, #3, and #4	Economic Development	Opioid Settlement	Total Nonmajor Special Revenue Funds
Other Financing Sources (Uses)										
Proceeds from sale of assets	$ -	$ 5,908	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,908
Transfers in	-	-	-	978,808	209,377	7,849	-	-	-	1,196,034
Transfers out	(1,596,667)	-	-	-	-	-	-	-	-	(1,596,667)
Total Other Financing Sources (Uses)	(1,596,667)	5,908	-	978,808	209,377	7,849	-	-	-	(394,725)
Net Change in Fund Balances	-	135,993	-	(328,861)	(5,205,313)	-	1,133,346	108,273	22,696	(4,133,866)
Fund Balances Beginning of Year	-	286,231	1	328,861	5,205,313	-	18,126	168,281	192,499	6,199,312
Fund Balances End of Year	$ -	$ 422,224	$ 1	$ -	$ -	$ -	$ 1,151,472	$ 276,554	$ 215,195	$ 2,065,446

City of Dalton, Georgia
Comparative Balance Sheet
Hotel/Motel Tax Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Receivables:		
Accounts	$ 135,833	$ 152,413
Total Assets	$ 135,833	$ 152,413
Liabilities		
Accounts payable	$ 27,330	$ 50,508
Interfund payable	108,503	101,905
Total Liabilities	$ 135,833	$ 152,413

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Hotel/Motel Tax Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Hotel/motel taxes	$ 1,975,000	$ 2,128,000	$ 2,129,400	$ 1,400	$ 2,102,098
Penalties, fines, and interest	5,000	4,000	2,018	(1,982)	1,513
Total Revenues	1,980,000	2,132,000	2,131,418	(582)	2,103,611
Expenditures					
Current:					
Culture and recreation:					
Purchased and contracted services	24,000	22,680	22,680	-	24,000
Supplies	3,000	-	-	-	-
Other costs	487,655	512,320	512,071	249	674,603
Total Expenditures	514,655	535,000	534,751	249	698,603
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,465,345	1,597,000	1,596,667	(333)	1,405,008
Other Financing Sources (Uses)					
Transfers out	(1,465,345)	(1,597,000)	(1,596,667)	333	(1,405,008)
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

City of Dalton, Georgia
Comparative Balance Sheet
Confiscated Assets Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 425,683	$ 287,888
Receivables:		
Accounts	-	5
Total Assets	$ 425,683	$ 287,893
Liabilities		
Accounts payable	$ 1,706	$ 1,662
Interfund payable	1,753	-
Total Liabilities	3,459	1,662
Fund Balances		
Restricted - public safety	422,224	286,231
Total Fund Balances	422,224	286,231
Total Liabilities and Fund Balances	$ 425,683	$ 287,893

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Confiscated Assets Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ -	$ -	$ -	$ -	$ 8,263
Fines and forfeitures	50,000	200,000	203,147	3,147	22,901
Investment earnings	1,000	11,000	13,053	2,053	7,232
Total Revenues	51,000	211,000	216,200	5,200	38,396
Expenditures					
Current:					
Public Safety:					
Purchased and contracted services	61,500	87,500	82,987	4,513	47,536
Supplies	30,500	4,500	3,128	1,372	92
Total Expenditures	92,000	92,000	86,115	5,885	47,628
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,000)	119,000	130,085	11,085	(9,232)
Other Financing Sources (Uses)					
Proceeds from sale of assets	15,000	5,000	5,908	908	33,165
Net Change in Fund Balances	$ (26,000)	$ 124,000	135,993	$ 11,993	23,933
Fund Balances Beginning of Year			286,231		262,298
Fund Balances End of Year			$ 422,224		$ 286,231

City of Dalton, Georgia
Comparative Balance Sheet
Community Development Block Grant Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 1	$ 1
Receivables:		
Intergovernmental - federal	30,437	48,505
Total Assets	$ 30,438	$ 48,506
Liabilities		
Accounts payable	$ 16,352	$ 36,795
Interfund payable	14,085	11,710
Total Liabilities	30,437	48,505
Fund Balances		
Restricted - housing and development	1	1
Total Fund Balances	1	1
Total Liabilities and Fund Balances	$ 30,438	$ 48,506

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CDBG Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 380,000	$ 718,754	$ 230,250	$ (488,504)	$ 410,503
Total Revenues	380,000	718,754	230,250	(488,504)	410,503
Expenditures					
Current:					
General Government:					
Purchased and contracted services	76,000	208,223	80,772	127,451	79,527
Health and Welfare:					
Other costs	50,000	45,431	20,044	25,387	180,976
Housing and Development:					
Other costs	254,000	465,100	129,434	335,666	150,000
Total Expenditures	380,000	718,754	230,250	488,504	410,503
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			1		1
Fund Balances End of Year			$ 1		$ 1

City of Dalton, Georgia
Comparative Balance Sheet
Airport Improvement Grant Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Cash	$ -	$ 328,861
Receivables:		
Intergovernmental - federal	158,747	2,364,301
Intergovernmental - state	1,814,999	903,330
Interfund	73,456	-
Total Assets	$ 2,047,202	$ 3,596,492
Liabilities		
Accounts payable	$ 2,047,202	$ 416,860
Interfund payable	-	2,850,771
Total Liabilities	2,047,202	3,267,631
Fund Balances		
Restricted - general government	-	328,861
Total Liabilities and Fund Balances	$ 2,047,202	$ 3,596,492

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Airport Improvement Grant Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ -	$ 1,089,544	$ 248,163	$ (841,381)	$ 2,522,866
Intergovernmental - state	-	5,571,995	4,065,929	(1,506,066)	926,694
Total Revenues	-	6,661,539	4,314,092	(2,347,447)	3,449,560
Expenditures					
Capital Outlay:					
General government:					
Capital outlay	-	7,640,539	5,621,761	2,018,778	4,310,670
Total Expenditures	-	7,640,539	5,621,761	2,018,778	4,310,670
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(979,000)	(1,307,669)	(328,669)	(861,110)
Other Financing Sources (Uses)					
Transfers in	-	979,000	978,808	(192)	1,189,971
Total Other Financing Sources (Uses)	-	979,000	978,808	(192)	1,189,971
Net Change in Fund Balances	$ -	$ -	(328,861)	$ (328,861)	328,861
Fund Balances Beginning of Year			328,861		-
Fund Balances End of Year			$ -		$ 328,861

City of Dalton, Georgia
Comparative Balance Sheet
ARPA Grant Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ -	$ 6,221,572
Receivables:		
Intergovernmental - federal	-	3,222,070
Total Assets	$ -	$ 9,443,642
Liabilities		
Accounts payable	$ -	$ 1,016,259
Interfund payable	-	3,222,070
Total Liabilities	-	4,238,329
Fund Balances		
Restricted - public works	-	5,205,313
Total Liabilities and Fund Balances	$ -	$ 9,443,642

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - ARPA Grant Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 105,586	$ 105,586	$ 105,564	$ (22)	$ 4,293,914
Total Revenues	105,586	105,586	105,564	(22)	4,293,914
Expenditures					
Capital Outlay:					
Public works:					
Capital outlay	4,458,917	4,679,917	4,678,797	1,120	4,081,083
Culture and recreation:					
Capital outlay	851,982	851,982	841,457	10,525	2,403,018
Total Expenditures	5,310,899	5,531,899	5,520,254	11,645	6,484,101
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,205,313)	(5,426,313)	(5,414,690)	11,623	(2,190,187)
Other Financing Sources (Uses)					
Transfers in	-	221,000	209,377	(11,623)	7,395,500
Total Other Financing Sources (Uses)	-	221,000	209,377	(11,623)	7,395,500
Net Change in Fund Balances	$ (5,205,313)	$ (5,205,313)	(5,205,313)	$ -	5,205,313
Fund Balances Beginning of Year			5,205,313		-
Fund Balances End of Year			$ -		$ 5,205,313

City of Dalton, Georgia
Comparative Balance Sheet
Other Grants Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Receivables:		
Intergovernmental - federal	$ 62,095	$ 1,400
Total Assets	$ 62,095	$ 1,400
Liabilities		
Accounts payable	$ 8,561	$ -
Accrued expenditures	1,192	-
Interfund payable	52,342	1,400
Total Liabilities	$ 62,095	$ 1,400

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Other Grants Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ -	$ 94,000	$ 78,493	$ (15,507)	$ 1,400
Total Revenues	-	94,000	78,493	(15,507)	1,400
Expenditures					
Current:					
Culture and recreation:					
Personal services and benefits	-	46,500	36,071	10,429	-
Purchased and contracted services	-	12,500	7,940	4,560	-
Supplies	-	26,000	22,106	3,894	-
Other costs	-	29,000	20,225	8,775	-
Capital Outlay:					
Culture and recreation:					
Capital outlay	-	-	-	-	1,540
Total Expenditures	-	114,000	86,342	27,658	1,540
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(20,000)	(7,849)	12,151	(140)
Other Financing Sources (Uses)					
Transfers in	-	20,000	7,849	(12,151)	140
Total Other Financing Sources (Uses)	-	20,000	7,849	(12,151)	140
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

City of Dalton, Georgia
Comparative Balance Sheet
Tax Allocation Districts #1, #3, and #4
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 7,986	$ 6,380
Receivables:		
Accounts	3,493	-
Taxes	396,771	12,331
Intergovernmental - local	1,255,465	-
Interfund	183,001	269
Total Assets	$ 1,846,716	$ 18,980
Liabilities		
Accounts payable	$ 349,226	$ -
Total Liabilities	349,226	-
Deferred Inflows of Resources		
Unavailable revenue - property taxes	346,018	854
Total Deferred Inflows of Resources	346,018	854
Fund Balances		
Restricted - economic development	1,151,472	18,126
Total Fund Balances	1,151,472	18,126
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,846,716	$ 18,980

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Tax Allocation Districts #1, #3, and #4
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Real and personal property taxes	$ -	$ 1,458,800	$ 1,482,572	$ 23,772	$ 11,746
Administrative fees	-	4,200	3,492	(708)	-
Total Revenues	-	1,463,000	1,486,064	23,064	11,746
Expenditures					
Current:					
General Government:					
Other costs	-	355,000	352,718	2,282	-
Total Expenditures	-	355,000	352,718	2,282	-
Net Change in Fund Balances	$ -	$ 1,108,000	1,133,346	$ 25,346	11,746
Fund Balances Beginning of Year			18,126		6,380
Fund Balances End of Year			$ 1,151,472		$ 18,126

City of Dalton, Georgia
Comparative Balance Sheet
Economic Development Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 168,376	$ 76,932
Receivables:		
Intergovernmental - local	108,178	91,349
Total Assets	$ 276,554	$ 168,281
Fund Balances		
Restricted - economic development	$ 276,554	$ 168,281
Total Fund Balances	$ 276,554	$ 168,281

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Economic Development Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Payments in lieu of taxes	$ 53,000	$ 53,000	$ 108,273	$ 55,273	$ 91,349
Total Revenues	53,000	53,000	108,273	55,273	91,349
Expenditures					
Current:					
Economic Development:					
Other costs	53,000	53,000	-	53,000	3,276
Total Expenditures	53,000	53,000	-	53,000	3,276
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	108,273	108,273	88,073
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	(2,000,000)
Net Change in Fund Balances	$ -	$ -	108,273	$ 108,273	(1,911,927)
Fund Balances Beginning of Year			168,281		2,080,208
Fund Balances End of Year			$ 276,554		$ 168,281

City of Dalton, Georgia
Comparative Balance Sheet
Opioid Settlement
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 215,195	$ 192,499
Receivables:		
Accounts	728,319	739,160
Total Assets	$ 943,514	$ 931,659
Liabilities and Fund Balances		
Liabilities		
Unearned revenue	$ 728,319	$ 739,160
Total Liabilities	728,319	739,160
Fund Balances		
Restricted - health and welfare	215,195	192,499
Total Fund Balances	215,195	192,499
Total Liabilities and Fund Balances	$ 943,514	$ 931,659

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Opioid Settlement
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Fines and forfeitures	$ 50,000	$ 50,000	$ 60,092	$ 10,092	$ 158,388
Total Revenues	50,000	50,000	60,092	10,092	158,388
Expenditures					
Current:					
Health and Welfare					
Purchased and contracted services	-	-	-	-	24,074
Supplies	50,000	50,000	37,396	12,604	37,792
Capital Outlay:					
Health and Welfare					
Capital outlay	-	-	-	-	29,950
Total Expenditures	50,000	50,000	37,396	12,604	91,816
Net Change in Fund Balances	$ -	$ -	22,696	$ 22,696	66,572
Fund Balances Beginning of Year			192,499		125,927
Fund Balances End of Year			$ 215,195		$ 192,499

NONMAJOR DEBT SERVICE FUND

City of Dalton, Georgia
Comparative Balance Sheet
Debt Service Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ -	$ 5,394
Total Assets	$ -	$ 5,394
Fund Balances		
Restricted - debt service	$ -	$ 5,394
Total Fund Balances	$ -	$ 5,394

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Investment earnings	$ 1,000	$ 1,000	$ 370	$ (630)	$ 1,580
Total Revenues	1,000	1,000	370	(630)	1,580
Expenditures					
Debt Service:					
Principal retirement	695,000	695,000	695,000	-	660,000
Interest and fiscal charges	494,000	494,000	492,675	1,325	526,550
Total Expenditures	1,189,000	1,189,000	1,187,675	1,325	1,186,550
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,188,000)	(1,188,000)	(1,187,305)	695	(1,184,970)
Other Financing Sources (Uses)					
Transfers in	1,188,000	1,188,000	1,181,911	(6,089)	1,186,550
Total Other Financing Sources (Uses)	1,188,000	1,188,000	1,181,911	(6,089)	1,186,550
Net Change in Fund Balances	$ -	$ -	(5,394)	$ (5,394)	1,580
Fund Balances Beginning of Year			5,394		3,814
Fund Balances End of Year			$ -		$ 5,394

NONMAJOR CAPITAL PROJECTS FUNDS

Bonded Capital Projects Fund – Established to account for 2021 debt proceeds and related current and capital expenditure of those proceeds.

