FINANCIAL STATEMENTS

CITY OF FORT OGLETHORPE, GEORGIA

FORT OGLETHORPE, GEORGIA

DECEMBER 31, 2025

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Fort Oglethorpe, Georgia

Report on Audit of the Financial Statements

Opinions

We have audited the accompanying 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 Fort Oglethorpe, Georgia, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Fort Oglethorpe, 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 Fort Oglethorpe, 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.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Fort Oglethorpe, 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 Fort Oglethorpe, 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 on pages 4 - 10, and the schedules of required supplementary information on pages 48 - 55 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 Fort Oglethorpe, Georgia's basic financial statements. The accompanying combining nonmajor fund financial statements and the financial schedules 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 nonmajor fund financial statements and the financial schedules 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 26, 2026, on our consideration of the City of Fort Oglethorpe, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fort Oglethorpe, Georgia's internal control over financial reporting and compliance.

Estes & Walcott

Dalton, Georgia
June 26, 2026

Management's discussion and analysis provides an objective and easily readable analysis of the City's financial activities. The analysis provides summary financial information for the City of Fort Oglethorpe and should be read in conjunction with the City's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements consist of three components. The statement of net position and the statement of activities (government-wide financial statements), on pages 11 through 13, provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The financial statements also include notes which explain some of the information in the government-wide and fund financial statements, and which provide additional detail concerning the financial activities of the City. The information contained in these notes is essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 25 of this report.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. You can think of the City's net position, the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the statement of net position and the statement of activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including public safety, public works, recreation, and general administration. Property taxes, licenses & permits, local option sales tax, business taxes, and franchise fees finance most of these activities.

- Business-type activities – The City charges a fee to customers to help it cover the cost of certain services it provides. The City's water and sewer activities are reported here.

To aid in the understanding of the statement of activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense) / revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line-item revenues reported for each function are:

General government	Charges for bad checks, charges for copies
Public safety	Fines and forfeitures
Housing and development	Building, plumbing, and electrical permits
Culture and recreation	Pool admissions and pavilion fees
Grants and contributions	Predominantly grants from other governments for specific projects, also including proceeds from Special Purpose Local Option Sales Taxes, which are restricted for specific capital related activities

Other governmental revenues are reported as general. It is important to note that all taxes, with the exception of the Special Purpose Local Option Sales Taxes referred to above, are classified as general revenue even if restricted for a specific purpose.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 14 and provide detailed information about the most significant funds – not the City as a whole. Individual funds are established to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal grants. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

- Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations following the fund financial statements.

- Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

FINANCIAL HIGHLIGHTS

For the years ended December 31, 2025 and 2024, a summary of net position of the primary government is as follows:

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 18,540,916	$ 18,070,683	$ 18,873,743	$ 18,826,685	$ 37,414,659	$ 36,897,368
Capitalized assets	23,129,268	23,376,949	29,224,065	28,650,472	52,353,333	52,027,421
Total assets	41,670,184	41,447,632	48,097,808	47,477,157	89,767,992	88,924,789
Bond issue costs	-	-	338,147	364,668	338,147	364,668
Pension related items	1,257,906	1,232,712	259,472	217,537	1,517,378	1,450,249
Deferred loss on debt refunding	-	-	914,063	985,754	914,063	985,754
Total deferred outflows of resources	1,257,906	1,232,712	1,511,682	1,567,959	2,769,588	2,800,671
Current liabilities	3,572,945	3,487,530	1,907,827	1,769,009	5,480,772	5,256,539
Long-term liabilities	2,179,308	1,887,369	11,494,013	12,152,702	13,673,321	14,040,071
Total liabilities	5,752,253	5,374,899	13,401,840	13,921,711	19,154,093	19,296,610
Pension related items	447,699	1,059,794	92,349	187,022	540,048	1,246,816
Leases	134,718	178,493	-	-	134,718	178,493
Total deferred inflows of resources	582,417	1,238,287	92,349	187,022	674,766	1,425,309
Net investment in capital assets	23,127,316	23,373,534	17,429,349	16,110,288	40,556,665	39,483,822
Restricted	427,884	350,730	262,602	262,493	690,486	613,223
Unrestricted	13,038,220	12,342,894	18,423,350	18,563,602	31,461,570	30,906,496
Total net position	$ 36,593,420	$ 36,067,158	$ 36,115,301	$ 34,936,383	$ 72,708,721	$ 71,003,541

The following table provides a summary of the primary government's operations and changes in net position for the year ended December 31, 2025 with comparative totals for the year ended December 31, 2024.

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	$ 890,209	$ 1,429,222	$ 7,814,329	$ 8,005,483	$ 8,704,538	$ 9,434,705
Operating grants	303,955	356,164	-	-	303,955	356,164
Capital grants	1,475,563	2,679,776	47,453	6,852	1,523,016	2,686,628
General revenues						
Taxes	9,798,297	9,444,069	-	-	9,798,297	9,444,069
Investment earnings	631,087	744,342	691,886	743,131	1,322,973	1,487,473
Donations	8,200	-	-	-	8,200	-
Other	451,817	445,880	114,848	165,929	566,665	611,809
Total revenues	13,559,128	15,099,453	8,668,516	8,921,395	22,227,644	24,020,848
Expenses						
Judicial	515,945	601,530	-	-	515,945	601,530
General government	2,464,901	2,114,333	-	-	2,464,901	2,114,333
Public safety	3,775,929	3,793,459	-	-	3,775,929	3,793,459
Public works	3,028,228	3,232,799	-	-	3,028,228	3,232,799
Housing and development	626,627	626,846	-	-	626,627	626,846
Public welfare	134,388	185,313	-	-	134,388	185,313
General operating expenses	-	-	7,507,103	6,063,529	7,507,103	6,063,529
Culture and recreation	1,316,564	1,317,978	-	-	1,316,564	1,317,978
Interest	763	1,053	29,248	351,109	30,011	352,162
Total expenses	11,863,345	11,873,311	7,536,351	6,414,638	19,399,696	18,287,949
Excess (deficiency) of revenues over expenses	1,695,783	3,226,142	1,132,165	2,506,757	2,827,948	5,732,899
Transfers	(1,169,521)	(2,364,651)	46,753	1,377,276	(1,122,768)	(987,375)
Change in net position	526,262	861,491	1,178,918	3,884,033	1,705,180	4,745,524
Net position beginning of year	36,067,158	35,205,667	34,936,383	31,052,350	71,003,541	66,258,017
Net position end of year	$ 36,593,420	$ 36,067,158	$ 36,115,301	$ 34,936,383	$ 72,708,721	$ 71,003,541

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Fort Oglethorpe, assets and deferred outflow of resources exceeded liabilities by $72.7 million as of December 31, 2025, which is up $1.7 million from December 31, 2024.

Approximately 56% of the City's net position reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Governmental Activities

Governmental activities increased the City's net position by $526,000. Revenues decreased $1.5 million, primarily due to decreased SPLOST (special purpose local option sales tax) revenue of $997,000 (44%), decreased ARPA federal revenue of $272,000 (75%), decreased fines and forfeitures $305,000 (35%), and decreased building permits of $184,000 (93%), offset by increased LOST (local option sales tax) revenue of $198,000 (5%). SPLOST revenues were significantly lower than the prior year due to requesting less funding from Catoosa County during 2025 for SPLOST projects underway. Expenses decreased by $10,000. The largest increase was in the general government function of $350,000 (17%) offset by decreases in the public works ($205,000), judicial ($86,000), and public welfare ($51,000) functions.

Business-type Activities

Business-type activities increased the City's net position by $1.2 million. Prior year transfers of capital assets purchased with SPLOST proceeds and additional transfers to pay a portion of the principal and interest payments on the 2019 revenue bonds whose proceeds were being used for improving and constructing new infrastructure were not as great in the current year. Income was relatively flat in relation to prior year amounts, with total revenues decreasing $253,000. Expenses increased $1.1 million due primarily to increased purchased sewer costs.

FUND FINANCIAL INFORMATION

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

The general fund is the chief operating fund of the City. As of December 31, 2025, unassigned fund balance was $14.0 million.

Other Governmental Funds

The SPLOST capital projects fund reported restricted fund balance of $247,000 for the year ended December 31, 2025. The American Rescue Plan special revenue fund reported restricted fund balance of $404,000 for the year ended December 31, 2025. These balances will be used to carry out capital projects in accordance with the activities specified by the funding.

Nonmajor Government Funds

The City uses special revenue funds and capital projects funds to account for the collection and disbursement of revenues that are legally restricted to expenditures for specific purposes. Included in this classification are two special revenue funds; hotel/motel tax and confiscated assets, and one capital projects fund; TSPLOST. Those combined funds reported restricted fund balances of $181,000 for the year ended December 31, 2025.

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements. The City has one business-type activity, the water and sewer fund. Unrestricted net position of the water and sewer operations at the end of the year was $18.4 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level. The most significant budget is that of the general fund.

Within the general fund, the revenues and other financing sources budget was amended to reallocate. The reallocation reflected an increase in business and occupation tax and a decrease in fines and forfeitures. The expenditures and other financing uses budget was amended downwards by $173,000 across departments. Actual revenues and other financing sources were more than budget by $302,000 and actual expenditures and other financing uses were less than budget by $768,000, yielding a positive variance of $1.07 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2025, the City had $52.4 million invested in capital assets including equipment, buildings, and public improvements. This represents a net increase after depreciation of $327,000 (1%) as compared to last year. This net increase was comprised of asset additions of $2.8 million and depreciation expense of $2.5 million.

Asset additions for governmental activities totaled $1.1 million. The largest items included public works shop renovations and equipment and vehicle purchases. Asset additions of $1.7 million for business activities were primarily for public work shop renovations additions and equipment. A summary of capital assets, net of depreciation, is as follows:

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 2,038,569	$ 2,004,069	$ 104,883	$ 104,883	$ 2,143,452	$ 2,108,952
Buildings	4,627,363	4,317,342	1,286,509	353,896	5,913,872	4,671,238
Public improvements	14,053,410	14,546,050	26,409,361	27,407,022	40,462,771	41,953,072
Equipment, vehicles, and furniture and fixtures	2,118,898	2,117,168	599,184	519,053	2,718,082	2,636,221
Construction in progress	289,076	388,905	824,128	265,618	1,113,204	654,523
Total	$ 23,127,316	$ 23,373,534	$ 29,224,065	$ 28,650,472	$ 52,351,381	$ 52,024,006

Additional information on the City's capital assets can be found in Note 4 of this report.

Long-Term Liabilities

At year-end, the City had $14.7 million in outstanding long-term liabilities, compared to $15.0 million last year. The majority of long-term liabilities is from the 2019 Water and Sewer Revenue Refunding and Improvement Bond Issue. The proceeds from the bonds are being used for the addition, extension and improvement of the City's water and sewerage system. Bonds payable at the end of 2025 are $11.5 million. A summary of long-term debt is as follows:

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Compensated absences	$ 237,116	$ 214,669	$ 52,399	$ 45,311	$ 289,515	$ 259,980
Lease liabilities	3,099	4,706	-	-	3,099	4,706
Net pension liability	2,178,171	1,884,270	449,297	332,518	2,627,468	2,216,788
Premium on bond refunding	-	-	324,716	350,184	324,716	350,184
Revenue bonds	-	-	11,470,000	12,190,000	11,470,000	12,190,000
	$ 2,418,386	$ 2,103,645	$ 12,296,412	$ 12,918,013	$ 14,714,798	$ 15,021,658

Additional long-term liabilities consist of accrued compensated absences for vacation pay, leases for right-of-use assets, and the City's allocable share of the Georgia Municipal Employees Benefit System net pension liability.

Additional information on the City's long-term debt can be found in Note 5 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In adopting the budget for the ensuing fiscal year 2026, City officials considered many factors in making judgments and estimates about the finances of the upcoming year. A primary objective was to continue to provide basic services to the citizens while keeping the property tax rate low. Revenue from interest income and investments played a part in mitigating any property tax increase and helped offset to a degree the effects of inflationary pressures on costs.

For 2026, the City budgeted a 2.5% increase in general fund revenues and expenditures over the original 2025 budget. In general, the increase was due to an increase in LOST revenue, business and occupation tax revenue, and franchise tax revenue, due to economic growth. The expenditure increase was the result of increases to public safety, maintenance, and solid waste collection. For 2026, the City budgeted an 8% increase in revenues in the proprietary fund (water and sewer fund) and also an 8% increase in expenses. The expense increase is primarily the result of planning for maintenance, labor costs, sewer treatment, and water purchases.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This report was prepared by the Finance Department of the City of Fort Oglethorpe and is designed to present a general overview of the City's accountability. Questions concerning this report or requests for additional information can be obtained by contacting the City of Fort Oglethorpe at 500 City Hall Drive, Fort Oglethorpe, Georgia. Phone # 706-866-2544.