2024 SPLOST Capital Projects Fund – Established to account for all 2024 SPLOST proceeds and related current and capital expenditure of those proceeds.

2020 SPLOST Capital Projects Fund – Established to account for all 2020 SPLOST proceeds and related current and capital expenditure of those proceeds.

2015 SPLOST Capital Projects Fund – Established to account for a portion of 2015 SPLOST proceeds and related current and capital expenditure of those proceeds. The Building Authority issued debt during 2015 to prefund certain City and county-wide SPLOST projects, and the proceeds and related projects will be accounted for and reported in this fund.

Capital Acquisition Fund – Established to account for other capital asset activity. The activity in this fund is primarily related to the purchase of machinery, equipment, vehicles, and furniture and fixtures.

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2025

	Bonded Capital Projects Fund	SPLOST 2024 Capital Projects Fund	SPLOST 2020 Capital Projects Fund	SPLOST 2015 Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Assets						
Cash and cash equivalents	$ -	$ 6,509,078	$ 9,155,690	$ 945,159	$ 1,662,223	$ 18,272,150
Restricted cash	-	516,905	-	-	-	516,905
Receivables:						
Accounts	3,797,475	-	18,030	1,145,561	65,000	5,026,066
Intergovernmental - local	-	1,600,712	-	-	-	1,600,712
Interfund	-	-	-	-	80,000	80,000
Total Assets	$ 3,797,475	$ 8,626,695	$ 9,173,720	$ 2,090,720	$ 1,807,223	$ 25,495,833
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 423,425	$ 226,187	$ 1,088,282	$ 2,075	$ 70,552	$ 1,810,521
Total Liabilities	423,425	226,187	1,088,282	2,075	70,552	1,810,521
Fund Balances						
Restricted for:						
Capital projects	3,374,050	8,400,508	8,085,438	2,088,645	1,736,671	23,685,312
Total Fund Balances	3,374,050	8,400,508	8,085,438	2,088,645	1,736,671	23,685,312
Total Liabilities and Fund Balances	$ 3,797,475	$ 8,626,695	$ 9,173,720	$ 2,090,720	$ 1,807,223	$ 25,495,833

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2025

	Bonded Capital Projects Fund	SPLOST 2024 Capital Projects Fund	SPLOST 2020 Capital Projects Fund	SPLOST 2015 Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Revenues						
Intergovernmental - local	$ -	$ 8,982,950	$ -	$ -	$ -	$ 8,982,950
Investment earnings	315,511	139,449	599,924	39,933	120,570	1,215,387
Miscellaneous	-	-	-	-	154,958	154,958
Total Revenues	315,511	9,122,399	599,924	39,933	275,528	10,353,295
Expenditures						
Current:						
General government	-	-	-	-	111,568	111,568
Public works	-	-	-	-	1,590	1,590
Culture and recreation	-	-	-	-	22,956	22,956
Total Current	-	-	-	-	136,114	136,114
Capital Outlay:						
General government	-	-	-	-	1,665,280	1,665,280
Judicial	-	-	-	-	6,092	6,092
Public safety	-	1,876,586	3,676,365	-	569,977	6,122,928
Public works	2,790,452	803,738	646,539	162,733	163,485	4,566,947
Culture and recreation	1,522,824	230,060	7,848,261	-	247,812	9,848,957
Health and welfare	-	-	44,760	-	-	44,760
Total Capital Outlay	4,313,276	2,910,384	12,215,925	162,733	2,652,646	22,254,964
Total Expenditures	4,313,276	2,910,384	12,215,925	162,733	2,788,760	22,391,078
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,997,765)	6,212,015	(11,616,001)	(122,800)	(2,513,232)	(12,037,783)

(continued)

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2025

	Bonded Capital Projects Fund	SPLOST 2024 Capital Projects Fund	SPLOST 2020 Capital Projects Fund	SPLOST 2015 Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Other Financing Sources (Uses)						
Proceeds from sale of assets	$ -	$ -	$ -	$ -	$ 50,548	$ 50,548
Transfers in	-	969,000	-	-	525,000	1,494,000
Total Other Financing Sources (Uses)	-	969,000	-	-	575,548	1,544,548
Net Change in Fund Balances	(3,997,765)	7,181,015	(11,616,001)	(122,800)	(1,937,684)	(10,493,235)
Fund Balances Beginning of Year	7,371,815	1,219,493	19,701,439	2,211,445	3,674,355	34,178,547
Fund Balances End of Year	$ 3,374,050	$ 8,400,508	$ 8,085,438	$ 2,088,645	$ 1,736,671	$ 23,685,312

City of Dalton, Georgia
Comparative Balance Sheet
Bonded Capital Projects Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Receivables:		
Accounts	$ 3,797,475	$ 8,038,374
Total Assets	$ 3,797,475	$ 8,038,374
Liabilities		
Accounts payable	$ 423,425	$ 666,559
Total Liabilities	423,425	666,559
Fund Balances		
Restricted - capital projects	3,374,050	7,371,815
Total Fund Balances	3,374,050	7,371,815
Total Liabilities and Fund Balances	$ 3,797,475	$ 8,038,374

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -
Bonded Capital Projects Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025	2024	Project to Date			
	Actual	Actual	Original Budget	Final Budget	Actual	Remaining Budget
Revenues						
Investment earnings	$ 315,511	$ 324,468	$ -	$ 1,165,551	$ 1,140,624	$ 24,927
Total Revenues	315,511	324,468	-	1,165,551	1,140,624	24,927
Expenditures						
Current:						
General government:						
Administrative fees	-	-	-	10	10	-
Public Works:						
Stormwater projects	-	-	-	3,382	3,382	-
Culture and Recreation:						
Aquatic Center	-	-	-	399,820	399,820	-
Total Current	-	-	-	403,212	403,212	-
Capital Outlay:						
Public Works:						
Market Street Project	-	-	8,000,000	621,316	621,316	-
Stormwater projects	2,790,452	3,920,170	4,750,000	9,117,129	7,650,779	1,466,350
Culture and Recreation:						
Aquatic Center	-	-	4,020,305	83,395	83,395	-
Greenway connectivity	-	14,554	-	74,908	74,908	-
Park projects	1,522,824	161,413	-	3,616,864	1,684,237	1,932,627
Total Capital Outlay	4,313,276	4,096,137	16,770,305	13,513,612	10,114,635	3,398,977
Debt Service:						
Revenue bond issuance costs	-	-	270,107	270,107	270,107	-
Total Debt Service	-	-	270,107	270,107	270,107	-
Total Expenditures	4,313,276	4,096,137	17,040,412	14,186,931	10,787,954	3,398,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,997,765)	(3,771,669)	(17,040,412)	(13,021,380)	(9,647,330)	(3,374,050)
Other Financing Sources (Uses)						
Revenue bonds issued	-	-	15,635,000	15,635,000	15,635,000	-
Premium on revenue bonds	-	-	1,405,412	1,405,412	1,405,412	-
Transfers in	-	-	-	8,871,157	8,871,157	-
Transfers out	-	(3,666,787)	-	(12,890,189)	(12,890,189)	-
Total Other Financing Sources (Uses)	-	(3,666,787)	17,040,412	13,021,380	13,021,380	-
Net Change in Fund Balances	(3,997,765)	(7,438,456)	$ -	$ -	$ 3,374,050	$ (3,374,050)
Fund Balances Beginning of Year	7,371,815	14,810,271				
Fund Balances End of Year	$ 3,374,050	$ 7,371,815				

Note: This capital projects fund is project based, and therefore the budget presented above represents anticipated expenditures over multiple years.

City of Dalton, Georgia
Comparative Balance Sheet
SPLOST 2024 Capital Projects Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 6,509,078	$ 40
Restricted cash	516,905	-
Receivables:		
Intergovernmental - local	1,600,712	1,219,503
Total Assets	$ 8,626,695	$ 1,219,543
Liabilities		
Accounts payable	$ 226,187	$ -
Interfund payable	-	50
Total Liabilities	226,187	50
Fund Balances		
Restricted - capital projects	8,400,508	1,219,493
Total Fund Balances	8,400,508	1,219,493
Total Liabilities and Fund Balances	$ 8,626,695	$ 1,219,543

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -
SPLOST 2024 Capital Projects Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025	2024	Project to Date			
	Actual	Actual	Original Budget	Final Budget	Actual	Remaining Budget
Revenues						
Intergovernmental - local	$ 8,982,950	$ 1,219,493	$ 26,815,050	$ 26,815,050	$ 10,202,443	$ 16,612,607
Investment earnings	139,449	-	-	139,449	139,449	-
Total Revenues	9,122,399	1,219,493	26,815,050	26,954,499	10,341,892	16,612,607
Expenditures						
Capital Outlay:						
Public Safety:						
Fire Department vehicles	-	-	2,600,000	2,600,000	-	2,600,000
Police Department vehicles	527,561	-	2,200,000	2,200,000	527,561	1,672,439
Police Department equipment	1,349,025	-	1,500,000	1,500,000	1,349,025	150,975
Public Works:						
Roads, streets, & bridges	803,738	-	14,515,050	15,623,499	803,738	14,819,761
Culture and Recreation:						
Mill Line Extension	192,670	-	3,000,000	3,000,000	192,670	2,807,330
Heritage Point Park	37,390	-	3,000,000	3,000,000	37,390	2,962,610
Total Capital Outlay	2,910,384	-	26,815,050	27,923,499	2,910,384	25,013,115
Total Expenditures	2,910,384	-	26,815,050	27,923,499	2,910,384	25,013,115
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,212,015	1,219,493	-	(969,000)	7,431,508	(8,400,508)
Other Financing Sources (Uses)						
Transfers in	969,000	-	-	969,000	969,000	-
Total Other Financing Sources (Uses)	969,000	-	-	969,000	969,000	-
Net Change in Fund Balances	7,181,015	1,219,493	$ -	$ -	$ 8,400,508	$ (8,400,508)
Fund Balances Beginning of Year	1,219,493	-				
Fund Balances End of Year	$ 8,400,508	$ 1,219,493				

Note: This capital projects fund is project based, and therefore the budget presented above represents anticipated expenditures over multiple years.

City of Dalton, Georgia
Comparative Balance Sheet
SPLOST 2020 Capital Projects Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 9,155,690	$ 17,157,678
Restricted cash	-	3,754,621
Receivables:		
Accounts	18,030	19,858
Total Assets	$ 9,173,720	$ 20,932,157
Liabilities		
Accounts payable	$ 1,088,282	$ 1,227,233
Interfund payable	-	3,485
Total Liabilities	1,088,282	1,230,718
Fund Balances		
Restricted - capital projects	8,085,438	19,701,439
Total Fund Balances	8,085,438	19,701,439
Total Liabilities and Fund Balances	$ 9,173,720	$ 20,932,157

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -
SPLOST 2020 Capital Projects Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025	2024	Project to Date			
	Actual	Actual	Original Budget	Final Budget	Actual	Remaining Budget
Revenues						
Intergovernmental - local	$ -	$ 4,221,983	$ 19,099,000	$ 30,178,930	$ 30,178,930	$ -
Investment earnings	599,924	440,371	-	1,312,474	1,312,398	76
Total Revenues	599,924	4,662,354	19,099,000	31,491,404	31,491,328	76
Expenditures						
Current:						
Public Safety:						
Fire Department equipment	-	-	-	73,944	73,944	-
Public Works:						
Heavy equipment	-	-	-	6,188	6,188	-
Culture and Recreation:						
John Davis Recreation Center	-	-	-	62,112	62,112	-
Heritage Point Park	-	-	-	21,557	21,557	-
Total Current	-	-	-	163,801	163,801	-
Capital Outlay:						
Public Safety:						
Fire Department vehicles	1,485,249	58,072	2,612,000	4,138,056	3,965,599	172,457
Police Department vehicles	7,176	103,213	735,000	735,000	735,000	-
Police Department building	2,183,940	1,741,964	1,621,000	4,172,008	3,925,904	246,104
Public Works:						
Heavy equipment	503,564	347,482	531,000	1,986,709	1,375,755	610,954
Roads, streets, & bridges	142,975	2,050,531	2,000,000	10,073,222	6,503,060	3,570,162
Culture and Recreation:						
John Davis Recreation Center	7,848,261	1,896,689	8,500,000	13,499,383	10,045,222	3,454,161
Heritage Point Park	-	-	2,675,000	6,458,574	6,458,574	-
Health and Welfare:						
Senior Center renovations	44,760	196,838	425,000	425,000	393,324	31,676
Total Capital Outlay	12,215,925	6,394,789	19,099,000	41,487,952	33,402,438	8,085,514
Total Expenditures	12,215,925	6,394,789	19,099,000	41,651,753	33,566,239	8,085,514
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,616,001)	(1,732,435)	-	(10,160,349)	(2,074,911)	(8,085,438)
Other Financing Sources (Uses)						
Transfers in	-	6,155,063	-	10,160,349	10,160,349	-
Net Change in Fund Balances	(11,616,001)	4,422,628	$ -	$ -	$ 8,085,438	$ (8,085,438)
Fund Balances Beginning of Year	19,701,439	15,278,811				
Fund Balances End of Year	$ 8,085,438	$ 19,701,439				

Note: This capital projects fund is project based, and therefore the budget presented above represents anticipated expenditures over multiple years.

City of Dalton, Georgia
Comparative Balance Sheet
SPLOST 2015 Capital Projects Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 945,159	$ 978,878
Receivables:		
Accounts	1,145,561	1,242,967
Total Assets	$ 2,090,720	$ 2,221,845
Liabilities		
Accounts payable	$ 2,075	$ 10,400
Total Liabilities	2,075	10,400
Fund Balances		
Restricted - capital projects	2,088,645	2,211,445
Total Fund Balances	2,088,645	2,211,445
Total Liabilities and Fund Balances	$ 2,090,720	$ 2,221,845

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - SPLOST 2015 Capital Projects Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025	2024	Project to Date			
	Actual	Actual	Original Budget	Final Budget	Actual	Remaining Budget
Revenues						
Intergovernmental - state	$ -	$ -	$ -	$ 1,977,041	$ 1,977,041	$ -
Intergovernmental - local	-	-	24,913,115	26,689,958	26,689,958	-
Investment earnings	39,933	32,373	-	567,295	567,228	67
Total Revenues	39,933	32,373	24,913,115	29,234,294	29,234,227	67
Expenditures						
Current:						
Public Safety:						
Other costs	-	-	-	447	447	-
Public Works:						
Bridge maintenance	-	-	-	142,052	142,052	-
Sidewalk construction	-	-	-	350	350	-
Drainage projects	-	-	-	978,972	978,972	-
Street resurfacing	-	-	5,000,000	6,925,875	6,925,875	-
Total Current	-	-	5,000,000	8,047,696	8,047,696	-
Capital Outlay:						
Public Safety:						
Police Department vehicles	-	-	1,123,957	1,123,509	1,123,509	-
Public Works:						
Bridge maintenance	65,450	166,625	1,000,000	1,862,221	1,639,058	223,163
Sidewalk construction	700	8,900	2,000,000	472,406	450,105	22,301
Guardrail project	-	-	-	28,360	28,360	-
Drainage projects	96,583	1,558,654	2,000,000	6,369,185	4,525,937	1,843,248
Culture and Recreation:						
Greenway project	-	384,060	-	2,903,684	2,903,684	-
Haig Mill recreation project	-	-	5,000,000	5,293,814	5,293,814	-
Total Capital Outlay	162,733	2,118,239	11,123,957	18,053,179	15,964,467	2,088,712
Debt Service:						
Principal retirement	-	-	8,505,956	8,504,958	8,504,958	-
Interest and fiscal charges	-	-	283,202	288,621	288,621	-
Total Debt Service	-	-	8,789,158	8,793,579	8,793,579	-
Total Expenditures	162,733	2,118,239	24,913,115	34,894,454	32,805,742	2,088,712
Excess (Deficiency) of Revenues Over (Under) Expenditures	(122,800)	(2,085,866)	-	(5,660,160)	(3,571,515)	(2,088,645)
Other Financing Sources (Uses)						
Transfers in	-	385,788	-	5,660,160	5,660,160	-
Total Other Financing Sources (Uses)	-	385,788	-	5,660,160	5,660,160	-
Net Change in Fund Balances	(122,800)	(1,700,078)	$ -	$ -	$ 2,088,645	$ (2,088,645)
Fund Balances Beginning of Year	2,211,445	3,911,523				
Fund Balances End of Year	$ 2,088,645	$ 2,211,445				

Note: This capital projects fund is project based, and therefore the budget presented above represents anticipated expenditures over multiple years.

City of Dalton, Georgia
Comparative Balance Sheet
Capital Acquisition Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 1,662,223	$ 4,024,661
Accounts receivable	65,000	-
Interfund receivable	80,000	-
Total Assets	$ 1,807,223	$ 4,024,661
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 70,552	$ 350,306
Total Liabilities	70,552	350,306
Fund Balances		
Restricted - capital projects	1,736,671	3,674,355
Total Fund Balances	1,736,671	3,674,355
Total Liabilities and Fund Balances	$ 1,807,223	$ 4,024,661

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Acquisition Fund
For the Year Ended December 31, 2025
(With Actual Amounts for the Year Ended December 31, 2024)

	2025				2024
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Investment earnings	$ 18,000	$ 117,400	$ 120,570	$ 3,170	$ 142,111
Miscellaneous	-	175,000	154,958	(20,042)	109,009
Total Revenues	18,000	292,400	275,528	(16,872)	251,120
Expenditures					
Current:					
General Government:					
Purchased and contracted services	5,000	104,902	101,669	3,233	17,836
Supplies	-	9,900	9,899	1	-
Public Works:					
Purchased and contracted services	-	1,600	1,590	10	-
Culture and Recreation:					
Purchased and contracted services	-	14,450	14,444	6	-
Supplies	-	8,510	8,512	(2)	-
Total Current	5,000	139,362	136,114	3,248	17,836
Capital Outlay:					
General Government:					
Facilities	-	1,873,996	1,378,489	495,507	292,558
Equipment and vehicles	-	286,791	286,791	-	125,354
Judicial:					
Equipment	-	6,092	6,092	-	-
Public Safety:					
Facility maintenance	-	-	-	-	19,060
Equipment and vehicles	-	569,977	569,977	-	626,066
Public Works:					
Facilities	-	413,306	-	413,306	-
Equipment and vehicles	63,000	234,690	163,485	71,205	839,778
Paving and infrastructure	-	-	-	-	2,388,593
Culture and Recreation:					
Facilities	-	724,924	95,611	629,313	601,348
Equipment and vehicles	-	197,453	152,201	45,252	46,520
Total Capital Outlay	63,000	4,307,229	2,652,646	1,654,583	4,939,277
Total Expenditures	68,000	4,446,591	2,788,760	1,657,831	4,957,113
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(4,154,191)	(2,513,232)	1,640,959	(4,705,993)
Other Financing Sources (Uses)					
Proceeds from sale of assets	50,000	50,600	50,548	(52)	110,147
Transfers in	-	525,000	525,000	-	1,224,500
Total Other Financing Sources (Uses)	50,000	575,600	575,548	(52)	1,334,647
Net Change in Fund Balances	$ -	$ (3,578,591)	(1,937,684)	$ 1,640,907	(3,371,346)
Fund Balances Beginning of Year			3,674,355		7,045,701
Fund Balances End of Year			$ 1,736,671		$ 3,674,355

NONMAJOR PROPRIETARY FUNDS

Enterprise Funds

Municipal Golf Course Fund – This fund is used to account for the maintenance and operations of Nob North Golf Course.

Dalton Municipal Airport Fund – This fund is used to account for the maintenance and operations of the Dalton Municipal Airport.

Northwest Georgia Trade and Convention Center Authority – This fund is used to account for the maintenance and operations of the Northwest Georgia Trade and Convention Center Authority, which operates to promote tourism by hosting conventions, special events, and trade shows for the benefit of the City of Dalton and Whitfield County. The City operates this entity in conjunction with Whitfield County, and has a fifty percent equity interest.

Dalton-Whitfield Regional Solid Waste Management Authority – This fund is used to account for the Dalton-Whitfield Regional Solid Waste Management Authority, which operates and maintains solid waste disposal sites within Whitfield County. The City operates this entity in conjunction with Whitfield County, and has a fifty percent equity interest.

City of Dalton, Georgia
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2025

	Municipal Golf Course	Municipal Airport	Northwest Georgia Trade and Convention Center Authority	Dalton/Whitfield Regional Solid Waste Mgt Authority	Total Nonmajor Enterprise Funds
Assets					
Current Assets:					
Cash and cash equivalents	$ 38,242	$ -	$ -	$ -	$ 38,242
Receivables:					
Inventory	40,440	47,595	-	-	88,035
Prepaid items	6,352	6,603	-	-	12,955
Total Current Assets	85,034	54,198	-	-	139,232
Noncurrent Assets:					
Capital Assets:					
Construction in progress	-	9,526,437	-	-	9,526,437
Land	739,352	4,475,793	-	-	5,215,145
Depreciable capital assets, net	1,871,622	6,251,902	-	-	8,123,524
Other Assets:					
Investment in joint ventures	-	-	6,003,200	12,271,035	18,274,235
Total Noncurrent Assets	2,610,974	20,254,132	6,003,200	12,271,035	41,139,341
Total Assets	2,696,008	20,308,330	6,003,200	12,271,035	41,278,573
Deferred Outflows of Resources	158,546	-	-	-	158,546
Total Assets and Deferred Outflows	$ 2,854,554	$ 20,308,330	$ 6,003,200	$ 12,271,035	$ 41,437,119
Liabilities					
Current Liabilities:					
Accounts payable	8,876	5,532	-	-	14,408
Accrued expenses	19,923	7,739	-	-	27,662
Unearned revenue	32,021	-	-	-	32,021
Interfund payable	-	23,241	-	-	23,241
Compensated absences payable	36,000	4,000	-	-	40,000
Total Current Liabilities	96,820	40,512	-	-	137,332
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	62,863	35,859	-	-	98,722
Net pension liability	107,857	-	-	-	107,857
Net OPEB liability	256,826	-	-	-	256,826
Total Long-Term Liabilities	427,546	35,859	-	-	463,405
Total Liabilities	524,366	76,371	-	-	600,737
Deferred Inflows of Resources	331,495	-	-	-	331,495
Net Position					
Investment in capital assets	2,610,974	20,254,132	-	-	22,865,106
Unrestricted	(612,281)	(22,173)	6,003,200	12,271,035	17,639,781
Total Net Position	1,998,693	20,231,959	6,003,200	12,271,035	40,504,887
Total Liabilities, Deferred Inflows, and Net Position	$ 2,854,554	$ 20,308,330	$ 6,003,200	$ 12,271,035	$ 41,437,119

City of Dalton, Georgia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2025

	Municipal Golf Course	Municipal Airport	Northwest Georgia Trade and Convention Center	Dalton/Whitfield Regional Solid Waste Mgt Authority	Total Nonmajor Enterprise Funds
Operating Revenues					
Charges for services	$ 1,419,105	$ 749,542	$ -	$ -	$ 2,168,647
Merchandise sales	176,505	-	-	-	176,505
Tournaments	99,435	-	-	-	99,435
Concessions	119,020	-	-	-	119,020
Miscellaneous	-	393	-	-	393
Total Operating Revenues	1,814,065	749,935	-	-	2,564,000
Operating Expenses					
Personal services and benefits	802,176	281,520	-	-	1,083,696
Purchased and contracted services	143,844	145,750	-	-	289,594
Supplies	458,941	388,190			847,131
Depreciation	148,576	521,981	-	-	670,557
Total Operating Expenses	1,553,537	1,337,441	-	-	2,890,978
Operating Income (Loss)	260,528	(587,506)	-	-	(326,978)
Non-Operating Revenues (Expenses)					
Investment earnings	2,080	578	-	-	2,658
Gain (loss) on sale of assets	4,343	-	-	-	4,343
Income (loss) from joint ventures	-	-	(735,794)	1,148,650	412,856
Total Non-Operating Revenues (Expenses)	6,423	578	(735,794)	1,148,650	419,857
Income (Loss) Before Transfers In (Out)	266,951	(586,928)	(735,794)	1,148,650	92,879
Transfers in (out)	-	5,621,761	649,422	(1,250,000)	5,021,183
Change in Net Position	266,951	5,034,833	(86,372)	(101,350)	5,114,062
Net Position Beginning of Year	1,731,742	15,197,126	6,089,572	12,372,385	35,390,825
Net Position End of Year	$ 1,998,693	$ 20,231,959	$ 6,003,200	$ 12,271,035	$ 40,504,887

City of Dalton, Georgia
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2025

	Municipal Golf Course	Municipal Airport	Total
Cash Flows from Operating Activities			
Cash received from customers	$ 1,820,803	$ 750,088	$ 2,570,891
Cash payments for personnel services and benefits	(737,107)	(273,652)	(1,010,759)
Cash payments for goods, services, claims, and fees	(791,229)	(506,556)	(1,297,785)
Net Cash Provided by (Used in) Operating Activities	292,467	(30,120)	262,347
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(944,969)	-	(944,969)
Cash received from sale of capital assets	4,343	-	4,343
Net Cash Provided by (Used in) Capital and Related Financing Activities	(940,626)	-	(940,626)
Cash Flows from Investing Activities			
Investment earnings	2,080	578	2,658
Net Cash Provided by (Used in) Investing Activities	2,080	578	2,658
Net Increase (Decrease) in Cash and Cash Equivalents	(646,079)	(29,542)	(675,621)
Cash and Cash Equivalents Beginning of Year	684,321	29,542	713,863
Cash and Cash Equivalents End of Year	$ 38,242	$ -	$ 38,242
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	$ 260,528	$ (587,506)	$ (326,978)
Adjustments:			
Depreciation	148,576	521,981	670,557
Pension (benefit)/expense	102,131	-	102,131
OPEB (benefit)/expense	(47,850)	-	(47,850)
(Increase) Decrease in Assets:			
Accounts receivable	-	153	153
Inventory	(881)	(1,061)	(1,942)
Prepaid items	194	2,815	3,009
Increase (Decrease) in Liabilities:			
Accounts payable	(187,757)	2,389	(185,368)
Accrued expenses	5,263	970	6,233
Unearned revenue	6,738	-	6,738
Compensated absences payable	5,525	6,898	12,423
Net Cash Provided by (Used in) Operating Activities	$ 292,467	$ (30,120)	$ 262,347
Noncash Investing, Capital, and Financing Activities			
Acquisition of capital assets from interfund transfers	$ -	$ 5,621,761	$ 5,621,761