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash	$ 15,214,763	$ 17,481,214	$ 32,695,977	$ 3,357
Restricted cash	-	262,602	262,602	-
Due from other governmental entities	2,023,925	46,753	2,070,678	-
Property taxes receivable	177,301	-	177,301	-
Other taxes receivable	475,681	-	475,681	-
Other receivables	411,126	802,271	1,213,397	-
Leases receivable	134,718	-	134,718	-
Due from (to) other fund	2,138	(2,138)	-	-
Inventory	-	113,859	113,859	-
Prepaid items	101,264	169,182	270,446	-
Land and other nondepreciable assets	2,327,644	929,011	3,256,655	-
Other capital assets, net	20,799,672	28,295,054	49,094,726	-
Right-to-use leased assets, net	1,952	-	1,952	-
Total assets	41,670,184	48,097,808	89,767,992	3,357
Deferred outflows of resources				
Bond issue costs	-	338,147	338,147	-
Pension related items	1,257,906	259,472	1,517,378	-
Deferred loss on debt refunding	-	914,063	914,063	-
Total deferred outflows of resources	1,257,906	1,511,682	2,769,588	-
Total assets and deferred outflows of resources	$ 42,928,090	$ 49,609,490	$ 92,537,580	$ 3,357

(continued)

See accompanying notes to the basic financial statements.

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Liabilities				
Accounts payable	450,344	791,763	1,242,107	-
Payroll withholdings and accruals	268,594	6,942	275,536	-
Unearned revenue	2,614,929	-	2,614,929	-
Accrued interest payable	-	75,402	75,402	-
Customer deposits	-	231,321	231,321	-
Long-term liabilities				
Due within one year				
Bonds payable	-	750,000	750,000	-
Leases	1,962	-	1,962	-
Compensated absences	237,116	52,399	289,515	-
Due in more than one year				
Bonds payable	-	11,044,716	11,044,716	-
Leases	1,137	-	1,137	-
Net pension liability	2,178,171	449,297	2,627,468	-
Total liabilities	5,752,253	13,401,840	19,154,093	-
Deferred inflows of resources				
Pension related items	447,699	92,349	540,048	-
Leases	134,718	-	134,718	-
Total deferred inflows of resources	582,417	92,349	674,766	-
Net position				
Net investment in capital assets	23,127,316	17,429,349	40,556,665	-
Restricted for				
Capital projects	426,006	-	426,006	-
Public safety	1,878	-	1,878	-
Debt service	-	262,602	262,602	-
Unrestricted	13,038,220	18,423,350	31,461,570	3,357
Total net position	36,593,420	36,115,301	72,708,721	3,357
Total liabilities, deferred inflows of resources, and net position	$ 42,928,090	$ 49,609,490	$ 92,537,580	$ 3,357

See accompanying notes to the basic financial statements.

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
Primary government								
Governmental activities								
Judicial	$ 515,945	$ -	$ -	$ -	$ (515,945)	$ -	$ (515,945)	$ -
General government	2,464,901	1,099	-	625,124	(1,838,678)	-	(1,838,678)	-
Public safety	3,775,929	672,419	-	386,673	(2,716,837)	-	(2,716,837)	-
Public works	3,028,228	-	245,794	274,514	(2,507,920)	-	(2,507,920)	-
Housing and development	626,627	36,625	-	-	(590,002)	-	(590,002)	-
Public welfare	134,388	-	58,161	-	(76,227)	-	(76,227)	-
Culture and recreation	1,316,564	180,066	-	195,436	(941,062)	-	(941,062)	-
Interest	763	-	-	-	(763)	-	(763)	-
Total governmental activities	11,863,345	890,209	303,955	1,481,747	(9,187,434)	-	(9,187,434)	-
Business-type activities								
Water and sewer management	7,536,351	7,814,329	-	47,453	-	325,431	325,431	-
Total primary government	$ 19,399,696	$ 8,704,538	$ 303,955	$ 1,529,200	(9,187,434)	325,431	(8,862,003)	-
Component unit								
Downtown Development Authority	$ 79,405	$ -	$ -	$ -				(79,405)
General revenues								
Property taxes					1,850,935	-	1,850,935	-
Local option sales tax					3,909,451	-	3,909,451	-
Alcoholic beverage tax					439,449	-	439,449	-
Business and occupation tax					1,835,525	-	1,835,525	-
Franchise taxes and fees					1,244,083	-	1,244,083	-
Other taxes					518,854	-	518,854	-
Property rental					200,397	-	200,397	-
Interest					624,903	691,886	1,316,789	-
Donations					8,200	-	8,200	79,259
Other					251,420	114,848	366,268	-
Total general revenues					10,883,217	806,734	11,689,951	79,259
Transfers to other governments					(1,122,768)	-	(1,122,768)	-
Internal transfers					(46,753)	46,753	-	-
Change in net position					526,262	1,178,918	1,705,180	(146)
Net position beginning of year					36,067,158	34,936,383	71,003,541	3,503
Net position end of year					$ 36,593,420	$ 36,115,301	$ 72,708,721	$ 3,357

See accompanying notes to the basic financial statements.

CITY OF FORT OGLETHORPE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	SPLOST Capital Projects	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	$ 12,042,980	$ 244,299	$ 2,750,017	$ 177,467	$ 15,214,763
Due from other governments	2,017,807	2,524	-	3,594	2,023,925
Due from other funds	37,729	-	-	-	37,729
Property taxes receivable	177,301	-	-	-	177,301
Other taxes receivable	475,681	-	-	-	475,681
Other receivables	411,126	-	-	-	411,126
Leases receivable	134,718	-	-	-	134,718
Prepaid items	101,264	-	-	-	101,264
Total assets	$ 15,398,606	$ 246,823	$ 2,750,017	$ 181,061	$ 18,576,507
Liabilities					
Accounts payable	$ 450,344	$ -	$ -	$ -	$ 450,344
Payroll withholdings and accruals	268,594	-	-	-	268,594
Due to other funds	29,371	-	6,220	-	35,591
Unearned revenue	274,862	-	2,340,067	-	2,614,929
Total liabilities	1,023,171	-	2,346,287	-	3,369,458
Deferred inflows of resources					
Deferred property taxes	105,944	-	-	-	105,944
Lease related	134,718	-	-	-	134,718
Total deferred inflows of resources	240,662	-	-	-	240,662
Fund balances					
Nonspendable - prepaid items	101,264	-	-	-	101,264
Restricted for					
Capital projects	-	246,823	-	179,183	426,006
Public works	-	-	403,730	-	403,730
Public safety	-	-	-	1,878	1,878
Unassigned	14,033,509	-	-	-	14,033,509
Total fund balances	14,134,773	246,823	403,730	181,061	14,966,387
Total liabilities, deferred inflows of resources, and fund balances	$ 15,398,606	$ 246,823	$ 2,750,017	$ 181,061	$ 18,576,507

See accompanying notes to the basic financial statements.

CITY OF FORT OGLETHORPE, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF
FOR THE YEAR ENDED DECEMBER 31, 2025

Total governmental fund balances		$ 14,966,387
Amounts reported for governmental activities in the statement of net position are different because:		
Certain revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		105,944
Capitalized assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Nondepreciable capital assets	2,327,644	
Depreciable capital assets, net of accumulated depreciation	20,799,672	
Right-to-use leased assets, net of accumulated amortization	1,952	23,129,268
Deferred inflows and outflows from pensions are not paid in the current period and, therefore, are not reported in the funds:		
Deferred outflows related to pensions	1,257,906	
Deferred inflows related to pensions	(447,699)	810,207
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	(237,116)	
Net pension liability	(2,178,171)	
Leases payable	(3,099)	(2,418,386)
Net position of governmental activities		$ 36,593,420

See accompanying notes to the basic financial statements.

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

	General Fund	SPLOST Capital Projects	American Rescue Plan Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 9,736,134	$ -	$ -	$ 68,552	$ 9,804,686
Licenses and permits	130,880	-	-	-	130,880
Charges for services	185,535	-	-	-	185,535
Intergovernmental	431,893	1,225,803	89,448	36,989	1,784,133
Fines, fees and forfeitures	573,606	-	-	188	573,794
Investment earnings	513,845	6,385	111,056	6,186	637,472
Other	311,870	-	-	-	311,870
Total revenues	11,883,763	1,232,188	200,504	111,915	13,428,370
Expenditures					
Current					
Judicial	528,731	-	-	-	528,731
General government	2,049,467	284,170	-	-	2,333,637
Public safety	3,704,305	-	-	3,018	3,707,323
Public works	2,584,150	-	-	-	2,584,150
Housing and development	623,535	-	-	-	623,535
Public welfare	147,780	-	-	-	147,780
Culture and recreation	911,123	-	-	-	911,123
Capital outlay	188,354	911,209	-	-	1,099,563
Debt service					
Principal	1,607	-	-	-	1,607
Interest	763	-	-	-	763
Total expenditures	10,739,815	1,195,379	-	3,018	11,938,212
Excess (deficiency) of revenues over expenditures	1,143,948	36,809	200,504	108,897	1,490,158
Other financing sources (uses)					
Insurance recovery	148,147	-	-	-	148,147
Transfers from other funds	111,247	-	-	-	111,247
Transfers to other funds	-	-	(89,448)	(68,552)	(158,000)
Transfers to other governments	(1,122,768)	-	-	-	(1,122,768)
Total other financing sources (uses)	(863,374)	-	(89,448)	(68,552)	(1,021,374)
Net change in fund balances	280,574	36,809	111,056	40,345	468,784
Fund balances beginning of year	13,854,199	210,014	292,674	140,716	14,497,603
Fund balances end of year	$ 14,134,773	$ 246,823	$ 403,730	$ 181,061	$ 14,966,387

See accompanying notes to the basic financial statements.

CITY OF FORT OGLETHORPE, 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 change in fund balances – total governmental funds		$ 468,784
Amounts reported for governmental activities in the statement of activities are different because:		
Transfers between governmental funds are eliminated in the statement of activities:		
Transfers in	(111,247)	
Transfers out	111,247	-
Certain governmental revenues will not be collected for several months after the fiscal year and are deferred in the governmental funds.		(17,389)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
Capital outlays	1,099,563	
Depreciation expense	(1,345,781)	(246,218)
Repayment of leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,607
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Amortization of right-to-use assets	(1,463)	
Change in compensated absences	(22,447)	
Change in pension liabilities and related deferred outflows/inflows of resources	343,388	319,478
Change in net position of governmental activities		$ 526,262

See accompanying notes to the basic financial statements.

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND - WATER AND SEWER FUND
BUSINESS-TYPE ACTIVITIES
DECEMBER 31, 2025

Assets	
Current assets	
Cash	$ 17,481,214
Accounts receivable, net of allowance for uncollectibles of $90,000	802,271
Inventory	113,859
Due from other funds	32,606
Due from other governments	46,753
Prepaid expenses	169,182
Total current assets	18,645,885
Long-term assets	
Restricted bond interest and sinking funds	262,602
Capital assets	
Land and other nondepreciable assets	929,011
Property, plant, and equipment	44,295,890
	45,224,901
Less accumulated depreciation	16,000,836
Net capital assets	29,224,065
Total long-term assets	29,486,667
Total assets	48,132,552
Deferred outflows of resources	
Bond issue costs	338,147
Pension related items	259,472
Deferred loss on debt refunding	914,063
Total deferred outflows of resources	1,511,682
Total assets and deferred outflows of resources	$ 49,644,234

(continued)

See accompanying notes to the basic financial statements.

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUND - WATER AND SEWER FUND
BUSINESS-TYPE ACTIVITIES
DECEMBER 31, 2025

Liabilities	
Current liabilities	
Current maturities of bonds payable	$ 750,000
Accounts payable	791,763
Due to other funds	34,744
Payroll withholdings and accruals	6,942
Accrued interest payable	75,402
Compensated absences payable	52,399
Customer deposits	231,321
Total current liabilities	1,942,571
Long-term liabilities	
Bonds payable, net of current portion	11,044,716
Net pension liability	449,297
Total long-term liabilities	11,494,013
Total liabilities	13,436,584
Deferred inflows of resources	
Pension related items	92,349
Net position	
Net investment in capital assets	17,429,349
Restricted for debt service	262,602
Unrestricted	18,423,350
Total net position	36,115,301
Total liabilities, deferred inflows of resources, and net position	$ 49,644,234

See accompanying notes to the basic financial statements.