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2025

	Electric System	Gas System	Water System	Sewer System	Information Technology System	Total
Assets						
Current Assets:						
Cash and cash equivalents	$ 23,541,000	$ 3,828,000	$ 3,845,000	$ 3,033,000	$ 2,723,000	$ 36,970,000
Short-term investments	23,481,000	1,294,000	8,071,000	16,509,000	3,220,000	52,575,000
Customer deposit fund	403,000	66,000	66,000	52,000	-	587,000
Custodial bond funds	3,701,000	94,000	2,917,000	125,000	-	6,837,000
Accounts receivable, net	13,140,000	2,137,000	2,146,000	4,894,000	775,000	23,092,000
Unbilled revenues	5,459,000	1,754,000	1,808,000	818,000	-	9,839,000
Leases receivable	158,000	-	2,000	-	91,000	251,000
Interest receivable	512,000	21,000	61,000	50,000	19,000	663,000
Fuel stocks	1,711,000	1,926,000	-	-	-	3,637,000
Materials and supplies inventory	20,621,000	634,000	1,429,000	67,000	1,791,000	24,542,000
Deposits and prepaid items	2,098,000	364,000	384,000	294,000	262,000	3,402,000
Total Current Assets	94,825,000	12,118,000	20,729,000	25,842,000	8,881,000	162,395,000
Noncurrent Assets:						
Construction in progress	17,879,000	212,000	7,809,000	2,209,000	911,000	29,020,000
Nuclear fuel, at amortized cost	23,251,000	-	-	-	-	23,251,000
Depreciable capital assets, net	620,449,000	11,464,000	211,308,000	112,406,000	18,701,000	974,328,000
Lease and SBITA right-to-use assets	39,000	14,000	48,000	28,000	23,000	152,000
Customer deposit fund	2,846,000	463,000	465,000	366,000	-	4,140,000
Combined utilities renewals/extensions fund	19,237,000	1,061,000	7,679,000	6,109,000	3,135,000	37,221,000
Restricted wastewater settlement liability fund	-	-	-	192,000	-	192,000
Restricted nuclear decommissioning fund	45,058,000	-	-	-	-	45,058,000
Regulatory asset, net	71,941,000	3,515,000	12,034,000	7,045,000	3,606,000	98,141,000
Leases receivable	3,275,000	-	52,000	-	1,872,000	5,199,000
Total Noncurrent Assets	803,975,000	16,729,000	239,395,000	128,355,000	28,248,000	1,216,702,000
Total Assets	898,800,000	28,847,000	260,124,000	154,197,000	37,129,000	1,379,097,000
Deferred Outflows of Resources	901,000	583,000	1,996,000	1,169,000	596,000	5,245,000
Total Assets and Deferred Outflows	$ 899,701,000	$ 29,430,000	$ 262,120,000	$ 155,366,000	$ 37,725,000	$ 1,384,342,000

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2025

	Electric System	Gas System	Water System	Sewer System	Information Technology System	Total
Liabilities						
Current Liabilities:						
Customer deposits	$ 4,468,000	$ 727,000	$ 729,000	$ 576,000	$ -	$ 6,500,000
Current maturities of long-term debt	3,298,000	89,000	2,763,000	119,000	-	6,269,000
Current portion wastewater settlement liability	-	-	-	5,000,000	-	5,000,000
Accounts payable and accrued expenses	24,791,000	3,793,000	2,472,000	1,804,000	1,610,000	34,470,000
Total Current Liabilities	32,557,000	4,609,000	5,964,000	7,499,000	1,610,000	52,239,000
Long-Term Liabilities:						
Long-term debt	83,961,000	1,596,000	49,479,000	2,128,000	-	137,164,000
Long-term wastewater settlement liability	-	-	-	5,000,000	-	5,000,000
Net pension liability	603,000	391,000	1,338,000	783,000	401,000	3,516,000
Net OPEB liability	1,497,000	971,000	3,323,000	1,945,000	996,000	8,732,000
Asset retirement obligations	68,150,000	-	-	-	-	68,150,000
Other	1,047,000	365,000.00	1,229,000.00	1,217,000.00	357,000.00	4,215,000
Total Long-Term Liabilities	155,258,000	3,323,000	55,369,000	11,073,000	1,754,000	226,777,000
Total Liabilities	187,815,000	7,932,000	61,333,000	18,572,000	3,364,000	279,016,000
Deferred Inflows of Resources	9,520,000	1,212,000	4,202,000	2,429,000	3,205,000	20,568,000
Net Position						
Net investment in capital assets	560,045,000	10,005,000	166,923,000	112,396,000	19,636,000	869,005,000
Restricted for:						
Debt service	3,701,000	94,000	2,917,000	125,000	-	6,837,000
Wastewater settlement liability	-	-	-	10,583,000	-	10,583,000
Wetlands fund	-	-	379,000	-	-	379,000
Nuclear decommissioning	48,298,000	-	-	-	-	48,298,000
Unrestricted	90,322,000	10,187,000	26,366,000	11,261,000	11,520,000	149,656,000
Total Net Position	702,366,000	20,286,000	196,585,000	134,365,000	31,156,000	1,084,758,000
Total Liabilities, Deferred Inflows, and Net Position	$ 899,701,000	$ 29,430,000	$ 262,120,000	$ 155,366,000	$ 37,725,000	$ 1,384,342,000

City of Dalton, Georgia
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
Water, Light, and Sinking Commission Fund
For the Year Ended December 31, 2025

	Electric System	Gas System	Water System	Sewer System	Information Technology System	Total
Operating Revenues						
Electric	$ 191,586,000	$ -	$ -	$ -	$ -	$ 191,586,000
Parity income	3,184,000	-	-	-	-	3,184,000
Natural gas	-	31,674,000	-	-	-	31,674,000
Water	-	-	31,810,000	-	-	31,810,000
Wastewater	-	-	-	25,094,000	-	25,094,000
Information technology	-	-	-	-	22,528,000	22,528,000
Total Operating Revenues	194,770,000	31,674,000	31,810,000	25,094,000	22,528,000	305,876,000
Operating Expenses						
Production	32,087,000	-	6,712,000	13,994,000	-	52,793,000
Purchased electricity	86,483,000	-	-	-	-	86,483,000
Purchased natural gas	-	20,842,000	-	-	-	20,842,000
Distribution	11,479,000	2,424,000	5,507,000	2,532,000	11,741,000	33,683,000
Depreciation and amortization	19,628,000	940,000	8,207,000	6,060,000	3,891,000	38,726,000
General and administrative	3,402,000	2,737,000	9,452,000	5,600,000	2,817,000	24,008,000
Total Operating Expenses	153,079,000	26,943,000	29,878,000	28,186,000	18,449,000	256,535,000
Operating Income (Loss)	41,691,000	4,731,000	1,932,000	(3,092,000)	4,079,000	49,341,000
Non-Operating Revenues (Expenses)						
Interest income	4,858,000	373,000	834,000	668,000	230,000	6,963,000
Interest expense	(2,264,000)	(48,000)	(1,498,000)	(64,000)	-	(3,874,000)
Net increase (decrease) in fair value of investments	(424,000)	(60,000)	(60,000)	176,000	(33,000)	(401,000)
Miscellaneous income (expense)	367,000	60,000	60,000	47,000	43,000	577,000
Total Non-Operating Revenues (Expenses)	2,537,000	325,000	(664,000)	827,000	240,000	3,265,000
Income Before Reallocations and Transfers	44,228,000	5,056,000	1,268,000	(2,265,000)	4,319,000	52,606,000
Reallocations and Transfers						
Reallocations	(78,863,000)	(19,821,000)	44,607,000	58,255,000	(4,178,000)	-
Transfers out	(9,996,000)	(1,626,000)	(1,632,000)	(1,288,000)	(1,156,000)	(15,698,000)
Total Reallocations and Transfers	(88,859,000)	(21,447,000)	42,975,000	56,967,000	(5,334,000)	(15,698,000)
Change in Net Position	(44,631,000)	(16,391,000)	44,243,000	54,702,000	(1,015,000)	36,908,000
Net Position Beginning of Year, restated	746,997,000	36,677,000	152,342,000	79,663,000	32,171,000	1,047,850,000
Net Position End of Year	$ 702,366,000	$ 20,286,000	$ 196,585,000	$ 134,365,000	$ 31,156,000	$ 1,084,758,000

City of Dalton, Georgia
Comparative Statement of Net Position
Municipal Golf Course Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets:		
Cash and cash equivalents	$ 38,242	$ 684,321
Inventory	40,440	39,559
Prepaid items	6,352	6,546
Total Current Assets	85,034	730,426
Noncurrent Assets:		
Capital Assets:		
Construction in progress	-	185,874
Land	739,352	739,352
Depreciable capital assets, net	1,871,622	889,355
Total Capital Assets	2,610,974	1,814,581
Total Assets	2,696,008	2,545,007
Deferred Outflows of Resources	158,546	242,719
Total Assets and Deferred Outflows	$ 2,854,554	$ 2,787,726
Liabilities		
Current Liabilities:		
Accounts payable	$ 8,876	$ 196,633
Accrued expenses	19,923	14,660
Unearned revenue	32,021	25,283
Compensated absences payable	36,000	36,000
Total Current Liabilities	96,820	272,576
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	62,863	57,338
Net pension liability	107,857	128,626
Net OPEB liability	256,826	244,583
Total Long-Term Liabilities	427,546	430,547
Total Liabilities	524,366	703,123
Deferred Inflows of Resources	331,495	352,861
Net Position		
Investment in capital assets	2,610,974	1,814,581
Unrestricted	(612,281)	(82,839)
Total Net Position	1,998,693	1,731,742
Total Liabilities, Deferred Inflows, and Net Position	$ 2,854,554	$ 2,787,726

City of Dalton, Georgia
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Municipal Golf Course Fund
For the Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Charges for services	$ 1,419,105	$ 1,229,803
Merchandise sales	176,505	176,718
Tournaments	99,435	114,065
Concessions	119,020	116,640
Total Operating Revenues	1,814,065	1,637,226
Operating Expenses		
Personal services and benefits	802,176	665,809
Purchased and contracted services	143,844	148,333
Supplies	458,941	398,957
Depreciation	148,576	127,884
Total Operating Expenses	1,553,537	1,340,983
Operating Income (Loss)	260,528	296,243
Non-Operating Revenues (Expenses)		
Investment earnings	2,080	12,980
Gain on sale of assets	4,343	-
Total Non-Operating Revenues (Expenses)	6,423	12,980
Change in Net Position	266,951	309,223
Net Position Beginning of Year	1,731,742	1,422,519
Net Position End of Year	$ 1,998,693	$ 1,731,742

City of Dalton, Georgia
Comparative Statement of Net Position
Dalton Municipal Airport Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets:		
Cash and cash equivalents	$ -	$ 29,542
Receivables:		
Accounts	-	153
Inventory	47,595	46,534
Prepaid items	6,603	9,418
Total Current Assets	54,198	85,647
Noncurrent Assets:		
Capital Assets:		
Construction in progress	9,526,437	6,591,639
Land	4,475,793	4,475,793
Depreciable capital assets, net	6,251,902	4,086,920
Total Noncurrent Assets	20,254,132	15,154,352
Total Assets	$ 20,308,330	$ 15,239,999
Liabilities		
Current Liabilities:		
Accounts payable	$ 5,532	$ 3,143
Accrued expenses	7,739	6,769
Interfund payable	23,241	-
Compensated absences payable	4,000	4,000
Total Current Liabilities	40,512	13,912
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	35,859	28,961
Total Liabilities	76,371	42,873
Net Position		
Investment in capital assets	20,254,132	15,154,352
Unrestricted	(22,173)	42,774
Total Net Position	20,231,959	15,197,126
Total Liabilities and Net Position	$ 20,308,330	$ 15,239,999

City of Dalton, Georgia
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Dalton Municipal Airport Fund
For the Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Charges for services	$ 749,542	$ 716,458
Miscellaneous	393	11,159
Total Operating Revenues	749,935	727,617
Operating Expenses		
Personal services and benefits	281,520	247,520
Purchased and contracted services	145,750	152,741
Supplies	388,190	389,368
Depreciation	521,981	429,010
Total Operating Expenses	1,337,441	1,218,639
Operating (Loss)	(587,506)	(491,022)
Nonoperating Revenues (Expenses)		
Investment earnings	578	1,511
Total Nonoperating Revenues (Expenses)	578	1,511
Income (Loss) Before Transfers In	(586,928)	(489,511)
Transfers In (Out)		
Transfers in	5,621,761	4,310,670
Net Transfers	5,621,761	4,310,670
Change in Net Position	5,034,833	3,821,159
Net Position Beginning of Year	15,197,126	11,375,967
Net Position End of Year	$ 20,231,959	$ 15,197,126

INTERNAL SERVICE FUNDS

Risk Pool Fund – This fund is used to account for the final claims from the workers' compensation and health insurance internal service funds. The City transferred the risk of loss to a commercial insurer for workers' compensation insurance effective January 1, 2020 and for health insurance effective January 1, 2022, but pays any remaining claims prior to those dates out of this fund.

City of Dalton, Georgia
Comparative Statement of Net Position
Risk Pool Fund
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets:		
Accounts receivable	$ 22,183	$ 34,444
Total Assets	$ 22,183	$ 34,444
Liabilities		
Current Liabilities:		
Accounts payable	$ 26,993	$ 52,081
Total Liabilities	26,993	52,081
Net Position		
Unrestricted	(4,810)	(17,637)
Total Net Position	(4,810)	(17,637)
Total Liabilities and Net Position	$ 22,183	$ 34,444

City of Dalton, Georgia
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Risk Pool Fund
For the Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues		
Charges for services	$ 395,778	$ 129,632
Operating Expenses		
Claims	382,951	147,269
Change in Net Position	12,827	(17,637)
Net Position Beginning of Year	(17,637)	-
Net Position End of Year	$ (4,810)	$ (17,637)

City of Dalton, Georgia
Statement of Cash Flows
Risk Pool Fund
For the Year Ended December 31, 2025

	Risk Pool Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash received from interfund services provided	$ 408,039
Cash payments for claims and fees	(408,039)
Net Cash Provided by (Used in) Operating Activities	-
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents Beginning of Year	-
Cash and Cash Equivalents End of Year	$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Income (Loss)	$ 12,827
(Increase) Decrease in Assets:	
Accounts receivable	12,261
Increase (Decrease) in Liabilities:	
Accounts payable	(25,088)
Net Cash Provided by (Used in) Operating Activities	$ -

FIDUCIARY FUNDS

The Fiduciary Funds are used to account for assets held by the City in a fiduciary capacity.

Pension Trust Fund – Established to account for the activities of the Mayor and Council of the City of Dalton Employees' Pension Plan.

OPEB Trust Fund – Established to account for the activities of the City of Dalton OPEB Plan.

Municipal Court Custodial Fund – Established to account for the fines, forfeitures, and surcharges held by the municipal court in a custodial function.

Police Custodial Fund – Established to account for the confiscated assets held by the police department in a custodial function.

City of Dalton, Georgia
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Trust Funds - Pension Trust Fund and OPEB Trust Fund
December 31, 2025

	Pension Trust Fund	OPEB Trust Fund	Total Trust Funds
Assets			
Cash and cash equivalents	$ 3,803,232	$ -	$ 3,803,232
Investments, at fair value:			
Georgia Municipal Employees Benefit System			
OPEB Trust Account	-	20,300	20,300
MetLife Equity Index Fund	9,437,581	-	9,437,581
MetLife Core Bond Index Fund	27,335,884	-	27,335,884
MetLife Goldman Sachs Fund	9,495,942	-	9,495,942
Vanguard Institutional Index Fund	78,337,909	-	78,337,909
Vanguard Small Cap Index Fund	22,990,907	-	22,990,907
Vanguard Total Bond Market Index Fund	20,647,982	-	20,647,982
Total Assets	$ 172,049,437	$ 20,300	$ 172,069,737
Liabilities			
Current Liabilities:			
Accounts payable	$ 925	$ -	925
Total Liabilities	925	-	925
Net Position			
Restricted for pension	172,048,512	-	172,048,512
Restricted for OPEB	-	20,300	20,300
Total Net Position	172,048,512	20,300	172,068,812
Total Liabilities and Net Position	$ 172,049,437	$ 20,300	$ 172,069,737

City of Dalton, Georgia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Trust Funds - Pension Trust Fund and OPEB Trust Fund
For the Year Ended December 31, 2025

	Pension Trust Fund	OPEB Trust Fund	Total Trust Funds
Additions			
Contributions:			
Employer	$ 4,478,999	$ -	$ 4,478,999
Plan members	574,231	-	574,231
Total contributions	5,053,230	-	5,053,230
Investment income:			
Interest and dividends	3,631,144	1,495	3,632,639
Net increase (decrease) in fair value of investments	16,025,801	17,881	16,043,682
Total investment income	19,656,945	19,376	19,676,321
Less: investment expense	142,326	314	142,640
Net investment earnings	19,514,619	19,062	19,533,681
Total Additions	24,567,849	19,062	24,586,911
Deductions			
Administrative expenses	58,899	48	58,947
Premium payments	-	179,090	179,090
Benefit payments	10,208,576	-	10,208,576
Total Deductions	10,267,475	179,138	10,446,613
Change in Net Position	14,300,374	(160,076)	14,140,298
Net Position Beginning of Year	157,748,138	180,376	157,928,514
Net Position End of Year	$ 172,048,512	$ 20,300	$ 172,068,812

City of Dalton, Georgia
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds - Municipal Court Custodial Fund and Police Custodial Fund
December 31, 2025

	Municipal Court Custodial Fund	Police Custodial Fund	Total Custodial Funds
Assets			
Cash and cash equivalents	$ 315,174	$ 103,321	$ 418,495
Total Assets	$ 315,174	$ 103,321	$ 418,495
Liabilities			
Current Liabilities:			
Accounts payable	$ 39,747	$ -	39,747
Total Liabilities	39,747	-	39,747
Net Position			
Restricted for others	275,427	103,321	378,748
Total Net Position	275,427	103,321	378,748
Total Liabilities and Net Position	$ 315,174	$ 103,321	$ 418,495

City of Dalton, Georgia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds - Municipal Court Custodial Fund and Police Custodial Fund
For the Year Ended December 31, 2025

	Municipal Court Custodial Fund	Police Custodial Fund	Total Custodial Funds
Additions			
Fine/confiscation collections	$ 1,479,816	$ 89,393	$ 1,569,209
Total Additions	1,479,816	89,393	1,569,209
Deductions			
Fine/confiscation remittances	1,434,656	301,847	1,736,503
Total Deductions	1,434,656	301,847	1,736,503
Change in Net Position	45,160	(212,454)	(167,294)
Net Position Beginning of Year	230,267	315,775	546,042
Net Position End of Year	$ 275,427	$ 103,321	$ 378,748

DISCRETELY PRESENTED COMPONENT UNIT

The City of Dalton Building Authority is a component unit of the City of Dalton, Georgia. The City treats the Authority as a discretely presented component unit in the government-wide financial statements.

The Authority does not issue separate financial statements, so its activity is required to be disclosed in the financial section of the City's Annual Comprehensive Financial Report.

City of Dalton, Georgia
Comparative Statement of Net Position
Discretely Presented Component Unit - City of Dalton Building Authority
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets:		
Cash and cash equivalents	$ 12,747,344	$ 22,284,495
Leases receivable	3,945,000	3,825,000
Interest receivable	454	442
Total Current Assets	16,692,798	26,109,937
Noncurrent Assets:		
Leases receivable (less current portion)	21,750,000	25,695,000
Total Assets	$ 38,442,798	$ 51,804,937
Liabilities		
Current Liabilities:		
Accounts payable	12,552,672	22,085,578
Revenue bonds payable	3,945,000	3,825,000
Total Current Liabilities	16,497,672	25,910,578
Long-Term Liabilities:		
Revenue bonds payable (less current portion)	21,750,000	25,695,000
Total Liabilities	38,247,672	51,605,578
Net Position		
Unrestricted	195,126	199,359
Total Net Position	195,126	199,359
Total Liabilities and Net Position	$ 38,442,798	$ 51,804,937

City of Dalton, Georgia
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Discretely Presented Component Unit - City of Dalton Building Authority
For the Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues (Expenses)		
Fiscal and administrative fees	$ (4,233)	$ (13,251)
Total Operating Revenues (Expenses)	(4,233)	(13,251)
Non-Operating Revenues (Expenses)		
Interest earnings	734,108	676,592
Interest and fiscal charges	(810,822)	(958,370)
Total Non-Operating Revenues (Expenses)	(76,714)	(281,778)
Income (Loss) Before Transfers In (Out)	(80,947)	(295,029)
Transfers In (Out)		
Transfers in (inflows of debt service principal and interest from the City of Dalton, City of Dalton Board of Education, and Whitfield County)	810,810	958,812
Transfer out (outflows of interest earnings and interest subsidy to the City of Dalton, City of Dalton Board of Education, and Whitfield County)	(734,096)	(676,592)
Total Transfers In (Out)	76,714	282,220
Change in Net Position	(4,233)	(12,809)
Net Position Beginning of Year	199,359	212,168
Net Position End of Year	$ 195,126	$ 199,359

City of Dalton, Georgia
Comparative Statement of Cash Flows
Discretely Presented Component Unit - City of Dalton Building Authority
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Bond issuance fees	$ -	$ 18,865
Fiscal and administrative fees	(14,145)	(10,307)
Net Cash Provided by (Used in) Operating Activities	(14,145)	8,558
Cash Flows from Capital and Related Financing Activities		
Payments to City of Dalton and City of Dalton Board of Education for capital use of debt proceeds	(10,257,102)	(7,096,414)
Receipts from City of Dalton, City of Dalton Board of Education, and Whitfield County for payment of debt and interest	4,635,810	11,214,015
Interest earnings, net of fees	734,096	676,592
Principal paid on capital debt	(3,825,000)	(10,255,000)
Interest paid on capital debt	(810,810)	(958,812)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(9,523,006)	(6,419,619)
Net Increase (Decrease) in Cash and Cash Equivalents	(9,537,151)	(6,411,061)
Cash and Cash Equivalents Beginning of Year	22,284,495	28,695,556
Cash and Cash Equivalents End of Year	$ 12,747,344	$ 22,284,495

STATISTICAL SECTION

This part of the City of Dalton, Georgia's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help readers understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help readers assess the City's most significant local revenue source – its property tax.

Debt Capacity

These schedules present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Dalton, Georgia
Net Position by Component
Ten Year Summary
Prepared using the accrual basis of accounting
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	$ 75,726,246	$ 81,410,981	$ 84,604,366	$ 85,392,649	$ 84,330,845	$ 66,137,063	$ 90,345,875	$ 93,964,626	$ 112,316,751	$ 134,915,152
Restricted	8,541,404	7,061,016	8,342,082	10,018,388	10,520,530	31,432,478	23,620,864	28,034,917	26,349,375	13,971,870
Unrestricted	2,313,750	(7,663,963)	(5,239,030)	(3,698,707)	3,398,517	4,376,210	1,539,839	6,721,855	5,931,435	5,460,881
Total governmental activities	$ 86,581,400	$ 80,808,034	$ 87,707,418	$ 91,712,330	$ 98,249,892	$ 101,945,751	$ 115,506,578	$ 128,721,398	$ 144,597,561	$ 154,347,903
Business-type activities										
Net investment in capital assets	$ 744,179,712	$ 658,650,654	$ 721,653,192	$ 814,056,708	$ 803,826,075	$ 886,567,371	$ 922,458,123	$ 962,184,943	$ 882,938,933	$ 891,870,106
Restricted	96,509,000	214,165,000	190,433,000	143,023,000	185,424,000	132,666,000	99,708,000	105,925,000	87,785,000	66,097,000
Unrestricted	44,191,799	45,013,262	44,382,777	46,533,825	49,754,537	45,486,887	44,625,424	52,071,075	112,516,892	167,295,781
Total business-type activities	$ 884,880,511	$ 917,828,916	$ 956,468,969	$ 1,003,613,533	$ 1,039,004,612	$ 1,064,720,258	$ 1,066,791,547	$ 1,120,181,018	$ 1,083,240,825	$ 1,125,262,887
Primary government										
Net investment in capital assets	$ 819,905,958	$ 740,061,635	$ 806,257,558	$ 899,449,357	$ 888,156,920	$ 952,704,434	$ 1,012,803,998	$ 1,056,149,569	$ 995,255,684	$ 1,026,785,258
Restricted	105,050,404	221,226,016	198,775,082	153,041,388	195,944,530	164,098,478	123,328,864	133,959,917	114,134,375	80,068,870
Unrestricted	46,505,549	37,349,299	39,143,747	42,835,118	53,153,054	49,863,097	46,165,263	58,792,930	118,448,327	172,756,662
Total primary government	$ 971,461,911	$ 998,636,950	$ 1,044,176,387	$ 1,095,325,863	$ 1,137,254,504	$ 1,166,666,009	$ 1,182,298,125	$ 1,248,902,416	$ 1,227,838,386	$ 1,279,610,790