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND - WATER AND SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

Operating revenues	
Water sales	$ 1,594,202
Sewer charges	6,082,827
Water and sewer taps	91,800
Meter and reconnect fees	45,500
Intergovernmental revenue	47,453
Other	114,848
Total operating revenues	7,976,630
Operating expenses	
Depreciation and amortization	1,234,644
General operating expenses	5,949,250
Total operating expenses	7,183,894
Operating income	792,736
Nonoperating income (expense)	
Investment income	691,886
Interest expense	(323,209)
Loss on disposition of assets	(29,248)
Total nonoperating income (expense)	339,429
Income before transfers	1,132,165
Transfer from other funds	46,753
Change in net position	1,178,918
Net position beginning of year	34,936,383
Net position end of year	$ 36,115,301

See accompanying notes to the basic financial statements.

CITY OF FORT OGLETHORPE, GEORGIA
PROPRIETARY FUND - WATER AND SEWER FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

Cash flows from operating activities	
Receipts from user fees	$ 7,625,913
Payments to employees	(957,062)
Payments for goods and other services	(5,046,291)
Other receipts	94,673
Net cash provided by (used in) operating activities	1,717,233
Cash flows from capital and related financing activities	
Cash paid for capital assets	(1,743,438)
Proceeds from sale of capital assets	4,164
Payments on bonds	(720,000)
Transfers in from other funds	46,753
Interest paid	(330,409)
Net cash provided by (used in) capital and related financing activities	(2,742,930)
Cash flows from noncapital financing activities	
Receipts from interfund loans	124,358
Net cash provided by (used in) other financing activities	124,358
Cash flows from investing activities	
Investment income	691,886
Net cash provided by (used in) investing activities	691,886
Net increase (decrease) in cash and cash equivalents	(209,453)
Cash beginning of year	17,953,269
Cash end of year	$ 17,743,816

(continued)

See accompanying notes to the basic financial statements.

CITY OF FORT OGLETHORPE, GEORGIA
PROPRIETARY FUND - WATER AND SEWER FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

Reconciliation of operating net income to net cash provided by (used in) operating activities	
Operating income	$ 792,736
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	1,234,644
Bad debts	27,292
Premiums on bond refunding	(25,467)
Net change in operating assets	(450,096)
Net change in operating liabilities	138,124
Net cash provided by (used in) operating activities	$ 1,717,233
Reconciliation of cash and cash equivalents	
Cash	$ 17,481,214
Restricted cash	262,602
	$ 17,743,816

See accompanying notes to the basic financial statements.

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF NET POSITION
COMPONENT UNIT
DECEMBER 31, 2025

	Downtown Development Authority September 30, 2025
Assets	
Cash	$ 3,357
Total assets	$ 3,357
Net position	
Unrestricted	$ 3,357
Total net position	$ 3,357

See accompanying notes to the basic financial statements.

CITY OF FORT OGLETHORPE, GEORGIA
STATEMENT OF ACTIVITIES
COMPONENT UNIT
FOR THE YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues Charges for Services	Downtown Development Authority September 30, 2025
Downtown Development Authority Operations	$ 79,405	$ -	$ (79,405)
	$ 79,405	$ -	(79,405)
General revenues			
Donations			79,259
Total general revenues			79,259
Change in net position			(146)
Net position beginning of year			3,503
Net position end of year			$ 3,357

See accompanying notes to the basic financial statements.

Note 1. Summary of significant accounting policies-

Organization

The City of Fort Oglethorpe, Georgia, operates under the Council-City Manager form of government, in which the City is governed by a mayor and five council members, with day to day operations vested in the appointed city manager.

The accounting policies of the City conform to generally accepted accounting principles applicable to local governments. The more significant policies of the City are summarized below.

Reporting entity

The accompanying financial statements include all funds of the City of Fort Oglethorpe, Georgia (the primary government).

For purposes of these financial statements, management has considered the existence of any potential component units, using the criteria set forth by accounting principles generally accepted in the United States of America and by statements from the Governmental Accounting Standards Board.

Component units include organizations which are legally separate from the primary government. They are considered component units because their boards are appointed by the City or because there is a financial benefit/burden relationship with the City.

Component units are determined to be presented blended or discretely, based upon the services provided and the amount of accountability to the governing authority.

The City's financial statements include the financial statements of The Downtown Development Authority of the City of Fort Oglethorpe, Georgia, which was established to develop the downtown area of the City. This discretely presented component unit operates as a governmental fund.

The Housing Authority of the City of Fort Oglethorpe, Georgia, is a legally separate entity and is not considered a component unit under the criteria referred to above, but a related organization. Although its board was originally appointed by the City governing authority, the City is not able to impose its will upon the Housing Authority, and a financial benefit/burden relationship does not exist between the two governmental entities.

Basis of presentation

In accordance with current accounting standards, the basic financial statements include government-wide, based on the City as a whole, and fund financial statements, with emphasis on major funds. Both the government-wide and fund statements categorize activities as either governmental or business-type. The government-wide statements of net position and activities have eliminated internal balances and transfers between the activities of the governmental funds, which were presented separately in the fund financial statements.

Note 1. Summary of significant accounting policies- (continued)

Basis of presentation (continued)
Transfers between governmental activities and business-type activities of the primary government are separately stated on the government-wide statement of net position. Cash balances held by custodial funds for governmental activities of the primary government are eliminated in the government-wide statement of net position and in the fund financial statements.

The government-wide statement of activities reflects both the gross and net cost of functional categories which are otherwise supported by general government revenues. The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues are those directly associated with the function and include revenues from fines and forfeitures, licenses and permit fees, and charges for services. Operating and capital grants and contributions are limited to the funding of a specific operating expense or capital acquisition.

At the fund level, major funds are presented separately while nonmajor funds are combined into a single column. Major funds are determined based on their percentage of assets, liabilities, revenues, or expenditures compared to the total of the same for all governmental funds, and on their percentage of the same for the total of all governmental and proprietary funds, as applicable. The general fund, American Rescue Plan special revenue fund, and SPLOST capital projects fund are reported as major governmental funds. The major enterprise fund is the water and sewer fund.

Basis of accounting
The government-wide financial statements, consisting of the statement of net position and the statement of changes in net position, are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liability is incurred. The government-wide financial statements report information on all of the nonfiduciary activities of the City as a whole.

The fund level financial statements of the governmental funds, which consist of the general fund, special revenue funds, debt service funds, and capital projects funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they are susceptible to accrual, which is defined as being both measurable, meaning that the amount of the transaction can be determined, and available, meaning collectible within the current period or soon enough thereafter (generally defined as within 60 days) to be used to pay liabilities of the current period. Those revenues susceptible to accrual are property and other taxes, federal and state grants, other state funds, interest income and charges for services. Expenditures are generally recognized when the liability is incurred. Exceptions to this general rule include accumulated unpaid vacation, sick pay, and other employee amounts which are expected to be liquidated with future resources.

Since the governmental funds statements are presented on a different measurement focus and basis of accounting than the governmental activities column in the government-wide financial statements, a reconciliation is presented on the page following the applicable fund statement which reconciles the adjustments necessary to convert the fund financial statements to the governmental activities column of the government-wide presentation.

Note 1. Summary of significant accounting policies- (continued)

Basis of accounting (continued)
All business-type activities, including the primary government proprietary fund, and fiduciary funds use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when the liability is incurred. For its proprietary funds and business-type activities, the City applies all GASB pronouncements. Operating revenues of proprietary funds are those revenues that result from the activities of the fund, such as user fees and charges for services. All other revenue is considered nonoperating revenue and includes grants, investment earnings, and gain on the sale of capital assets. Likewise, operating expenses are those expenses related to the principal activity of the fund, including salaries and related costs, other services, operating supplies and depreciation. Nonoperating expenses include all other expenses not considered operating, such as interest expense.

Fund accounting
The accounts of the City are organized on the basis of funds, which are considered separate accounting entities. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Amounts reported in the fund financial statements as due to or due from other funds are eliminated upon preparation of the government-wide statement of net position. The various funds are grouped into fund types as follows:

Governmental funds
General 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, or those for which it is considered fiscally responsible to be accounted for in a separate fund.

Special revenue funds
Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted to expenditures for specified purposes.

Capital projects funds
Capital projects funds are used to account for the acquisition and construction of major capital facilities not financed by proprietary or trust funds.

Proprietary funds
Enterprise funds
Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise and therefore funded primarily through user charges.

Note 1. Summary of significant accounting policies- (continued)

Fund accounting (continued)

Non-current governmental assets/liabilities

Governmental activities capital assets and long-term debt are not presented in the fund level statements, but these records are maintained and incorporated into the governmental activities section of the government-wide financial statements.

The City maintains the following funds:

General fund

Special revenue funds

Confiscated assets fund, which accounts for revenues and expenditures associated with currency forfeitures and drug fines and restitution.

Hotel/Motel tax fund, which accounts for tax revenues from hotels and motels located in the City.

American Rescue Plan fund, which accounts for the revenue and expenditures from the federal government under the American Rescue Plan Act.

Downtown Development Authority (a discretely presented component unit), which accounts for certain revenues and expenditures associated with development of the City's downtown area.

Capital projects funds

SPLOST capital projects fund, which accounts for the acquisition of assets with proceeds from the special local option sales tax.

T-SPLOST capital projects fund, which accounts for the acquisition of assets with proceeds from the transportation special local option sales tax.

Proprietary funds

The water and sewer fund is an enterprise fund, which accounts for the City's water and sewer operations.

Pensions

For purposes of measuring net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Municipal Employees Benefit System (GMEBS) and additions to/deductions from the GMEBS fiduciary net position have been determined on the same basis as they are reported to GMEBS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1. Summary of significant accounting policies- (continued)

Fund Equity

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

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

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

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

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. The Council also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are intended to be used for a specific purpose. Intent can be expressed by the Council or by an official or body to which the Council delegates authority through the passing of a resolution.

Unassigned – Fund balances are reported as unassigned when the residual amount does not meet any of the above criteria. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

When both restricted and unrestricted amounts of fund balance are available for expenditure, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City’s policy to use fund balances in the following order: committed, assigned, unassigned.

Net position – Net position represents the residual of all elements presented in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted as described in the fund balances section above. All other net position is reported as unrestricted.

Note 1. Summary of significant accounting policies- (continued)

Budget and Budgetary Control

Although no budget to actual statements are presented in the basic financial statements, the City provides, for information purposes, its budget requirements and process. Annual revenue estimates and expenditure appropriations, on the modified accrual basis of accounting, are prepared for all governmental funds, with the exception of the capital projects funds, for which no annual appropriation is required, and none is adopted. The projects accounted for in the capital projects funds are subject to budgetary control on a project basis. Providing budgetary information on an annual basis does not provide meaningful information because projects extend over more than one reporting period. A budget is not required for proprietary fund types. The City, however, adopts a budget on the accrual basis of accounting for its proprietary fund.

The budget is prepared by the City Manager and presented to the City Council for review and questions. A public hearing is held to obtain taxpayer comments, after which the budget is adopted by resolution.

Expenditures may not legally exceed budgeted appropriations at the department level. Budgetary integration is employed as a management tool during the fiscal year, and the budget is amended, as necessary, to meet changing needs. Management may transfer budgeted amounts between line items within a department; however, any revisions that alter the total expenditures of any department and/or fund must be approved by the City Council. All annual budgetary appropriations lapse at the end of the fiscal year.

Receivables

Receivables are reported at the outstanding principal amount and are recorded net of an allowance for amounts considered uncollectible.

Estimates

The City uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were used.

Capital assets

For the fund financial statements, capital assets of governmental funds are recorded as expenditures at the time of purchase. For its proprietary funds and for governmental funds at the government-wide presentation, the City capitalizes long-lived assets with an original cost of $5,000 or more. Such assets are recorded at cost.

For its proprietary funds and for its governmental funds at the government-wide presentation, depreciation of buildings, equipment, vehicles, and water and sewer systems are provided over periods of 3 to 40 years, based upon the estimated useful lives of the individual assets, by the straight-line method.

Note 1. Summary of significant accounting policies- (continued)

Public domain assets

Public domain (infrastructure) assets, which include roads, streets, curbs, gutters, sidewalks, etc., are recorded in governmental funds as expenditures at the time of purchase. Under current accounting standards, governments are required to report public domain assets acquired after December 31, 2003 as capital assets. Because the City is a phase 3 government for implementation of GASB Statement No. 34, it is not required to report infrastructure acquired in years prior to December 31, 2003.

Property taxes

Property tax levies for the current year are based on $3.589 per thousand of assessed valuation of property located in the City. Property is assessed by the Assessors of Property in Catoosa and Walker Counties. Property taxes are levied by the City and collected by the respective Counties, which remit to the City on a monthly basis. Property taxes are levied for a calendar year on October 20 and are delinquent after December 20 of each year. Property taxes attach as an enforceable lien on property as of the levy date.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

Discounts/Premiums/Issuance costs

On the government-wide statement of net position and the proprietary fund type statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest method.

In proprietary funds, with regards to bond issuance costs, the City has chosen to follow the guidance set forth in GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

Under this guidance, a regulated business-type activity should capitalize all or part of an incurred cost that otherwise would be charged to expense if both of the following criteria are met:

1) It is probable that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes.