City of Dalton, Georgia
Changes in Net Position
Ten Year Summary
Prepared using the accrual basis of accounting
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities										
General government	$ 3,029,543	$ 2,574,600	$ 2,932,157	$ 3,793,196	$ 3,656,268	$ 4,510,143	$ 4,043,710	$ 5,912,115	$ 7,332,337	$ 5,600,203
Judicial	433,156	424,203	409,440	392,841	416,055	287,867	500,868	586,612	578,045	764,750
Public safety	16,548,965	16,145,618	17,511,903	16,577,990	16,192,777	18,588,626	21,860,924	20,074,665	20,428,628	25,989,844
Public works	9,367,281	9,403,531	10,361,515	10,819,102	8,589,780	10,691,036	12,053,959	11,527,954	9,939,058	11,341,098
Health and welfare	468,925	419,892	474,442	440,499	508,059	663,315	616,355	410,293	487,836	91,361
Culture and recreation	5,833,592	5,627,651	5,872,966	5,879,397	5,630,740	5,260,407	5,740,343	6,650,859	6,604,152	7,229,394
Housing and development	260,840	121,645	296,359	332,616	910,073	1,526,828	697,488	1,312,247	690,851	297,595
Interest on long-term debt	372,838	324,325	282,702	244,914	200,751	482,128	828,202	992,720	(443,859)	380,003
Total governmental activities expenses	36,315,140	35,041,465	38,141,484	38,480,555	36,104,503	42,010,350	46,341,849	47,467,465	45,617,048	51,694,248
Business-type activities										
Electric system	94,539,437	95,303,240	84,556,426	84,920,632	80,473,178	114,921,651	225,711,307	139,630,692	142,210,000	155,343,000
Gas system	17,682,431	25,731,143	27,824,233	24,415,972	18,880,574	27,219,244	43,018,365	25,951,509	22,562,000	26,991,000
Water system	18,225,184	18,128,394	22,897,890	22,988,674	23,358,791	23,412,300	26,186,180	27,854,993	31,662,000	31,376,000
Wastewater system	20,743,975	19,269,419	20,089,467	19,393,848	19,903,976	21,418,300	50,054,180	25,870,993	26,573,000	28,250,000
Information technology system	19,376,077	16,522,358	16,239,082	15,878,431	15,731,432	15,052,514	17,481,704	17,485,371	18,208,000	18,449,000
Landfill	-	-	-	-	-	-	-	2,633,928	-	-
Convention Center	492,074	515,534	471,563	540,487	848,713	776,070	711,782	740,961	673,489	735,794
Municipal golf course	901,402	898,210	907,034	953,133	944,916	1,163,606	1,207,302	1,294,137	1,340,983	1,553,537
Municipal airport	846,647	853,995	873,083	993,797	942,208	1,057,142	1,357,577	1,309,887	1,218,639	1,337,441
Total business-type activities expenses	172,807,227	177,222,293	173,858,778	170,084,974	161,083,788	205,020,827	365,728,397	242,772,471	244,448,111	264,035,772
Total primary government expenses	$ 209,122,367	$ 212,263,758	$ 212,000,262	$ 208,565,529	$ 197,188,291	$ 247,031,177	$ 412,070,246	$ 290,239,936	$ 290,065,159	$ 315,730,020

(continued)

City of Dalton, Georgia
Changes in Net Position
Ten Year Summary
Prepared using the accrual basis of accounting
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program revenues										
Governmental activities										
Charges for services										
General government	$ 969,673	$ 988,534	$ 898,003	$ 344,986	$ 341,327	$ 467,925	$ 517,290	$ 540,470	$ 541,468	$ 566,372
Judicial	803,218	743,691	715,497	592,789	507,195	629,098	570,533	770,786	733,047	585,223
Public safety	493,428	650,221	659,703	771,204	783,270	849,714	1,094,284	1,164,647	1,417,807	1,821,970
Public works	163,724	231,156	215,827	135,324	139,385	134,909	76,288	100,621	101,533	117,661
Health and welfare	50,800	51,076	49,575	53,300	22,335	205,654	217,034	-	-	-
Culture and recreation	400,749	405,590	378,835	335,074	287,737	398,253	396,260	298,375	303,347	376,776
Housing and development	-	-	-	-	-	-	10,000	-	-	3,492
Operating grants and contributions	1,699,959	2,092,951	1,965,144	3,278,259	4,258,266	2,088,783	12,514,808	4,931,528	1,813,029	1,661,634
Capital grants and contributions	10,147,970	10,100,807	8,335,199	2,434,707	1,001,027	7,159,521	7,575,851	8,026,398	13,659,094	14,260,405
Total governmental activities program revenues	14,729,521	15,264,026	13,217,783	7,945,643	7,340,542	11,933,857	22,972,348	15,832,825	18,569,325	19,393,533

(continued)

City of Dalton, Georgia
Changes in Net Position
Ten Year Summary
Prepared using the accrual basis of accounting
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type activities										
Charges for services										
Electric system	$ 121,900,000	$ 119,178,000	$ 118,828,000	$ 125,113,000	$ 118,143,000	$ 137,296,000	$ 263,451,000	$ 199,955,000	$ 202,915,000	$ 194,770,000
Gas system	19,621,000	28,176,000	30,855,000	27,178,000	21,421,000	32,777,000	46,093,000	25,999,000	24,403,000	31,674,000
Water system	20,824,000	20,128,000	20,246,000	21,161,000	22,070,000	23,064,000	25,312,000	31,087,000	32,387,000	31,810,000
Wastewater system	21,878,000	22,306,000	21,720,000	21,616,000	20,099,000	21,189,000	21,304,000	24,712,000	24,971,000	25,094,000
Information technology system	20,995,000	21,401,000	22,341,000	22,548,000	22,078,000	22,158,000	22,316,000	21,850,000	22,235,000	22,528,000
Landfill	522,810	651,831	828,412	1,725,208	1,200,962	1,646,502	1,039,695	-	1,491,466	1,148,650
Municipal golf course	923,590	820,183	494,420	908,766	896,164	1,241,481	1,346,313	1,608,259	1,637,226	1,814,065
Municipal airport	494,593	468,152	462,829	522,761	430,201	560,043	948,272	782,206	727,617	749,935
Total business-type activities program revenues	207,158,993	213,129,166	215,775,661	220,772,735	206,338,327	239,932,026	381,810,280	305,993,465	310,767,309	309,588,650
Total primary government program revenues	$ 221,888,514	$ 228,393,192	$ 228,993,444	$ 228,718,378	$ 213,678,869	$ 251,865,883	$ 404,782,628	$ 321,826,290	$ 329,336,634	$ 328,982,183
Net revenues (expenses)										
Governmental activities	$ (21,585,619)	$ (19,777,439)	$ (24,923,701)	$ (30,534,912)	$ (28,763,961)	$ (30,076,493)	$ (23,369,501)	$ (31,634,640)	$ (27,047,723)	$ (32,300,715)
Business-type activities	34,351,766	35,906,873	41,916,883	50,687,761	45,254,539	34,911,199	16,081,883	63,220,994	66,319,198	45,552,878
Total primary government net revenue (expense)	$ 12,766,147	$ 16,129,434	$ 16,993,182	$ 20,152,849	$ 16,490,578	$ 4,834,706	$ (7,287,618)	$ 31,586,354	$ 39,271,475	$ 13,252,163

(continued)

City of Dalton, Georgia
Changes in Net Position
Ten Year Summary
Prepared using the accrual basis of accounting
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for:										
General purposes	$ 8,197,757	$ 8,552,650	$ 8,705,712	$ 8,879,845	$ 8,037,569	$ 7,903,363	$ 8,020,014	$ 8,680,029	$ 8,218,744	$ 9,977,943
Selective taxes	9,378,765	10,149,190	10,916,682	12,002,362	12,607,683	13,963,328	15,160,489	15,743,316	16,254,660	16,827,996
Hotel/motel taxes	1,410,761	1,501,172	1,564,560	1,566,635	1,090,983	1,562,219	1,833,769	2,022,572	2,103,611	2,131,418
Investment earnings	227,495	299,310	502,978	684,787	444,764	96,332	418,365	1,704,725	1,892,095	1,457,970
Donations	50,252	261,115	714,102	451,396	23,078	37,915	524,901	145,256	904,444	396,057
Miscellaneous	633,166	497,349	729,120	736,893	353,352	659,535	444,532	572,009	596,450	582,856
Transfers	9,567,313	6,737,695	8,689,931	10,217,906	12,744,094	9,539,660	10,528,258	15,981,553	12,953,882	10,676,817
Total governmental activities general revenues and other changes in net position	29,465,509	27,998,481	31,823,085	34,539,824	35,301,523	33,762,352	36,930,328	44,849,460	42,923,886	42,051,057
Business-type activities										
Investment earnings	180,242	1,371,485	2,831,601	5,092,709	2,242,309	(220,893)	(4,181,768)	2,948,099	5,398,491	6,564,658
Contributions	-	-	2,000,000	1,000,000	-	-	4,350	2,629,000	9,966,000	-
Miscellaneous	410,850	591,000	581,500	582,000	638,325	565,000	694,050	572,931	453,000	581,343
Transfers	(9,567,313)	(6,737,695)	(8,689,931)	(10,217,906)	(12,744,094)	(9,539,660)	(10,528,258)	(15,981,553)	(12,953,882)	(10,676,817)
Total business-type activities general revenues and other changes in net position	(8,976,221)	(4,775,210)	(3,276,830)	(3,543,197)	(9,863,460)	(9,195,553)	(14,011,626)	(9,831,523)	2,863,609	(3,530,816)
Total primary government general revenues and other changes in net position	$ 20,489,288	$ 23,223,271	$ 28,546,255	$ 30,996,627	$ 25,438,063	$ 24,566,799	$ 22,918,702	$ 35,017,937	$ 45,787,495	$ 38,520,241
Change in net position										
Governmental activities	$ 7,879,890	$ 8,221,042	$ 6,899,384	$ 4,004,912	$ 6,537,562	$ 3,685,859	$ 13,560,827	$ 13,214,820	$ 15,876,163	$ 9,750,342
Business-type activities	25,375,545	31,131,663	38,640,053	47,144,564	35,391,079	25,715,646	2,070,257	53,389,471	69,182,807	42,022,062
Total primary government change in net position	$ 33,255,435	$ 39,352,705	$ 45,539,437	$ 51,149,476	$ 41,928,641	$ 29,401,505	$ 15,631,084	$ 66,604,291	$ 85,058,970	$ 51,772,404

City of Dalton, Georgia
Fund Balances of Governmental Funds
Ten Year Summary
Prepared using the modified accrual basis of accounting
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General fund										
Nonspendable	$ 249,062	$ 171,680	$ 157,986	$ 185,196	$ 144,225	$ 128,121	$ 227,443	$ 681,574	$ 175,766	$ 612,001
Restricted	99,974	114,974	293,499	323,075	321,417	321,417	321,417	336,417	337,992	170,879
Unrestricted:										
Committed	-	-	-	359,702	565,979	-	-	2,664,977	1,283,300	812,000
Assigned	-	-	13,316	10,560	-	-	-	-	-	-
Unassigned	20,912,480	23,563,828	25,834,279	24,022,865	25,501,488	27,743,722	25,987,581	29,102,861	25,983,809	26,345,392
Total general fund	$ 21,261,516	$ 23,850,482	$ 26,299,080	$ 24,901,398	$ 26,533,109	$ 28,193,260	$ 26,536,441	$ 32,785,829	$ 27,780,867	$ 27,940,272
Nonmajor governmental funds										
Nonspendable	$ -	$ 40	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	8,204,724	6,470,325	7,514,261	8,672,492	8,970,831	30,183,499	40,100,677	43,524,934	40,383,253	25,750,758
Total nonmajor governmental funds	$ 8,204,724	$ 6,470,365	$ 7,514,261	$ 8,672,492	$ 8,970,831	$ 30,183,499	$ 40,100,677	$ 43,524,934	$ 40,383,253	$ 25,750,758

City of Dalton, Georgia
Changes in Fund Balances of Governmental Funds
Ten Year Summary
Prepared using the modified accrual basis of accounting
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	$ 18,940,840	$ 20,473,181	$ 21,219,393	$ 22,483,049	$ 21,636,327	$ 23,541,568	$ 24,884,958	$ 26,417,542	$ 26,546,503	$ 28,175,222
Licenses and permits	969,673	988,534	898,003	344,986	341,327	355,719	409,881	428,410	433,262	444,138
Intergovernmental revenues	11,847,929	12,193,758	10,300,343	5,712,966	5,240,793	8,893,304	19,826,717	12,483,562	14,799,379	14,942,733
Charges for services	1,409,091	1,413,867	1,501,341	1,349,088	1,295,386	1,840,049	1,792,067	1,843,447	1,827,180	1,858,129
Fines and forfeitures	456,663	454,847	448,006	460,003	444,536	499,785	679,741	603,042	836,760	1,169,227
Investment earnings	224,509	295,916	497,526	680,144	438,859	95,522	481,492	1,979,089	2,364,839	2,237,276
Miscellaneous	815,699	975,514	763,251	808,703	371,174	514,591	749,127	799,899	871,789	812,611
Total Revenues	34,664,404	36,795,617	35,627,863	31,838,939	29,768,402	35,740,538	48,823,983	44,554,991	47,679,712	49,639,336
Expenditures										
General government	2,596,194	2,222,011	2,495,241	3,683,839	3,440,615	3,190,338	3,526,952	3,665,558	6,260,471	4,988,962
Judicial	433,736	436,770	403,231	404,296	427,469	437,671	505,415	588,697	653,036	683,671
Public safety	15,814,820	16,356,131	16,740,427	17,423,011	18,871,214	17,241,892	19,446,561	19,827,769	21,766,522	23,543,535
Public works	7,857,512	8,226,802	8,512,089	9,468,123	7,644,743	8,987,152	10,039,222	9,737,868	8,342,113	8,592,819
Health and welfare	441,560	412,987	447,949	451,721	561,809	586,254	841,057	190,330	268,826	83,040
Culture and recreation	4,272,271	4,114,484	4,115,504	4,330,337	4,314,975	3,757,455	4,385,818	4,671,599	5,249,779	5,556,269
Housing and development	425,513	351,590	354,964	821,115	1,115,534	1,226,108	1,106,034	1,325,948	850,562	2,348,868
Capital outlay	9,752,687	10,579,620	6,649,492	3,317,667	3,769,477	3,760,888	10,970,508	12,052,894	28,697,800	33,525,113
Debt service:										
Principal retirement	2,604,114	2,650,290	2,450,074	2,481,859	270,000	3,175,000	600,000	630,000	660,000	695,000
Interest and fiscal charges	372,838	324,325	282,702	244,914	200,751	230,370	605,185	579,285	526,550	492,675
Debt issuance costs	-	-	-	-	-	321,136	-	-	-	-
Total Expenditures	44,571,245	45,675,010	42,451,673	42,626,882	40,616,587	42,914,264	52,026,752	53,269,948	73,275,659	80,509,952
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,906,841)	(8,879,393)	(6,823,810)	(10,787,943)	(10,848,185)	(7,173,726)	(3,202,769)	(8,714,957)	(25,595,947)	(30,870,616)