2) Based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs. If the revenue will be provided through an automatic rate-adjustment clause, this criterion requires that the regulator's intent clearly be to permit recovery of the previously incurred cost.

As a result, bond issuance costs are deferred and amortized over the benefit or payment period.

Note 1. Summary of significant accounting policies- (continued)

Cash equivalents
For purposes of these financial statements, the City considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Inventories
Inventories are valued at cost which approximates net realizable value, using the first-in, first-out method. The cost of inventory items is recorded as an expenditure when used (i.e., the consumption method).

Restricted assets
Certain assets of the proprietary fund are classified as restricted because their use is limited by applicable bond covenants. These restricted assets consist of cash and cash equivalents.

Prepaid expenses
Prepaid expenses consist of certain payments which reflect costs applicable to future periods. In governmental funds, these types of costs are recorded as expenditures during the term of the benefit period, rather than when paid.

Compensated absences
City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation leave; however, accumulated sick pay is not paid. The liability for compensated absences of the governmental funds is recorded in the government-wide financial statements. None of the liability is recorded in the governmental funds, because any payments, even those which would be paid in the next twelve months, if susceptible to a reasonable estimate, are expected to be liquidated with future resources. The liability for compensated absences of the proprietary fund is recorded as a liability of that fund.

Unearned revenue
Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred outflows/inflows of resources
The City has adopted the provisions of GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Under this Statement, GASB has defined deferred outflows of resources and deferred inflows of resources as follows:

Deferred outflows of resources - a consumption of net assets by the government that is applicable to a future reporting period.

Deferred inflows of resources - an acquisition of net assets by the government that is applicable to a future reporting period.

At December 31, 2025, the City reported deferred outflows of resources related to bond issue costs, pensions, and a deferred loss on debt refunding and reported deferred inflows related to pensions and deferred property taxes.

Note 1. Summary of significant accounting policies- (continued)

SBITAs

The City follows GASB Statement Number 96, *Subscription-Based Information Technology Arrangements* (SBITAs). 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. The City maintains agreements for office and accounting software and police equipment. The total cost under these agreements was $243,540 for the year ended December 31, 2025.

Subsequent events

Management has evaluated subsequent events through June 26, 2026, the date which the financial statements were available to be issued. Subsequent to year-end, the City approved the issuance of bonds in the estimated amount of $10.0 million to finance capital projects. As of the date of these financial statements, the bonds have not yet been issued; however, the City expects the transaction to close in the near future.

Note 2. Cash and investments-

Cash includes 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. The carrying amount is a reasonable estimate of fair value for such short-term investments. All other investments are stated at fair value based on quoted market prices. Restricted cash refers to those funds limited by law, regulations, and/or debt agreements. Unrestricted cash refers to all other funds not meeting the requirements of restricted cash and cash equivalents.

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.

Cash of $32,695,977 and restricted cash of $262,602 at December 31, 2025 are not subject to the fair value hierarchy. The City did not hold any investments at December 31, 2025.

Interest rate risk – As a means of limiting its exposure to losses resulting from rising interest rates, the City's usual policy is to invest in certificates of three years or less. The exposure to interest rate changes is presented using the weighted average maturity method. Its policy is to limit exposure to interest rate risk by requiring sufficient liquidity in the investment portfolio.

Note 2. Cash and investments- (continued)

Custodial credit risk – The City's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 110% of the value of the uninsured deposits. The deposits must be covered by federal deposit insurance, by collateral held by the City's agent in the City's name, or by Federal Reserve Banks acting as third party agents. State statutes also authorize the types of investments in which the City may participate. The City's policy is to limit its investments to certificates of deposit, savings, and money market accounts with local banks, and Georgia Fund 1, a combined state and local government investment pool (in which the City had no funds at December 31, 2025). As of December 31, 2025 all deposits were insured or collateralized, as required by government policy.

Credit risk – The City's policies are designed to maximize its earnings, while protecting the security and providing maximum liquidity, in accordance with all applicable state laws.

Note 3. Interfund receivables and payables and transfers-

Most interfund receivable and payable balances are attributable to unsettled balances for charges between funds and are expected to be paid within one year.

Interfund receivables and payables at December 31, 2025 are as follows:

	Receivables	Payables
General fund	$ 37,729	$ 29,371
American Rescue Plan special revenue fund	-	6,220
Water and sewer fund	32,606	34,744
	$ 70,335	$ 70,335

The purpose of transfers is to allocate revenues from the fund that collects them to the fund that expends the resources based on the budgetary operations of the City.

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

Transfer from:	Transfer to:		
	General Fund	Water and Sewer Fund	Total
American Rescue Plan special revenue fund	$ 42,695	$ 46,753	$ 89,448
Nonmajor governmental funds	68,552	-	68,552
	$ 111,247	$ 46,753	$ 158,000

For the enterprise fund, the transfer is reported in the fund statements. For the governmental funds, the transfer is reported only at the government-wide level.

Note 4. Capital assets-

Governmental activities

A summary of changes in capital assets and accumulated depreciation for governmental activities is as follows:

	Balance 12/31/2024	Additions	Disposals and Transfers	Balance 12/31/2025
Nondepreciable capital assets				
Land	$ 2,004,069	$ 34,500	$ -	$ 2,038,569
Construction in progress	388,905	417,592	(517,422)	289,075
Total nondepreciable capital assets	2,392,974	452,092	(517,422)	2,327,644
Depreciable capital assets				
Public improvements	18,088,775	42,344	-	18,131,119
Buildings	8,233,783	45,346	478,532	8,757,661
Furniture and fixtures	171,341	-	-	171,341
Vehicles	3,113,276	335,016	(36,846)	3,411,446
Machinery and equipment	2,494,447	224,765	(10,519)	2,708,693
	32,101,622	647,471	431,167	33,180,260
Accumulated depreciation				
Public improvements	3,542,725	534,984	-	4,077,709
Buildings	3,916,441	252,747	(38,890)	4,130,298
Furniture and fixtures	141,082	8,453	-	149,535
Vehicles	2,147,417	347,434	(36,846)	2,458,005
Machinery and equipment	1,373,397	202,163	(10,519)	1,565,041
	11,121,062	1,345,781	(86,255)	12,380,588
Depreciable capital assets, net	20,980,560	(698,310)	517,422	20,799,672
Total capital assets, net	$ 23,373,534	$ (246,218)	$ -	$ 23,127,316

Depreciation charged to expense totaled $1,345,781, and is charged to functions as follows:

Public safety	$ 242,902
Culture and recreation	427,494
General government	176,724
Judicial	1,087
Public works	497,574
	$ 1,345,781

Note 4. Capital assets- (continued)

Business-type activities

Capital assets of the proprietary fund are recorded at cost. Depreciation is provided on the cost of individual items of property by the straight-line method, over the estimated useful lives of 3 to 10 years for equipment, furniture and fixtures, and vehicles; 10 to 40 years for buildings; and 5 to 40 years for water and sewer system. Depreciation charged to expense totaled $1,136,432.

A summary of proprietary fund changes in capital assets and accumulated depreciation is as follows:

	Balance 12/31/2024	Additions	Disposals and Transfers	Balance 12/31/2025
Nondepreciable capital assets				
Land	$ 104,883	$ -	$ -	$ 104,883
Construction in progress	265,618	1,511,727	(953,217)	824,128
Total nondepreciable capital assets	370,501	1,511,727	(953,217)	929,011
Depreciable capital assets				
Buildings	565,436	-	953,217	1,518,653
Machinery and equipment	685,972	210,752	(34,732)	861,992
Furniture and fixtures	35,124	-	-	35,124
Vehicles	546,215	7,826	(21,596)	532,445
Water/sewer system	41,334,543	13,133	-	41,347,676
	43,167,290	231,711	896,889	44,295,890
Accumulated depreciation				
Buildings	211,540	20,604	-	232,144
Machinery and equipment	476,651	29,184	(1,319)	504,516
Furniture and fixtures	35,124	-	-	35,124
Vehicles	236,483	75,851	(21,596)	290,738
Water/sewer system	13,927,521	1,010,793	-	14,938,314
	14,887,319	1,136,432	(22,915)	16,000,836
Depreciable capital assets, net	28,279,971	(904,721)	919,804	28,295,054
Total capital assets, net	$ 28,650,472	$ 607,006	$ (33,413)	$ 29,224,065

Note 5. Long-term debt-

Governmental activities
Debt for governmental activities reported in the government-wide statement of net position represents amounts not expected to be paid with expendable, available resources.

A summary of long-term debt for governmental activities is as follows:

	Balance 12/31/2024	Additions	Retirements	Balance 12/31/2025	Due within one year
Compensated absences *	$ 214,669	$ 22,447	$ -	$ 237,116	$ 237,116
Leases	4,706	-	(1,607)	3,099	1,962
	$ 219,375	$ 22,447	$ (1,607)	$ 240,215	$ 239,078

* - The change in compensated absences above is a net change for the year.

The resources of the general fund will be used to liquidate the balances.

Business-type activities
Bonds payable of the water and sewer fund consist of the following:

Series 2019 Water and Sewer Revenue Refunding and improvement bonds, issued as a public offering, with total original borrowings $15,500,000, to provide for refinancing of a portion of the 2014 Water and Sewer bonds, with interest not to exceed 4%, payable semi-annually in varying amounts through October 2038. The Bonds will be payable from and secured by a first and prior pledge of and lien on the Net Revenues of the Water System. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable.	$ 11,470,000

Note 5. Long-term debt- (continued)

Business-type activities (continued)
Maturities of proprietary fund bonds payable are as follows:

For the Year Ending December 31,	Gross Payments	Imputed Interest	Net Present Value
2026	$ 1,051,608	$ 301,608	$ 750,000
2027	1,049,108	279,108	770,000
2028	1,051,008	256,008	795,000
2029	1,047,159	232,159	815,000
2030	1,050,859	215,859	835,000
2031-2035	5,248,416	728,416	4,520,000
2036-2038	3,146,087	161,087	2,985,000
	$ 13,644,245	$ 2,174,245	$ 11,470,000

A summary of long-term debt for business-type activities is as follows:

	Balance 12/31/2024	Additions	Retirements	Balance 12/31/2025	Due within one year
Revenue bonds	$ 12,190,000	$ -	$ (720,000)	$ 11,470,000	$ 750,000
Compensated absences *	45,311	7,088	-	52,399	52,399
	$ 12,235,311	$ 7,088	$ (720,000)	11,522,399	$ 802,399
Premium on bond refunding				324,716	
				$ 11,847,115	

* - The change in compensated absences above is a net change for the year.

Note 5. Long-term debt- (continued)

Business-type activities (continued)

During 2019, the City defeased its Series 2014 Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds and to provide for construction funds to do sewer projects. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. At December 31, 2025, $9,200,000 of bonds outstanding are considered defeased.

Debt issuances of the City are subject to federal arbitrage regulations. The Non-Arbitrage Certificate executed by the City in connection with the 2019 Improvement Bonds states (1) the proceeds of the bonds deposited in the Construction Fund are expected to be needed and fully expended for the payment of the costs of the Project; (2) at least 85% of such net sales proceeds of the Improvement Bonds will be allocated to expenditures of the Project by the end of the three-year period beginning on the date of issuance of the Bonds.

Note 6. Leases-

Lessee- The City is a lessee for various pieces of office equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Note 6. Leases- (continued)

The City entered into a five year lease agreement as lessee for the use of a postage machine, expiring in May 2027. An initial lease liability and corresponding right-to-use asset were recorded in the amount of $7,317 during 2022. The City is required to make quarterly principal and interest payments of $593. The lease has an interest rate of 20.105%. As of December 31, 2025 the value of the lease liability was $3,099. The equipment is being amortized over the straight-line method over the lease term. The value of the right-to-use asset at December 31, 2025 was $7,317, and had accumulated amortization of $5,366.

Future principal and interest lease payments as of December 31, 2025 are as follows:

For the Year Ending December 31,	Principal	Interest	Total
2026	1,962	409	2,371
2027	1,137	48	1,185
	$ 3,099	$ 457	$ 3,556

Lessor- The City is a lessor for a noncancellable lease of a cell tower. The City recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Note 6. Leases- (continued)

The City entered into a five year lease agreement as a lessor of a cell tower in November 1998. The lease may be renewed four times, for a period of five years each. The lease expired in October 2023, and a renewal was executed January 2024, effective November 1, 2023. An initial lease receivable and corresponding deferred inflow were recorded in the amount of $227,218 at January 1, 2024, the first date reported under GASB Statement No. 87. The City receives monthly payments of $4,200. The City recognized $43,775 in lease revenue and $6,625 in interest revenue during the year ended December 31, 2025. The value of the lease receivable at December 31, 2025 was $134,718. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2025, the balance of the deferred inflow of resources was $134,718.

Future principal and interest lease payments as of December 31, 2025 are as follows:

For the Year Ending December 31,	Principal	Interest	Total
2026	$ 45,692	$ 4,708	$ 50,400
2027	47,693	2,707	50,400
2028	41,333	667	42,000
	$ 134,718	$ 8,082	$ 142,800

Note 7. Pension plans-

Defined benefit plan

Plan description-
Employees of the City are provided a defined benefit pension plan through the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer pension plan administered by Georgia Municipal Association. The City has the right to establish and amend the benefit provisions of the plan.

These amendments become effective once approved by the Board of Trustees of GMEBS. GMEBS issues a publicly available financial report that can be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street SW, Atlanta, Georgia 30303.

All regular employees of the City were eligible to participate in GMEBS after one year of service through December 31, 2002. The plan was amended to require all employees hired on or after January 1, 2003 to meet a 40 hour eligibility condition. Subsequently, the plan was amended to limit credited service for prior military service and prior governmental service to 60 months combined for regular employees hired on or after December 1, 2004.

Officials and municipal legal officers in office prior to April 1, 1993 can become participants and receive credit for service until end of current term. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 65 with five years of service.

Note 7. Pension plans- (continued)

Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Eligible employees become vested after five years of service. Benefit provisions are established in state statute and city ordinance.

Employees covered by benefit terms-
As of June 30, 2025, the Plan year end, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	66
Inactive employees entitled to but not yet receiving benefits	53
Active employees	77
	196

Contributions-
The GMEBS Board of Trustees adopts an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly).

The annual recommended contribution is the greater of 1) the minimum contribution described above and 2) normal cost (including administrative expenses) with interest, adjusted by a full funding credit to ensure that contributions are not required if a plan's assets exceed the present value of future benefits.

For the year ended December 31, 2025, the actuarially determined contribution was $587,865, based on a rate of 14.78% of covered payroll. The City’s net pension liability was measured as of March 31, 2025, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of June 30, 2025.

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

Inflation	2.25%
Salary increases	2.25% plus service-based merit increases
Investment rate of return	7.375%, on-going basis, based on long-term expected rate of return on pension plan investments
Cost-of-Living Adjustment	n/a

The mortality and economic actuarial assumptions used in the July 1, 2025 valuation were based on the results of an actuarial study conducted in November and December of 2019.

The Pri-2012 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement. The new assumption relates to when a given participant is eligible for normal retirement. Mortality experience will be reviewed periodically and updated if necessary.

Note 7. Pension plans- (continued)

The long-term expected rate of return on pension plan investment was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The difference between the resulting rate and the rate on the ongoing basis is a margin for adverse deviation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2025 is summarized in the following table:

Asset Class	Target Allocation	Long - Term Expected Real Rate of Return
Domestic equity	45%	6.60%
International equity	20%	7.03%
Domestic fixed income	20%	2.70%
Real estate	10%	3.40%
Global fixed income	5%	3.70%
Cash	0%	
Total	100%	

Note 7. Pension plans- (continued)

The discount rate used to measure the total pension liability was 7.375%.

	Changes in the Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at 3/31/2024	$ 13,230,814	$ 11,014,026	$ 2,216,788
Changes for the year:			
Service cost	204,960	-	204,960
Interest	961,974	-	961,974
Differences between expected and actual experience	386,715	-	386,715
Contributions - employer	-	595,730	(595,730)
Net investment income	-	569,532	(569,532)
Benefit payments, including refunds of employee contributions	(784,122)	(784,122)	-
Administrative expense	-	(22,293)	22,293
Net changes	769,527	358,847	410,680
Balance at 3/31/2025	$ 14,000,341	$ 11,372,873	$ 2,627,468

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

	1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
Net pension liability	$ 4,136,432	$ 2,627,468	$ 1,348,021

Pension expense-
For the year ended December 31, 2025, the City recognized pension expense of $224,649.

Note 7. Pension plans- (continued)

Deferred outflows of resources and deferred inflows of resources-
For the year ended December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 281,148	$ -
Net difference between projected and actual earnings on pension plan investments	795,331	540,048
Contributions subsequent to the measurement date of March 31, 2025	440,899	-
	$ 1,517,378	$ 540,048

Amounts reported as deferred outflows (inflows) of resources, with the exception of contributions subsequent to the measurement date related to pensions will be recognized in pension expense as follows:

For the Year Ending December 31,	
2026	$ 335,107
2027	287,346
2028	(133,019)
2029	46,997
	$ 536,431

In the table shown above, the amounts will increase (decrease) pension expense in the years indicated.

Defined Contribution Plan

The City maintains a defined contribution plan through the Georgia Municipal Employees Benefit System (GMEBS) covering all full-time employees with at least one year of service. The plan is a 457(b) plan for the contributions of all eligible employees combined with a 401(a) plan that allows the City to match contributions on behalf of the employees. Employees may elect to contribute a percentage of their salary up to the limits set forth by the Internal Revenue Service. The City then matches those contributions 100% up to 4%. In addition, employees vest 20% each year and are 100% vested after 5 years of service. Employee and employer contributions during the year ended December 31, 2025 were $209,463 and $135,863, respectively. There were forfeitures of $6,210 during the year ended December 31, 2025.

Note 8. 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; natural disasters; and injuries to employees. The City's policy is to purchase commercial insurance for its risk related to the above losses. The risks covered by commercial insurance include general liability, errors and omissions, and property and casualty losses, with a minor deductible payable by the City. Settled claims have not exceeded coverage for the three years ended December 31, 2025, 2024, and 2023.

The City also manages its risk of loss related to injuries to employees through the purchase of commercial workers' compensation insurance. Payment of eligible claims is based on statutory requirements, and the City has no deductible in connection with claims paid.

Note 9. Litigation-

The City is also the defendant in certain other legal actions which are being vigorously defended.

It is the opinion of management and legal counsel that none of the aforementioned proceedings will have a material effect on the financial position of the City.

Note 10. Hotel/motel lodging tax-

The City of Fort Oglethorpe, Georgia, levies a 6% lodging tax, of which 3% is required to be spent for the promotion of tourism, as authorized in Georgia code OCGA 48-13-51. A summary of the transactions for the year ended December 31, 2025, is as follows:

Lodging tax - 6%	$ 68,552
Disbursements for promotion of tourism	$ 35,179

Note 11. Joint venture-

Under Georgia law, the City, in conjunction with other cities and counties in the eleven city northwest Georgia area, is a member of the Northwest Georgia Regional Commission and is required to pay annual dues thereto. During the year ended December 31, 2025, the City paid $10,598 in such dues. Membership in a regional commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34. Each regional commission board membership includes the chief elected official of each City and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of its applicable regional commission. Separate financial statements may be obtained from:

Northwest Georgia Regional Commission
P.O. Box 1798
1 Jackson Hill Drive
Rome, Georgia 30162-1798

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

The general fund is used to account for financial resources of the government, except those required to be accounted for in another fund, or those for which it is considered fiscally responsible to be accounted for in a separate fund.

CITY OF FORT OGLETHORPE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget			Variance with Final
	Original	Final	Actual	Budget
Taxes				
Property taxes	$ 1,877,750	$ 1,877,750	$ 1,868,324	$ (9,426)
Motor vehicle tax	290,656	290,656	307,120	16,464
Business and occupation tax	1,468,282	1,819,732	1,835,525	15,793
General sales and use tax	3,900,000	3,900,000	3,909,451	9,451
Franchise tax	1,215,102	1,215,102	1,244,083	28,981
Real estate transfer tax	35,623	35,623	38,062	2,439
Intangible tax	82,564	82,564	79,490	(3,074)
Alcoholic beverage tax	428,128	428,128	439,449	11,321
Other taxes	16,476	16,476	14,630	(1,846)
Total taxes	9,314,581	9,666,031	9,736,134	70,103
Licenses and permits				
Alcoholic beverage license	58,731	58,731	94,255	35,524
Other licenses and permits	11,444	11,444	36,625	25,181
Total licenses and permits	70,175	70,175	130,880	60,705
Intergovernmental				
Federal financial assistance	500	500	116,938	116,438
GDOT revenue	123,544	123,544	245,794	122,250
Local intergovernmental agreement	80,000	80,000	58,161	(21,839)
Federal government in lieu of taxes	12,000	12,000	11,000	(1,000)
Total intergovernmental	216,044	216,044	431,893	215,849
Charges for services				
Public safety	3,264	3,264	4,370	1,106
Background checks	896	896	-	(896)
Culture and recreation	213,281	213,281	180,066	(33,215)
Other services	100	100	1,099	999
Total charges for services	217,541	217,541	185,535	(32,006)
Fines and forfeitures				
Police and courts	800,000	600,000	573,606	(26,394)
Total fines and forfeitures	800,000	600,000	573,606	(26,394)

(continued)

CITY OF FORT OGLETHORPE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget			Variance with Final
	Original	Final	Actual	Budget
Miscellaneous				
Investment income	$ 708,845	$ 557,395	$ 513,845	$ (43,550)
Property rental	206,932	206,932	200,397	(6,535)
Donations	5,208	5,208	8,200	2,992
Other	42,839	42,839	103,273	60,434
Total miscellaneous	963,824	812,374	825,715	13,341
Total revenues	11,582,165	11,582,165	11,883,763	301,598
Expenditures				
Judicial				
Municipal Court	620,440	573,040	528,731	44,309
Total judicial	620,440	573,040	528,731	44,309
General government				
Legislative	170,104	170,104	162,674	7,430
Executive	593,663	573,663	553,181	20,482
Administration	897,186	708,186	659,513	48,673
General government buildings	562,155	685,155	674,099	11,056
Capital outlay	60,000	60,000	59,683	317
Total general government	2,283,108	2,197,108	2,109,150	87,958
Public safety				
Police	4,140,430	4,003,380	3,704,305	299,075
Total public safety	4,140,430	4,003,380	3,704,305	299,075

(continued)

CITY OF FORT OGLETHORPE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget Original	Budget Final	Actual	Variance with Final Budget
Public works				
Public works administration	$ 239,907	$ 237,487	$ 218,069	$ 19,418
Highways and streets	885,546	948,996	886,457	62,539
Traffic engineering	160,098	160,098	148,148	11,950
Solid waste collection	1,165,751	1,165,751	1,137,709	28,042
Maintenance and shop	206,096	206,096	193,767	12,329
Capital outlay	80,140	80,140	80,140	-
Total public works	2,737,538	2,798,568	2,664,290	134,278
Culture and recreation				
Parks administration	140,816	140,816	130,628	10,188
Parks operation	516,938	466,938	422,846	44,092
Gymnasium	137,117	137,117	122,762	14,355
Swimming pools	214,490	214,490	197,962	16,528
Stable 41 farmers' market	35,406	42,406	36,925	5,481
Capital outlay	49,000	49,000	48,531	469
Total culture and recreation	1,093,767	1,050,767	959,654	91,113
Public welfare				
Tourism	196,540	173,540	147,780	25,760
Total public welfare	196,540	173,540	147,780	25,760
Housing and development				
Economic development	456,359	556,359	475,410	80,949
Planning and zoning	152,357	152,357	148,125	4,232
Total housing and development	608,716	708,716	623,535	85,181
Principal	-	1,650	1,607	43
Interest	-	770	763	7
Total debt service	-	2,420	2,370	50
Total expenditures	11,680,539	11,507,539	10,739,815	767,724
Excess (deficiency) of revenues over expenditures	(98,374)	74,626	1,143,948	1,069,322

(continued)

CITY OF FORT OGLETHORPE, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget			Variance with Final
	Original	Final	Actual	Budget
Other financing sources (uses)				
Insurance recovery	$ 73,444	$ 73,444	$ 148,147	$ 74,703
Transfers from other funds	80,000	80,000	111,247	31,247
Transfers to other government	(950,000)	(1,123,000)	(1,122,768)	232
Total other financing sources (uses)	(796,556)	(969,556)	(863,374)	106,182
Net change in fund balance	$ (894,930)	$ (894,930)	280,574	$ 1,175,504
Fund balance beginning of year			13,854,199	
Fund balance end of year			$ 14,134,773	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The budget is prepared on the same basis as the expenditures are presented, therefore no reconciliation between the budget basis and the basis under generally accepted accounting principles is required.

CITY OF FORT OGLETHORPE, GEORGIA
AMERICAN RESCUE PLAN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budget			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Intergovernmental -federal	$ 2,347,978	$ 2,347,978	$ 89,448	$ (2,258,530)
Investment income	-	-	111,056	111,056
Total revenues	2,347,978	2,347,978	200,504	(2,147,474)
Other financing sources (uses)				
Transfers to other funds	$ (2,347,978)	$ (2,347,978)	$ (89,448)	$ 2,258,530
Total other financing sources (uses)	(2,347,978)	(2,347,978)	(89,448)	2,258,530
Net change in fund balance	$ -	$ -	111,056	$ 111,056
Fund balance beginning of year			292,674	
Fund balance end of year			$ 403,730	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The budget is prepared on the same basis as the expenditures are presented, therefore no reconciliation between the budget basis and the basis under generally accepted accounting principles is required.

CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR ENDING JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	$ 204,960	$ 188,955	$ 167,855	$ 171,800	$ 146,575	$ 142,556	$ 148,729	$ 148,072	$ 147,352	$ 289,992
Interest	961,974	929,651	896,901	871,176	827,189	762,232	714,902	651,273	628,465	557,072
Difference between expected and actual experience	386,715	70,014	94,753	34,594	286,203	45,604	293,325	479,622	(82,176)	405,870
Changes of assumptions	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	695,808	-	167,543	-	-
Benefit payments, including refunds of employee contributions	(784,122)	(748,575)	(724,514)	(725,115)	(652,378)	(542,016)	(497,406)	(436,072)	(362,617)	(300,839)
Net change in total pension liability	769,527	440,045	434,995	352,455	607,589	1,104,184	659,550	1,010,438	331,024	952,095
Total pension liability - beginning	13,230,814	12,790,769	12,355,774	12,003,319	11,395,730	10,291,546	9,631,996	8,621,558	8,290,534	7,338,439
Total pension liability - ending (a)	$ 14,000,341	$ 13,230,814	$ 12,790,769	$ 12,355,774	$ 12,003,319	$ 11,395,730	$ 10,291,546	$ 9,631,996	$ 8,621,558	$ 8,290,534
Plan fiduciary net position										
Contributions - employer	$ 595,730	$ 595,473	$ 609,703	$ 587,252	$ 517,723	$ 474,801	$ 404,458	$ 404,474	$ 419,319	$ 402,730
Net investment income	569,532	1,600,650	(694,140)	607,176	3,142,810	(528,366)	268,045	828,061	744,315	19,548
Benefit payments, including refunds of employee contributions	(784,122)	(748,575)	(724,514)	(725,115)	(652,378)	(542,016)	(497,406)	(436,072)	(362,617)	(300,839)
Administrative expense	(22,293)	(18,712)	(22,436)	(20,671)	(19,881)	(21,801)	(20,382)	(19,768)	(20,352)	(14,680)
Net change in total pension liability	358,847	1,428,836	(831,387)	448,642	2,988,274	(617,382)	154,715	776,695	780,665	106,759
Plan fiduciary net position - beginning	11,014,026	9,585,190	10,416,577	9,967,935	6,979,661	7,597,043	7,442,328	6,665,633	5,884,968	5,778,209
Plan fiduciary net position - ending (b)	$ 11,372,873	$ 11,014,026	$ 9,585,190	$ 10,416,577	$ 9,967,935	$ 6,979,661	$ 7,597,043	$ 7,442,328	$ 6,665,633	$ 5,884,968
Net pension liability (a-b)	$ 2,627,468	$ 2,216,788	$ 3,205,579	$ 1,939,197	$ 2,035,384	$ 4,416,069	$ 2,694,503	$ 2,189,668	$ 1,955,925	$ 2,405,566
Plan fiduciary net position as a percentage of total pension liability	81.23%	83.25%	74.94%	84.31%	83.04%	61.25%	73.82%	77.27%	77.31%	70.98%
Covered employee payroll	$ 4,336,101	$ 3,934,356	$ 3,716,670	$ 3,382,725	$ 3,415,634	$ 3,034,938	$ 3,078,191	$ 3,162,002	$ 2,967,249	$ 2,908,780
Net pension liability as a percentage of covered-employee payroll	60.60%	56.34%	86.25%	57.33%	59.59%	145.51%	87.54%	69.25%	65.92%	82.70%

CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF GMEBS
LAST FISCAL YEAR ENDING JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 587,865	$ 598,351	$ 594,513	$ 614,766	$ 578,080	$ 497,604	$ 467,200	$ 383,544	$ 411,451	$ 421,942
Contributions in relation to the actuarially determined contribution	587,865	598,351	594,513	614,766	578,080	497,604	467,200	383,544	411,451	421,942
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 4,336,101	$ 3,934,356	$ 3,716,670	$ 3,382,725	$ 3,415,634	$ 3,034,938	$ 3,078,191	$ 3,162,002	$ 2,967,249	$ 2,908,780
Contributions as a percentage of covered-employee payroll	13.56%	15.21%	16.00%	18.17%	16.92%	16.40%	15.18%	12.13%	13.87%	14.51%

CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF GMEBS
LAST FISCAL YEAR ENDING JUNE 30, 2025

Notes to schedule

Valuation date

The actuarially determined contribution was determined as of July 1, 2025, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution will be reported for the fiscal year ending December 31, 2026.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Projected unit credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	Varies - Net effective amortization period of 10 years
Asset valuation	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Net investment rate of return	7.375%
Projected salary increases	2.25% plus service based merit increases
Retirement age	Pattern of retirement determined by experience study
Mortality	Customizable table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustment	0.00%

Benefit Changes

None

Changes of Assumptions

None

OTHER SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

CITY OF FORT OGLETHORPE, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Special Revenue			Capital Projects	Total Nonmajor
	Confiscated Assets	Hotel/ Motel Tax	Total	T-SPLOST	Governmental Funds
Assets					
Cash	$ 1,878	$ -	$ 1,878	$ 175,589	$ 177,467
Due from other governments	-	-	-	3,594	3,594
Total assets	$ 1,878	$ -	$ 1,878	$ 179,183	$ 181,061
Fund balances					
Restricted for					
Capital projects	$ -	$ -	$ -	$ 179,183	$ 179,183
Public safety	1,878	-	1,878	-	1,878
Total fund balances	$ 1,878	$ -	$ 1,878	$ 179,183	$ 181,061

CITY OF FORT OGLETHORPE, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Special Revenue			Capital Projects	Total Nonmajor
	Confiscated Assets	Hotel/ Motel Tax	Total	T-SPLOST	Governmental Funds
Revenues					
Taxes	$ -	$ 68,552	$ 68,552	$ -	$ 68,552
Intergovernmental	-	-	-	36,989	36,989
Fines, fees, and forfeitures	188	-	188	-	188
Interest	2	-	2	6,184	6,186
Total revenues	190	68,552	68,742	43,173	111,915
Expenditures					
Current					
Public safety	3,018	-	3,018	-	3,018
Total expenditures	3,018	-	3,018	-	3,018
Excess (deficiency) of revenues over expenditures	(2,828)	68,552	65,724	43,173	108,897
Other financing sources (uses)					
Transfer to other funds	-	(68,552)	(68,552)	-	(68,552)
Net change in fund balance	(2,828)	-	(2,828)	43,173	40,345
Fund balance beginning of year	4,706	-	4,706	136,010	140,716
Fund balance end of year	$ 1,878	$ -	$ 1,878	$ 179,183	$ 181,061

FINANCIAL SCHEDULES

CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024	2023	2022	2021	2020	Total
Taxes receivable, beginning	$ -	$ 201,786	$ 19,860	$ 8,856	$ 620	$ 22	$ 231,144
Tax levy	1,813,295	-	-	-	-	-	1,813,295
Collections	(1,650,008)	(183,121)	(14,029)	(6,761)	(162)	-	(1,854,081)
Taxes receivable, ending	163,287	18,665	5,831	2,095	458	22	190,358
Less allowance for uncollectible taxes	(8,291)	(1,873)	(1,458)	(1,047)	(366)	(22)	(13,057)
Taxes receivable, net	$ 154,996	$ 16,792	$ 4,373	$ 1,048	$ 92	-	$ 177,301

CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF WATER AND SEWER RATES
DECEMBER 31, 2025

The water and sewer rates for the City of Fort Oglethorpe, Georgia are as follows:

	Water Rates	Sewer Rates
Residential:		
First 2,000 gallons	$18.01/minimum	$28.58/minimum
All over 2,000 gallons	$4.76/1,000 gallons	$7.54/1,000 gallons
Commercial:		
First 2,000 gallons	$23.65/minimum	$41.14/minimum
All over 2,000 gallons	$9.14/1,000 gallons	$16.10/1,000 gallons

As of December 31, 2025, the City had approximately 3,050 water customers and 6,450 sewer customers.

SEC RULE 15C2-12 CONTINUING DISCLOSURES
ANNUAL OPERATING INFORMATION SECTION
(Unaudited)

General-
The water and sewer system is composed of a water storage and distribution system and a wastewater collection and disposal system. The City does not own or operate any water treatment facility or wastewater treatment facility but instead contracts with third party providers for those services. The Mayor and City Council have ultimate authority and control over the policy and rate setting of the System. Water and sewer service is available to all residents and businesses with the City. The water system does not serve customers outside the corporate limits of the City. As of December 31, 2025, the water system provides water to 3,046 customers in the City. The Sewer system serves approximately 6,449 customers, 3,603 of whom are in the City and 2,846 of whom are outside the City limits.

Water System-
The City's water system consists of a retail water distribution system with one ground water storage tank that has a two million gallon storage capacity. The City purchases virtually all of its treated water from the Tennessee-American Water Company (Tennessee American), a Tennessee Corporation and public utility that owns and operates a water utility system in and around the City of Chattanooga, Tennessee.

On May 13, 2013, the City entered into a new contract with Tennessee-American (the "Water Contract"). The Water Contract provides that the City will purchase a minimum of 273,750,000 gallons of water per year (750,000 per day average) on a take-or-pay basis. The Water Contract provides that, except in the unlikely circumstance of water being unavailable at a level that meets the City's water demand (and then, only to the extent of such unavailability), the City may not purchase potable water from other sources or reduce its purchases from Tennessee-American by developing its own water source or by purchasing water from another source. The Water Contract is for a three (3) year term and shall be automatically renewed for renewal terms of three (3) years unless either party provides written notice not less than one year prior to the end of such term that the Water Contract will be terminated.

On September 24, 1999, the City entered into a Service Delivery Strategy Agreement with Catoosa County, Georgia, the City of Ringgold, Georgia, and the Catoosa Utility District Authority. The Service Delivery Strategy Agreement is required under Georgia law to help ensure a clean, safe, and adequate water supply. The Service Delivery Strategy Agreement has a term of 25 years and can be extended for another 25 years upon mutual agreement of all the parties thereto.

The City has three connections to the Tennessee-American water system and two connections to the Catoosa Utility District Authority water system. Tennessee-American's water source is the Tennessee River. The Catoosa Utility District Authority's water source is Yates Springs, as well as the Tennessee River through water it purchases from the Eastside Utility District in Chattanooga, Tennessee.

The City's water distribution system consists of approximately 35 miles of pipelines ranging in size from 2" to 12" in diameter with the majority being 8" mains. Pipelines are made of ductile iron, PVC and AC. Approximately 100% of the pipelines have been in service for one year or more, with the oldest pipelines installed approximately 100 years ago. Pipelines that are prone to failure and older pipelines are replaced under the City's Capital Improvement Plan and Expenditure Project, which is typically authorized every year. The distribution system covers over 80% of the developed area within the City limits. The remaining 20% of the City is covered by the Catoosa Utility District and Tennessee American Water Company. All water mains are looped where possible. Valves are uniformly installed to allow for system isolation to make repairs as needed.

To comply with Georgia EPD regulations, the City conducts regular inspections, including cleaning and painting, as needed, of its water storage tanks.

The general condition of the distribution network is good and has an acceptable level of water loss as determined by EPD audits.

Sewer System-
The City's sewer system is available to all areas within the corporate limits of the City. In addition, in 1994, the Catoosa Utility District Authority gave the City ownership of the existing sewer lines outside the City within the West Chickamauga Creek drainage basin. The sewer system transports sewage through the Northwest Georgia Interceptor Sewer System to Chattanooga's Moccasin Bend Wastewater Treatment Facility for treatment.

The City discharges its wastewater into Chattanooga's Moccasin Bend Wastewater Treatment Facility pursuant to a contract (the "Sewer Contract") entered into on May 18, 2017, between the City and Chattanooga. The term of the Sewer Contract is for a period of 15 years from the date of its execution, which means it expires May 18, 2032. The City and Chattanooga entered into the Sewer Contract after the Consent Decree described next went into effect.

Chattanooga entered into a consent decree with the United States Environmental Protection Agency and the State of Tennessee, in the case styled *United States of America et. al. v. City of Chattanooga*, No, 1:12-cv-00245, which became effective on April 23, 2013 (the "Consent Decree"). The Consent Decree addressed Chattanooga's sanitary sewer overflows. Many of the requirements imposed on Chattanooga pursuant to the Consent Decree flow down to the City under the Sewer Contract. Accordingly, the City has undertaken a variety of different capital projects to improve the condition of its sewers and thereby reduce the occurrence of its sanitary sewer overflows. To date, the City has accomplished all required projects within the timeframe provided under the Sewer Contract. The establishment of a Capacity Assurance Program has been completed. The City's Capacity Assurance Program is subject to annual review by Chattanooga.