(continued)

City of Dalton, Georgia
Changes in Fund Balances of Governmental Funds
Ten Year Summary
Prepared using the modified accrual basis of accounting
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Other Financing Sources (Uses)										
Issuance of debt	$ -	$ -	$ -	$ -	$ -	$ 18,360,000	$ -	$ -	$ -	$ -
Bond premium	-	-	-	-	-	1,964,026	-	-	-	-
Proceeds from sale of assets	-	-	282,864	330,586	34,141	182,859	135,832	65,741	184,752	98,948
Transfers in	13,068,767	11,842,350	13,005,179	14,979,992	19,592,913	13,321,517	35,513,822	36,263,874	36,307,071	21,687,190
Transfers out	(3,501,454)	(2,108,350)	(2,971,739)	(4,762,086)	(6,848,819)	(3,781,857)	(24,186,526)	(17,941,013)	(19,042,519)	(5,388,612)
Total Other Financing Sources (Uses)	9,567,313	9,734,000	10,316,304	10,548,492	12,778,235	30,046,545	11,463,128	18,388,602	17,449,304	16,397,526
Net Change in Fund Balance	$ (339,528)	$ 854,607	$ 3,492,494	$ (239,451)	$ 1,930,050	$ 22,872,819	$ 8,260,359	$ 9,673,645	$ (8,146,643)	$ (14,473,090)
Debt service as a % of noncapital expenditures	8.5%	8.5%	7.6%	6.9%	1.3%	8.7%	2.9%	2.9%	2.7%	2.5%

City of Dalton, Georgia
Assessed Value and Estimated Actual Value of Taxable Property
Ten Year Summary
(Unaudited)

Fiscal Year	Real Property	Personal Property	Public Utilities	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2016	$ 2,101,523,870	$ 1,554,900,785	$ 25,412,165	$ 310,145,903	$ 3,371,690,917	2.506
2017	2,198,330,501	1,588,229,275	23,732,060	316,394,309	3,493,897,527	2.506
2018	2,191,478,801	1,690,279,886	23,110,695	324,560,279	3,580,309,103	2.505
2019	2,276,262,177	1,666,670,790	21,956,165	329,697,205	3,635,191,927	2.482
2020	2,257,004,573	1,713,045,615	21,287,140	340,470,135	3,650,867,193	2.237
2021	2,302,008,095	1,556,143,374	21,011,288	324,352,155	3,554,810,602	2.208
2022	2,321,226,913	1,685,774,452	20,368,545	351,150,162	3,676,219,748	2.207
2023	2,885,385,550	1,969,376,625	18,080,870	399,227,265	4,473,615,780	1.936
2024	4,071,987,973	1,926,014,774	20,806,169	476,364,449	5,542,444,467	1.527
2025	4,172,903,540	1,929,245,748	19,003,155	568,091,080	5,553,061,363	1.499

Source: Whitfield County Board of Tax Assessors

Note: Real property includes commercial and residential property. All property is assessed at 100% of estimated actual value. For this reason, assessed value is equal to estimated actual value. Tax rates are per $1,000 of assessed value.

City of Dalton, Georgia
Direct and Overlapping Property Tax Rates
Ten Year Summary
(Unaudited)

Fiscal Year	City Millage	Dalton Public Schools Millage	Dalton Public Schools Debt Service Millage	Special Districts Millage	Whitfield County Millage	Total Direct and Overlapping Rates
2016	2.506	8.200	0.000	0.950	9.561	21.217
2017	2.506	8.200	0.000	0.950	9.329	20.985
2018	2.505	8.200	0.570	2.500	9.312	23.087
2019	2.482	8.200	0.570	2.500	8.812	22.564
2020	2.237	8.200	0.570	2.500	8.312	21.819
2021	2.208	8.095	0.570	2.500	7.312	20.685
2022	2.207	8.090	0.560	1.500	7.300	19.657
2023	1.936	8.000	0.460	0.990	6.000	17.386
2024	1.527	8.000	0.350	0.990	4.300	15.167
2025	1.499	7.824	0.340	0.990	4.600	15.253

Source: Whitfield County Board of Tax Assessors

Note: The City of Dalton taxes on 100% of assessed value; Whitfield County taxes on 40% of assessed value.

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Dalton. Not all overlapping rates apply to all City of Dalton property owners. For example, the rates for special districts apply only to those property owners located within the geographic boundaries of the special district.

City of Dalton, Georgia
Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

	2025			2016		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Shaw Industries, Inc.	$ 639,246,316	1	11.5%	$ 528,708,229	1	15.7%
Mohawk Industries, Inc.	223,729,879	2	4.0%	133,859,602	2	4.0%
Dalton-Whitfield Joint Development Authority	107,074,310	3	1.9%	-	NA	0.0%
Tarkett USA (2)	90,284,422	4	1.6%	-	NA	0.0%
Engineered Floors, LLC (1)	85,947,103	5	1.5%	-	NA	0.0%
QTS Procurement LLC	69,380,508	6	1.2%	-	NA	0.0%
Synthetic Turf Resources	66,453,321	7	1.2%	-	NA	0.0%
CORE Scientific Inc	64,200,132	8	1.2%	-	NA	0.0%
The Peeples Group	38,599,091	9	0.7%	96,192,704	4	2.9%
Southwind Building Products, LLC	37,478,883	10	0.7%	-	NA	0.0%
Beaulieu of America, LLC (1)	-	NA	0.0%	100,774,639	3	3.0%
J & J Industries (1)	-	NA	0.0%	76,692,074	5	2.3%
Tandus Centiva, Inc. (2)	-	NA	0.0%	67,120,201	6	2.0%
Lexmark Carpet Mills, Inc. (2)	-	NA	0.0%	36,498,211	7	1.1%
Shiroki Georgia, LLC	-	NA	0.0%	30,231,731	8	0.9%
Cargill, Inc.	-	NA	0.0%	16,388,454	9	0.5%
Wal-Mart Stores, LP	-	NA	0.0%	13,892,106	10	0.4%

Source: Whitfield County Tax Commissioner
(1) J & J Industries and Beaulieu of America, LLC were purchased by Engineered Floors, LLC
(2) Tandus Centiva, Inc. and Lexmark Carpet Mills, Inc. were combined as Tarket USA

City of Dalton, Georgia
Property Tax Levies and Collections
Ten Year Summary
(Unaudited)

Fiscal Year	Taxes Levied	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2016	$ 8,206,241	$ (17,806)	$ 8,188,435	$ 7,420,789	90.6%	$ 767,646	$ 8,188,435	100.0%
2017	8,603,323	(86,925)	8,516,398	7,625,345	89.5%	891,053	8,516,398	100.0%
2018	8,844,077	(189,333)	8,654,744	8,084,007	93.4%	570,737	8,654,744	100.0%
2019	8,918,132	(37,655)	8,880,477	8,286,628	93.3%	593,849	8,880,477	100.0%
2020	8,039,817	(25,498)	8,014,319	7,095,136	88.5%	919,183	8,014,319	100.0%
2021	7,788,703	36,744	7,825,447	7,116,547	90.9%	708,900	7,825,447	100.0%
2022	8,058,141	24,836	8,082,977	2,946,042	36.4%	5,122,365	8,068,407	99.8%
2023	8,612,634	72,639	8,685,273	7,694,553	88.6%	713,907	8,408,460	96.8%
2024	8,427,466	11,013	8,438,479	2,745,218	32.5%	5,089,783	7,835,001	92.8%
2025	8,292,626	(129,553)	8,163,073	2,285,009	28.0%	-	2,285,009	28.0%

Source: Whitfield County Board of Tax Assessors

(1) 2022 tax notices were processed late and had a due date of February 20, 2023

(2) 2023 taxpayers received a Homeowners Tax Relief Grant from the State of Georgia in the amount of $163,220

(3) 2024 tax notices were processed late and had a due date of February 20, 2026 (A temporary 2024 tax digest was utilized for year end 2024)

(4) 2025 tax notices were processed late and had a due date of February 20, 2026

City of Dalton, Georgia
Ratios of Outstanding Debt by Type
Ten Year Summary
(Unaudited)

Fiscal Year	Governmental Activities: General Obligation Bonds	Governmental Activities: Leases	Governmental Activities: Notes Payable	Business-Type Activities: Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2016	$ -	$ 10,868,223	$ 159,000	$ -	$ 11,027,223	1.0%	$ 324
2017	-	8,270,933	106,000	74,953,000	83,329,933	7.3%	2,469
2018	-	5,873,859	53,000	73,308,000	79,234,859	6.8%	2,362
2019	-	3,445,000	-	71,055,000	74,500,000	6.1%	2,213
2020	-	3,175,000	-	168,619,000	171,794,000	12.4%	4,992
2021	-	20,324,026	-	163,640,000	183,964,026	12.6%	5,366
2022	-	19,625,825	-	157,899,000	177,524,825	11.9%	5,166
2023	-	18,897,624	-	151,756,000	170,653,624	10.9%	4,945
2024	-	18,139,423	-	150,251,000	168,390,423	9.7%	4,815
2025	-	17,346,222	-	143,433,000	160,779,222	NA	NA

NA Not yet available

Note: Details regarding the City's outstanding debt are disclosed in Note 3-J of the Notes to the Basic Financial Statements.

City of Dalton, Georgia
Ratios of General Obligation Debt Outstanding
Ten Year Summary
(Unaudited)

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2016	$ -	0.0%	$ -
2017	-	0.0%	-
2018	-	0.0%	-
2019	-	0.0%	-
2020	-	0.0%	-
2021	-	0.0%	-
2022	-	0.0%	-
2023	-	0.0%	-
2024	-	0.0%	-
2025	-	0.0%	-

Source: The actual taxable value of property is obtained from the Schedule of Assessed and Estimated Actual Value of Taxable Property. Population data can be found in the Schedule of Demographic and Economic Statistics.

Note: Details regarding the City's outstanding debt is disclosed in Note 3-J of the Notes to the Basic Financial Statements.

City of Dalton, Georgia
Direct and Overlapping Governmental Activities Debt
As of December 31, 2025
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Applicable Percentage	Estimated Share of Direct and Overlapping Debt
Dalton Public School System agreement with City - 2018 General Obligation Bonds	$ 38,630,000	100.0%	$ 38,630,000
Dalton Public School System agreement with Building Authority - Revenue Bonds, Series 2022	9,920,000	100.0%	9,920,000
Total overlapping debt			48,550,000
City direct debt			17,346,222
Total direct and overlapping debt			$ 65,896,222

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Dalton, Georgia. This process recognizes that when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

Note: Details regarding conduit debt obligations are disclosed in Note 4-D of the Notes to the Basic Financial Statements.

City of Dalton, Georgia
Legal Debt Margin Information
Ten Year Summary
(Unaudited)

	For the year ending December 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	$ 368,183,682	$ 381,029,184	$ 390,486,938	$ 396,488,913	$ 399,133,733	$ 387,916,276	$ 402,736,991	$ 487,284,305	$ 507,750,014	$ 612,115,244
Total net debt applicable to limit	-	-	40,380,000	40,380,000	40,380,000	40,380,000	40,380,000	40,380,000	39,525,000	38,630,000
Legal debt margin	$ 368,183,682	$ 381,029,184	$ 350,106,938	$ 356,108,913	$ 358,753,733	$ 347,536,276	$ 362,356,991	$ 446,904,305	$ 468,225,014	$ 573,485,244
Total net debt applicable to limit as a % of debt limit	0.0%	0.0%	10.3%	10.2%	10.1%	10.4%	10.0%	8.3%	7.8%	6.3%

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed value	$5,553,061,363
Add: exempt property	568,091,080
Total assessed value	6,121,152,443
	10.0%
Debt limit (10% of assessed value)	$ 612,115,244
Debt applicable to limit	
Total general obligation debt	$ 38,630,000
Legal debt margin	$ 573,485,244

City of Dalton, Georgia
Pledged-Revenue Coverage
Ten Year Summary
(Unaudited)

	Utility Revenue Bonds					
				Debt Service		
Fiscal Year	Utility Service Charges	Utility Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2016	$ 205,218,000	$ 141,634,000	$ 63,584,000	$ -	$ -	-
2017	211,189,000	151,736,000	59,453,000	-	-	-
2018	213,990,000	143,950,000	70,040,000	-	2,414,000	29.0
2019	217,616,000	139,651,000	77,965,000	2,172,000	3,020,000	15.0
2020	203,811,000	129,595,000	74,216,000	2,202,000	2,915,000	14.5
2021	236,484,000	169,960,000	66,524,000	2,312,000	5,524,000	8.5
2022	378,476,000	329,093,000	49,383,000	5,133,000	6,333,000	4.3
2023	303,603,000	201,440,000	102,163,000	6,143,000	5,203,000	9.0
2024	306,911,000	199,997,000	106,914,000	5,673,000	5,807,000	9.3
2025	305,876,000	217,809,000	88,067,000	5,966,000	5,524,000	7.7

Note: Details regarding the City's outstanding debt can be found in Note 3-J of the Notes to the Basic Financial Statements. Operating expenses do not include interest, depreciation, or amortization.

City of Dalton, Georgia
Demographic and Economic Statistics
Ten Year Summary
(Unaudited)

Fiscal Year	Estimated Population		Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate	School Enrollment
2016	34,077	*	$ 1,153,063	$ 33,837	6.0%	7,966
2017	33,748	*	1,146,858	33,983	5.6%	7,899
2018	33,540	*	1,173,363	34,984	5.0%	7,998
2019	33,665	*	1,222,578	36,316	4.9%	7,921
2020	34,417		1,384,664	40,232	4.0%	7,883
2021	34,285	*	1,465,169	42,735	3.0%	7,801
2022	34,366	*	1,486,915	43,267	4.1%	7,675
2023	34,508	*	1,565,731	45,373	3.6%	7,699
2024	34,970	*	1,738,218	49,706	6.1%	7,662
2025	35,322	*	NA	NA	3.6%	7,619

Source: Per Capita Personal Income and Unemployment Rate information was provided by the Georgia Department of Labor. School Enrollment information was provided by the Dalton Independent School System. Population information was provided by the US Census Bureau.

* Estimated

NA Not yet available

City of Dalton, Georgia
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

	2025			2016		
Taxpayer	Employees (1)	Rank	Percentage of Total City Employees	Employees (1)	Rank	Percentage of Total City Employees
Shaw Industries, Inc.	4,501	1	12.7%	4,685	1	13.7%
Mohawk Industries, Inc.	2,907	2	8.2%	2,186	2	6.4%
Hamilton Medical Center	1,580	3	4.5%	1,984	3	5.8%
Dalton Public School System	1,052	4	3.0%	1,242	4	3.6%
Engineered Floors, LLC (2)	1,035	5	2.9%	-	NA	0.0%
City of Dalton, Georgia	750	6	2.1%	697	8	2.0%
Tarket USA (3)	621	7	1.8%	-	NA	0.0%
Techniplas US South, LLC	380	8	1.1%	-	NA	0.0%
Creative Plastics, LLC	277	9	0.8%	-	NA	0.0%
Columbia Recycling Corp.	266	10	0.8%	463	10	1.4%
Beaulieu of America, LLC (2)	-	NA	0.0%	1,238	5	3.6%
Tandus Centiva, Inc. (3)	-	NA	0.0%	1,119	6	3.3%
J & J Industries (2)	-	NA	0.0%	695	7	2.0%
The Peeples Group	-	NA	0.0%	620	9	1.8%

NA	Information not available
(1)	Includes City of Dalton only
(2)	J & J Industries and Beaulieu of America, LLC were purchased by Engineered Floors, LLC
(3)	Tandus Centiva, Inc. and Lexmark Carpet Mills, Inc. were combined as Tarket USA
Source:	Dalton-Whitfield Chamber of Commerce and City occupation tax data
Note:	The above figures for the City of Dalton include WLSF Commission employees and employees leased to joint ventures.

City of Dalton, Georgia
Full-Time Equivalent City Government Employees by Function/Program
Ten Year Summary
(Unaudited)

Function/Program	For the year ending December 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Administration	2	1	2	3	3	3	3	4	4	4
Human Resources	3	3	3	3	3	3	3	3	3	3
City Clerk	3	3	3	3	3	3	4	4	4	4
IT	2	2	2	2	3	3	3	4	4	4
Finance	5	5	5	5	5	5	5	6	6	6
Building Grounds/Maintenance	-	-	-	-	-	-	-	1	1	1
Municipal Court	5	5	5	5	5	5	6	6	6	6
Public Safety										
Police - Officers	81	85	85	88	84	80	77	80	78	82
Police - Civilians	15	13	13	13	12	12	12	12	12	11
Fire - Firefighters and officers	91	92	90	93	90	93	90	93	94	92
Fire - Civilians	3	3	3	3	3	1	1	1	1	1
Public Works										
Refuse collection	28	28	26	27	24	27	30	27	28	26
Streets	11	11	10	10	10	9	14	12	11	8
Other	28	30	34	34	34	36	42	35	35	39
DWRSWMA (Landfill)	41	41	42	43	43	42	47	47	48	48
WLSF (Dalton Utilities)	308	309	310	315	310	322	302	307	314	319
Culture and Recreation										
Recreation	55	52	53	62	63	58	53	48	54	55
Golf Course	11	11	11	12	12	12	14	14	14	13
Convention Center	25	24	24	22	15	15	16	16	16	16
Economic Development and Assistance										
Airport	3	3	3	3	3	3	4	3	4	4
Health and Welfare										
Compliance Enforcement	-	-	-	-	-	-	2	2	3	3

Source: City of Dalton and WLSF Commission payroll departments

Note: A full time employee is scheduled to work 1,560 hours per year (including vacation and sick leave).

Note: The City leases employees to the Dalton-Whitfield Solid Waste Management Authority, the Dalton Whitfield Community Development Corporation, the Dalton-Whitfield Convention and Visitors Bureau, the Downtown Dalton Development Authority, and the Northwest Georgia Trade and Convention Center Authority.

City of Dalton, Georgia
Operating Indicators by Function/Program
Ten Year Summary
(Unaudited)

Function/Program	For the year ending December 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police										
Physical arrests	3,668	4,424	4,897	4,712	3,801	4,105	4,015	4,894	3,298	2,940
Traffic citations and warnings	10,826	11,710	13,857	12,644	11,704	11,344	12,062	18,314	12,552	14,871
Fire										
Calls answered	3,590	3,719	3,867	3,906	3,358	3,997	3,954	3,824	4,058	4,012
Inspections conducted	717	1,080	1,536	3,090	1,545	1,314	1,769	2,815	3,313	3,969
Public Works										
Streets resurfaced (miles)	4	7	8	6	5	6	4	5	9	7
Refuse collected (tons	11,405	11,748	12,397	12,848	12,174	11,679	10,390	10,511	10,838	10,293
Culture and Recreation										
Youth athletic enrollment	4,535	4,580	4,862	4,869	3,487	2,452	3,151	5,190	6,110	6,626
Adult athletic enrollment	1,935	1,940	1,780	1,756	1,320	1,584	971	1,170	864	1,650
Special events	28,960	29,558	29,360	29,736	15,947	24,612	24,115	24,200	24,300	24,300
Tournaments	26,243	25,253	24,868	24,532	28,534	31,000	30,250	30,500	27,000	29,000
Round of golf	NA	21,758	12,505	24,909	24,341	27,209	28,826	32,191	28,746	31,003
Tournament rounds of golf	NA	1,877	1,454	2,493	774	2,286	3,045	3,120	2,835	2,780
Special needs participation	NA	1,108	1,230	1,454	402	590	630	675	700	800

(continued)

(1) In millions of gallons
(2) Includes Whitfield County
Source: Various City departments
NA Not available

City of Dalton, Georgia
Operating Indicators by Function/Program
Ten Year Summary
(Unaudited)

Function/Program	For the year ending December 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
WLSF (Dalton Utilities) (1) (2)										
Electric System										
Number of service connections	16,907	16,802	16,874	16,815	15,414	15,856	17,155	17,421	18,022	15,699
Daily average consumption	4,931	5,073	5,233	5,663	5,408	5,788	9,365	8,599	8,962	8,104
Maximum daily peak (MW's)	275	271	283	301	299	414	483	446	476	439
Natural Gas System										
Number of service connections	7,534	7,445	7,426	7,456	7,357	7,324	7,273	7,301	7,289	7,647
Daily average consumption	8,622	13,716	14,492	13,515	12,285	13,931	12,771	12,103	12,158	12,188
Maximum daily peak (Dkthms)	25,681	27,824	37,489	32,948	32,662	30,785	29,571	26,561	34,710	35,020
Sewer system										
Number of service connections	12,916	12,847	13,006	13,090	13,334	13,279	13,743	13,975	14,322	14,433
Daily average treatment	19	23	24	20	25	24	24	22	22	21
Maximum daily capacity (Mil/gallons)	67	67	67	67	66	66	66	66	66	66
Water system										
Number of service connections	36,217	36,084	35,580	35,872	36,194	36,273	37,604	37,962	38,490	40,443
Daily average consumption (Mil/gallons)	27	27	28	27	27	25	22	24	24	24
Maximum daily capacity (Mil/gallons)	66	66	66	66	66	59	59	59	59	59
Optilink (Telecom) System										
Number of service connections	13,393	13,534	13,624	13,169	13,729	13,749	13,679	13,548	13,870	13,897

City of Dalton, Georgia
Capital Asset Statistics by Function/Program
Ten Year Summary
(Unaudited)

Function/Program	For the year ending December 31,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	65	65	65	65	65	65	65	65	65	65
Fire										
Number of stations	5	5	5	5	5	5	5	5	5	5
Public Works										
Miles of streets	180	180	181	191	186	187	190	190	190	190
Streetlights	4,620	4,633	4,638	4,649	4,625	4,657	4,481	4,518	4,535	4,569
Culture and Recreation										
Community centers	3	3	3	3	3	3	3	2	2	2
Parks	13	13	14	14	14	14	14	21	21	22
Park acreage	734	734	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260
Golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	28	28	28	28	28	28	28	28	28	28
WLSF (Dalton Utilities)										
Electric System										
Miles of distribution	339	356	356	390	390	390	364	364	361	390
Number of substations	11	11	11	12	12	12	13	13	13	13
Natural gas system										
Miles of distribution	296	298	341	363	350	353	340	345	349	349
Sewer system										
Miles of sewer	328	336	335	337	337	345	351	367	367	371
Number of treatment plants	5	5	5	5	4	4	4	4	2	2
Water system										
Miles of water mains	1,244	1,234	1,223	1,224	1,224	1,215	1,221	1,222	1,213	1,217
Number of fire hydrants	5,040	5,055	5,077	5,077	5,077	5,080	5,101	5,119	5,137	5,189
Optilink (Telecom) System										
Miles of fiber optics	1,317	1,367	1,422	1,479	1,682	1,779	1,921	1,974	1,992	2,082

Source: Various City departments

Note: Dalton Utilities figures include Whitfield County

City of Dalton, Georgia
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax
For the Year Ended December 31, 2025

Project Name	Original Estimated Project Cost	Revised Estimated Project Cost	Funding Sources: Estimated SPLOST Collections	Funding Sources: Estimated Other Sources	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Estimated Percentage Complete
SPLOST 2024 (2024 Referendum):								
Public safety buildings, vehicles, and equipment	$ 6,300,000	$ 6,300,000	$ 6,300,000	$ -	$ -	$ 1,876,586	$ 1,876,586	30%
Renovations to Heritage Point Park and other park capital improvements	3,000,000	3,000,000	3,000,000	-	-	37,390	37,390	1%
Mill Line Trail extension	3,000,000	3,000,000	3,000,000	-	-	192,670	192,670	6%
Roads, streets, bridges, stormwater projects, and equipment	14,515,050	15,623,499	14,654,499	969,000	-	803,738	803,738	5%
	$ 26,815,050	$ 27,923,499	$ 26,954,499	$ 969,000	$ -	$ 2,910,384	$ 2,910,384	10%
SPLOST 2020 (2020 Referendum):								
Public safety building and vehicles	$ 4,968,000	$ 9,119,008	$ 7,904,105	$ 1,214,903	$ 5,024,082	$ 3,676,365	$ 8,700,447	95%
Renovations to John Davis and Heritage Park	11,175,000	20,041,626	14,375,910	5,665,716	8,739,204	7,848,261	16,587,465	83%
Renovations to Dalton-Whitfield Senior Center	425,000	425,000	425,000	-	348,564	44,760	393,324	93%
Roads, streets, bridges, stormwater projects, and equipment	2,531,000	12,066,119	7,473,915	4,592,204	7,238,464	646,539	7,885,003	65%
	$ 19,099,000	$ 41,651,753	$ 30,178,930	$ 11,472,823	$ 21,350,314	$ 12,215,925	$ 33,566,239	81%
SPLOST 2015 (2015 Referendum):								
County-wide communications project	$ 3,901,000	$ 3,901,222	$ 3,901,222	$ -	$ 3,901,222	$ -	$ 3,901,222	100%
County-wide library project	163,000	162,551	162,551	-	162,551	-	162,551	100%
Lakeshore/Brookwood Park recreation and Greenway projects	2,200,000	5,037,078	2,633,395	2,403,683	5,037,078	-	5,037,078	100%
Public safety vehicles	3,200,000	3,193,318	3,193,318	-	3,193,318	-	3,193,318	100%
Haig Mill reservoir recreation project	5,000,000	5,293,814	5,293,814	-	5,293,814	-	5,293,814	100%
Streets, bridges, and stormwater projects	10,000,000	16,779,421	11,716,081	5,063,340	14,527,976	162,733	14,690,709	88%
	$ 24,464,000	$ 34,367,404	$ 26,900,381	$ 7,467,023	$ 32,115,959	$ 162,733	$ 32,278,692	94%
Total	$ 70,378,050	$ 103,942,656	$ 84,033,810	$ 19,908,846	$ 53,466,273	$ 15,289,042	$ 68,755,315	

ESTES & WALCOTT
CERTIFIED PUBLIC ACCOUNTANTS

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, Members of the City Council,
City Administrator, and Chief Financial Officer
City of Dalton, 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 Comptroller General of the United States ("*Government Auditing Standards"*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Dalton, Georgia's basic financial statements, and have issued our report thereon dated June 23, 2026. Our report includes a reference to other auditors who audited the financial statements of the WLSF Commission, as described in our report on the City of Dalton, Georgia's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Dalton, Georgia'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 of Dalton, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dalton, Georgia'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 of Dalton, Georgia'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.

Estes & Walcott

Dalton, Georgia
June 23, 2026