Pursuant to the Sewer Contract, Chattanooga is responsible for the conveyance of the City's wastewater from the points of interconnection to Chattanooga's treatment facilities and is also responsible for the appropriate treatment and disposal of said wastewater. For all City wastewater treated by Chattanooga at the Moccasin Bend Wastewater Treatment Plant, the City pays Chattanooga based on the applicable rates in the Chattanooga City Code Chapter 31, Article II, Section 31-36, § (c) and (d), as set forth in the Sewer Contract.

Chattanooga covenants in the Sewer Contract that in no event shall the City be charged at a rate greater than the most favorable contract or practice into which Chattanooga may enter in the future for sewage treatment. In the event of any such favorable contract or practice by Chattanooga, then the City shall automatically benefit from the lower rate. Chattanooga agrees to review rates annually and to give the City no less than 30 days' notice of any proposed rate increase.

Pursuant to an overall plan of the State of Georgia Department of Natural Resources, Environmental Protection Division ("EPD") for a regional solution to the wastewater treatment problems in the area, the State of Georgia funded the construction of interceptor sewers, force mains, and pump stations in order to accommodate wastewater flows from the City and certain portions of Catoosa County and Walker County. The wastewater flow from the City and Catoosa and Walker Counties is transported to the Moccasin Bend Regional Wastewater Treatment Facility. This sewer system is known as the Northwest Georgia Interceptor Sewer System. The Northwest Georgia Interceptor Sewer System is owned and maintained by the City of Chattanooga.

Chattanooga owns and operates the Moccasin Bend Wastewater Treatment Facility. The 1976 Clean Water Act 201/208 Facility Plans designate the Moccasin Bend Wastewater Treatment Facility as the regional treatment facility for the Chattanooga/North Georgia area. Currently, the Moccasin Bend Wastewater Treatment Facility provides wastewater treatment service for the City; Chattanooga, Tennessee; the City of Collegedale, Tennessee; part of the Hixson Utility District service area in Hamilton County, Tennessee; the City of Red Bank, Tennessee; the City of East Ridge, Tennessee; the City of Soddy Daisy, Tennessee; the City of Rossville, Georgia; the Town of Lookout Mountain, Tennessee; the City of Lookout Mountain, Georgia; and portions of Walker County and Catoosa County, Georgia.

Sewer System- (continued)
Chattanooga's Waste Resources Division administers the Moccasin Bend Wastewater Treatment Facility. Rates for collection and treatment of wastewater are established each year based on projected costs and revenues. The City Council of Chattanooga has ultimate authority regarding operations of its sewer system and rate setting for wastewater treatment services. Uniform rates for operations and maintenance and debt service are established yearly for all regional users of the Moccasin Bend Wastewater Treatment Facility. The aggregate rate is required by the EPD to be uniform system-wide. The aggregate regional rates for the last six years per thousand gallons of wastewater treated at the Moccasin Bend Wastewater Treatment Facility are as follows:

Effective Date	Rate Per 1,000 Gallons
July 1, 2020	2.4033
July 1, 2021	2.5475
December 1, 2022	2.7003
July 1, 2023	2.8623
July 1, 2024	3.0340
July 1, 2025	3.2160

The wastewater collection system operates under gravity flow (with some force mains) and uses 17 wastewater pumping stations and approximately 85 miles of collection sewers, which transport primarily sanitary sewage. Approximately 90% of the sewer system is drained by gravity, and the remainder requires pumping at least once. The collection and conveyance system uses a combination of 4-inch to 24-inch sewers. Most of the sewers are made of PVC. Approximately 90% of the sewers have been in service for one year or more, with the oldest sewers installed approximately 65 years ago. Portions of the collection and conveyance system have standby pumps and a standby power system. The general condition of the collection and conveyance system is good.

Capital Improvements to Water and Sewer System from Current Funds-
Over the years, the City has enlarged and extended its water and sewer system with funds derived from revenues of the System, City funding, GEFA Loans, and Federal grants. The following table shows the amounts from such sources spent on capital improvements and equipment for the System during the last seven fiscal years.

Fiscal Year Ended December 31	System Revenues	Federal Grants	Catoosa SPLOST	Series 2019 Bonds	Total
2020	$ -	$ -	$ -	$ 2,056,423	$ 2,056,423
2021	-	-	-	1,219,888	1,219,888
2022	79,227	-	-	1,748,044	1,827,271
2023	186,007	362,065	2,246,055	877,184	3,671,311
2024	255,712	361,248	-	480,776	1,097,736
2025	1,174,828	-	-	-	1,174,828

Water and Sewer System: Governmental Approvals and Environmental Regulation.

State Requirements: The Georgia Water Quality Control Act authorizes EPD, to regulate the withdrawal of water from rivers, lakes, and streams in Georgia. Since the City purchases all of its water from a third party, the City has no withdrawal permits.

From March 7, 2005 to March 2, 2018, the City was operating under an EPD consent order, EPD-WQ-4371. The EPD provides for fines to be levied for all owners/operators of sewer systems of up to $50,000 if sewage spills into state waters. Under the EPD consent order, the City agreed with EPD that if a sewage spill into state waters occurs, a stipulated penalty of $1,000 would apply. The City made one such $1,000 payment in 2016, two in 2015, and one in 2014, in addition to payments in prior years. The City undertook efforts to remedy the spill issues, and in March 2018, EPD closed the consent order because the City had not had a spill since February 3, 2016.

However, the City subsequently experienced three sewage spills into state waters in 2018 due to excessive rain water, for which the City paid a total of $4,125 in penalties to EPD. One spill occurred at a pump station where the City's pumps were unable to handle the rain water flow. In January 2019, the City Council approved $13,218 in upgrades for this pump station. To further address these overflow issues, in May 2019, the City Council approved a $1,866,829 sanitary sewer rehabilitation project, which was completed in 2019. In order to gauge the success of this project, on October 14, 2019, the City Council approved a system-wide sewer flow monitoring program. The City continues to monitor sewer flow and uses that data to determine any further necessary courses of action.

In 2022, the City hired a third party to perform a specialized flow monitoring and manhole inspection study in the Black Branch and Lynnwood wastewater basins. This company was tasked with identifying the specific wastewater lines and manholes that required repair and rehabilitation to address the significant inflow and infiltration (I/I) issues in those two basins, which accounted for approximately 37% of the City's total I/I. This company's flow monitoring and manhole inspection study, completed in 2023, assessed 238,214 feet of pipe and 972 manholes in the targeted basins. Key findings showed that approximately 16,000 linear feet (7%) of pipe scored as blocked or poor, 115 manholes (12%) were in severe condition, and 51,200 linear feet (24%) contributed severe levels of I/I during rain events. Recommended next steps included CCTV inspection of the poorest pipe segments, rehabilitation of the 306 highest-priority manholes, and focused smoke testing on areas with high I/I to guide targeted repairs and reduce ongoing treatment costs.

A further study is being conducted in 2025 and 2026 by the third party. This project includes a comprehensive investigation and condition assessment program for the remaining approximately 291,000 linear feet of gravity sewer in the City of Fort Oglethorpe not covered by the 2022-2023 study. The goal is to pinpoint sources of extraneous wet weather flows (I/I), evaluate system assets, and develop a prioritized rehabilitation program to improve hydraulic capacity, remove inflow and infiltration, and address structural deficiencies. The work builds on prior flow metering and system analysis data to focus on high-impact basins.

Following fieldwork, the third party will provide rehabilitation recommendations with NASSCO scoring, severity grades (1–5), recommended repair methods, and cost estimates. They will deliver a detailed study findings report with executive summaries, maps, spreadsheets, and prioritization guidance. Finally, the project involves confirmatory smoke testing or CCTV on the highest-priority sub-areas (typically 25–30% of the system) to verify defects and distinguish public versus private sources of I/I. This project emphasizes digital, queryable deliverables to support the City's future Capital Improvement Program (CIP) planning and funding efforts.

In November 2025, the City Council approved a new flow monitoring project to begin in 2026. The City will procure and install eight wastewater flow meters at strategic locations throughout the City's wastewater collection system for a four-year period, at a cost of $86,880 per year. These wastewater flow meters will provide ongoing data collection, analysis, and access to a real-time dashboard that displays flow levels, enabling the City to monitor line capacity, identify areas needing rehabilitation or preventative maintenance, and further reduce inflow and infiltration (I/I).

Federal Requirements: The City's wastewater operations are subject to the regulatory requirements imposed by the Federal Water Pollution Control Act, as amended (the "Clean Water Act"). The regulatory requirements are administered by the Federal Environmental Protection Agency ("EPA") through the EPD. Regulations of these agencies deal primarily with the quality of effluent which may be discharged from the City's wastewater treatment facilities, the disposal of sludge generated by the wastewater treatment plant, the discharge of pollutants into the groundwater, and the nature of waste material (particularly industrial waste) discharged into the collection system. As a condition of having received Federal EPA grant funds under the Clean Water Act for planning, design, and construction of various wastewater projects, the City is subject to additional regulatory requirements. Among the grant-related requirements are guidelines which must be followed concerning planning methodologies, design criteria, construction activities, and the operation, maintenance, and financing of facilities. The City is complying with all such grant-related regulations.

To comply with other federal regulations concerning the discharge of waste materials into the sewer system, the City must administer and enforce industrial pretreatment limitation standards upon users of the sewer system. The City has had an industrial waste program in effect since 1970.

Number of Water and Sewer Customers-
The following table shows historical numbers of active water and sewer customers of the System for the last six fiscal years who are billed directly by the City. There are approximately 2,866 customers of the System who are billed by the Catoosa Utility District. This table does not include inactive meters.

	2020	2021	2022	2023	2024	2025
Water						
Residential[1]	3,191	3,250	2,652	2,718	2,732	2,692
Commercial	378	380	334	345	347	354
Total	3,569	3,630	2,986	3,063	3,079	3,046
Sewer						
Residential[1]	3,887	3,324	3,365	3,387	3,398	3,472
Commercial	342	312	314	322	322	332
Total	4,229	3,636	3,679	3,709	3,720	3,804

1 Includes apartment complexes, which are served by a single connection.

Historical Water and Sewer Usage-
The following table shows historical data of water and sewer demand for the last six fiscal years.

	Daily Water Consumption		Daily Sewer Consumption	
Fiscal Year	Peak (MDG)	Average (MDG)	Peak (MDG)	Average (MDG)
2020	1.17	0.76	4.75	1.55
2021	0.83	0.68	4.11	2.14
2022	0.84	0.75	3.17	1.62
2023	0.88	0.80	3.66	2.69
2024	0.96	0.86	3.41	2.55
2025	1.02	0.94	3.38	2.65

Ten Largest Water and Sewer Customers-
The following table shows the ten largest water and sewer customers of the System for the fiscal year ended December 31, 2025. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the water system.

Customer	Type of Business	Gallons Metered (000s)	Annual Water and Sewer Revenue	Revenues as a Percent of Total System Charges 1
Catoosa County Public Facilities Authority	Healthcare	5,567	$ 179,887	2.30%
Oglethorpe Ridge	Apartments	5,012	94,059	1.20%
Parkside Operations LLC	Healthcare	4,885	123,472	1.58%
Lakeshore Apartments	Apartments	4,803	72,852	0.93%
GC of FO	Restaurant	3,185	81,073	1.04%
Park Knoll Apartments LLC	Apartments	1,812	33,347	0.43%
Cook Out Fort Oglethorpe, Inc.	Restaurant	1,257	31,893	0.41%
Panda Express	Restaurant	1,243	31,555	0.40%
Walmart Store # 3635	Retail	1,184	20,104	0.26%
Dialysis Clinic Inc.	Healthcare	952	24,190	0.31%
Total		29,900	$ 692,432	8.86%

1 Based on total water and sewer revenues of $7,814,329 for the fiscal year ended December 31, 2025.

System Management-
The City has a total of 10 employees who work in the System. The day-to-day operation of the System is under the direction of Courtney Johnson, who has been Director of Public Utilities since November 2019. Mr. Johnson holds a State of Georgia certification in water distribution and maintenance technology.

Rate Setting Process-

The Mayor and City Council have the ultimate authority to set the City's water and sewer rates. The rate structure is reviewed annually as part of its budgetary process. If increases to the water and/or sewer rates or any fees related to the System (such as septic tank dump fees or meter installation fees) are deemed necessary, the City Manager recommends those increases to the City Council to take action on such changes.

Billing and Collection Policy-

Monthly bills are prepared based on usage during the previous month. All meters are read between the 15th and 18th of each month and completed by the end of each month. The bills are computed by using the amount of usage determined by the meter readings. The monthly bills are prepared and mailed during the first week of the month. The water and sewer bills are due upon receipt. For bills not paid by the 20th of each month, a 10% fee is imposed. Bills are then subject to cutoff if not paid by the 30th of each month. A $45 reconnect fee is charged to each residential customer and $125 to each commercial customer for services discontinued due to nonpayment of water and sewer bill. New residential customers are charged a meter deposit of $75 for homeowners and $125 for rental units and new commercial customers are charged a meter deposit ranging from $150 to $450 depending upon the size of the water line. Meter deposits are refunded only upon the customer's termination of service.

Comparison of Monthly Bills for Water and Sewer Services-

Set forth below is a comparison of average equivalent monthly residential water and sewer bills of customers of the System and customers of the City of Ringgold and the Catoosa Utility District. The rates shown are for service within City limits for 2,000 gallons of water used.

	Fort Oglethorpe	Ringgold	Catoosa Utility District	
Water	$ 18.01	$ 16.00	$ 22.50	*
Sewer	32.11	18.79	34.11	
Total	$ 50.12	$ 34.79	$ 56.61	

*Based on $11.50 plus $5.50 per 1,000 gallons

Rates, Fees, and Charges-
Monthly service charges for water and sewer services generally consist of a monthly demand charge based upon the size of a customer's water meter plus a volume charge applied to the monthly water consumption. In addition, connection fees varying by water meter size are charged to new customers connecting to the System.

The water and sewer rates to all customers within each class of service within the City are uniform. Other than water service provided to the City and its departments, the City does not provide any free water or sewer service.

Pursuant to an Act of the General Assembly of the State of Georgia, which became effective on May 1, 1997, each Georgia county and the municipalities within such county were required to execute an agreement for the implementation of a local government service delivery strategy. The Act required that the strategy promote the delivery of local government services in the most efficient, effective, and responsive manner and identify steps to be taken to remediate or avoid overlapping and unnecessary competition and duplication of service delivery. Pursuant to the Act, the strategy must provide that water or sewer fees charged to customers located outside the geographic boundaries of a service provider may not be arbitrarily higher than fees charged to customers of such service which are located within the geographic boundaries of the service provider. Georgia law requires that local governments participate in a plan known as the Service Delivery Strategy to minimize inefficiencies resulting from duplication of services and competition between local governments and to enhance the services' efficiency and responsiveness. The City is in compliance with the Service Delivery Strategy approved and adopted in 1998 by certain local governments located within Catoosa County (Catoosa County, Catoosa Utility District Authority, the City of Ringgold, and the City).

Rates, Fees, and Charges- (continued)
The City has adjusted its water and sewer rate schedules annually, except for 2020. A summary of the general rate schedule in effect since January 1, 2019, to present is set forth below. There were no water or sewer rate increases in 2025.

	2020	2021	2022	2023	2024	2025
Inside City Water Rate						
Residential						
First 2,000 gal. (min.)	$ 17.49	$ 17.49	$ 18.01	$ 18.01	$ 18.01	$ 18.01
Each additional 1,000 gal.	$ 4.62	$ 4.62	$ 4.76	$ 4.76	$ 4.76	$ 4.76
Commercial						
First 2,000 gal. (min.)	$ 22.96	$ 22.96	$ 23.65	$ 23.65	$ 23.65	$ 23.65
Each additional 1,000 gal.	$ 8.87	$ 8.87	$ 9.14	$ 9.14	$ 9.14	$ 9.14
Inside City Sewer Rate						
Residential						
First 2,000 gal. (min.)	$ 22.91	$ 24.92	$ 28.58	$ 32.11	$ 32.11	$ 32.11
Each additional 1,000 gal.	$ 6.04	$ 6.46	$ 7.54	$ 8.47	$ 8.47	$ 8.47
Commercial						
First 2,000 gal. (min.)	$ 29.35	$ 31.81	$ 36.61	$ 41.14	$ 41.14	$ 41.14
Each additional 1,000 gal.	$ 11.49	$ 12.29	$ 14.33	$ 16.10	$ 16.10	$ 16.10
Outside City Sewer Rate (Catoosa Utility Water)						
Residential						
First 2,000 gal. (min.)	$ 29.79	$ 31.87	$ 37.16	$ 43.75	$ 43.75	$ 43.75
Each additional 1,000 gal.	$ 7.85	$ 8.40	$ 9.79	$ 11.00	$ 11.00	$ 11.00
Commercial						
First 2,000 gal. (min.)	$ 38.15	$ 40.82	$ 47.59	$ 55.48	$ 55.48	$ 55.48
Each additional 1,000 gal.	$ 14.92	$ 15.96	$ 18.61	$ 20.91	$ 20.91	$ 20.91
Outside City Sewer Rate (TN American Water)						
Residential						
First 2,000 gal. (min.)	$ 30.20	$ 32.28	$ 37.57	$ 41.77	$ 41.77	$ 41.77
Each additional 1,000 gal.	$ 7.85	$ 8.40	$ 9.79	$ 11.00	$ 11.00	$ 11.00
Commercial						
First 2,000 gal. (min.)	$ 38.56	$ 41.23	$ 48.00	$ 53.50	$ 53.50	$ 53.50
Each additional 1,000 gal.	$ 14.92	$ 15.96	$ 18.61	$ 20.91	$ 20.91	$ 20.91

Five Year Net Position History-
The table below sets forth a historical statement of net position for the past five fiscal years of the system.

City of Fort Oglethorpe Proprietary Fund – Water and Sewer Fund

	2021	2022	2023	2024	2025
Current assets					
Cash	$ 9,783,068	$ 6,835,766	$ 14,198,105	$ 17,690,776	$ 17,481,214
Investments	-	4,999,897	-	-	-
Receivables, net of allowance for uncollectibles	492,859	510,738	631,933	609,588	802,271
Inventory	59,633	62,380	91,992	106,545	113,859
Due from other funds	16,874	16,101	22,541	152,046	32,606
Due from other governments	80,228	2,107	397,232	4,592	46,753
Prepaid insurance	39,139	26,988	27,159	30,471	169,182
Total current assets	10,471,801	12,453,977	15,368,962	18,594,018	18,645,885
Long-term assets					
Restricted assets					
Bond interest and sinking funds	262,557	262,541	262,518	262,493	262,602
Capital assets					
Land and other non-depreciable assets	279,152	2,027,196	250,973	370,501	929,011
Property, plant and equipment	39,754,065	39,833,292	42,664,339	43,167,290	44,295,890
Accumulated depreciation	(12,056,724)	(13,009,120)	(14,003,801)	(14,887,319)	(16,000,836)
Total long-term assets	28,239,050	29,113,909	29,174,029	28,912,965	29,486,667
Total assets	38,710,851	41,567,886	44,542,991	47,506,983	48,132,552
Deferred outflows of resources					
Bond issue costs	444,232	417,711	391,190	364,668	338,147
Pension related items	300,456	192,262	324,500	217,537	259,472
Deferred loss on debt refunding	1,200,828	1,129,136	1,057,445	985,754	914,063
Total deferred outflows of resources	1,945,516	1,739,109	1,773,135	1,567,959	1,511,682

Five Year Net Position History- (continued)

City of Fort Oglethorpe Proprietary Fund – Water and Sewer Fund

	2021	2022	2023	2024	2025
Current liabilities					
Current maturities of notes and bonds	$ 640,000	$ 665,000	$ 690,000	$ 720,000	$ 750,000
Accounts payable	451,333	608,484	575,016	689,648	791,763
Payroll withholdings and accruals	21,542	19,587	-	4,394	6,942
Accrued interest payable	102,552	96,152	89,502	82,602	75,402
Due to other funds	1,679	-	379,006	29,826	34,744
Compensated absences	40,931	35,856	42,521	45,311	52,399
Customer deposits	210,215	215,188	223,589	227,054	231,321
Total current liabilities	1,468,252	1,640,267	1,999,634	1,798,835	1,942,571
Long-term liabilities					
Bonds payable, net of current portion	13,971,587	13,281,119	12,565,652	11,820,184	11,044,716
Net pension liability	372,272	318,028	525,715	332,518	449,297
Total long-term liabilities	14,343,859	13,599,147	13,091,367	12,152,702	11,494,013
Total liabilities	15,812,111	15,239,414	15,091,001	13,951,537	13,436,584
Deferred inflows of resources					
Pension related items	396,838	259,162	172,775	187,022	92,349
Net position					
Net investment in capital assets	13,364,906	14,905,249	15,655,859	16,110,288	17,429,349
Restricted for debt service	262,557	262,541	262,518	262,493	262,602
Unrestricted	10,819,955	12,640,629	15,133,973	18,563,602	18,423,350
Total net position	$ 24,447,418	$ 27,808,419	$ 31,052,350	$ 34,936,383	$ 36,115,301

CITY OF FORT OGLETHORPE, GEORGIA
STATISTICAL SECTION
DECEMBER 31, 2025

Five Year Operating History-
The table below sets forth a historical statement of revenues, expenses, and changes in net position for the past five fiscal years of the system.

City of Fort Oglethorpe Proprietary Fund – Water and Sewer Fund

	2021	2022	2023	2024	2025
Operating revenues					
Water sales	$ 1,571,027	$ 1,592,221	$ 1,581,557	$ 1,584,972	$ 1,594,202
Sewer charges	4,665,243	5,034,766	5,706,471	6,076,781	6,082,827
Water and sewer taps	91,000	130,910	118,900	294,050	91,800
Meter and reconnect fees	39,665	39,316	44,296	49,680	45,500
Local government grants	474,551	1,748,044	480,650	6,852	47,453
Other	103,716	100,525	123,382	165,929	114,848
Total revenues	6,945,202	8,645,782	8,055,256	8,178,264	7,976,630
Operating expenses					
Depreciation and amortization	975,012	1,050,608	1,092,893	1,172,939	1,234,644
General operating expense	4,735,469	4,474,970	4,698,982	4,890,590	5,949,250
Total expenses	5,710,481	5,525,578	5,791,875	6,063,529	7,183,894
Operating income	1,234,721	3,120,204	2,263,381	2,114,735	792,736
Non-operating revenue (expense)					
Interest revenue	36,020	55,285	511,044	743,131	691,886
Gain (loss) on disposal of capital assets	-	-	-	-	(29,248)
Interest expense	(428,659)	(403,809)	(377,959)	(351,109)	(323,209)
Total non-operating revenue (expense)	(392,639)	(348,524)	133,085	392,022	339,429
Income (loss) before operating transfers	842,082	2,771,680	2,396,466	2,506,757	1,132,165
Transfers from other funds	501,250	589,321	847,465	1,377,276	46,753
Change in net position	1,343,332	3,361,001	3,243,931	3,884,033	1,178,918
Beginning net position	23,104,086	24,447,418	27,808,419	31,052,350	34,936,383
Ending net position	$ 24,447,418	$ 27,808,419	$ 31,052,350	$ 34,936,383	$ 36,115,301

Debt Service Schedule-
Set forth below are the principal and interest payment requirements of the City with respect to Bonds.

FYE December 31,	Principal of the Bonds	Interest on the Bonds	Total Debt Service
2026	750,000	301,609	1,051,609
2027	770,000	279,109	1,049,109
2028	795,000	256,009	1,051,009
2029	815,000	232,159	1,047,159
2030	835,000	215,859	1,050,859
2031	860,000	190,809	1,050,809
2032	885,000	165,009	1,050,009
2033	905,000	145,096	1,050,096
2034	925,000	124,734	1,049,734
2035	945,000	102,765	1,047,765
2036	970,000	79,140	1,049,140
2037	995,000	54,405	1,049,405
2038	1,020,000	27,540	1,047,540
	$ 11,470,000	$ 2,174,241	$ 13,644,241

Historical and Pro-forma Debt Service Coverage Ratios-

The net revenues of the system will be pledged to the payment of the bonds. Set forth below are historical and pro-forma debt service coverage ratios. The historical figures are based upon net revenues of the system available for debt service that occurred during fiscal year 2021 through fiscal year 2025. The pro-forma figures are based upon the City's financial forecast of the net revenues of the system available for debt service for fiscal years 2026 through 2030.

Historical:	2025	2024	2023	2022	2021
Operating revenues	$ 7,976,630	$ 8,178,264	$ 8,055,256	$ 8,645,782	$ 6,945,202
Operating expenses	(5,949,250)	(4,890,590)	(4,698,982)	(4,474,970)	(4,735,469)
Interest earnings	691,886	743,131	511,044	55,285	36,020
Transfer revenues	46,753	1,377,276	847,465	589,321	501,250
RADS with transfers	$ 2,766,019	$ 5,408,081	$ 4,714,783	$ 4,815,418	$ 2,747,003
RADS without transfers	$ 2,719,266	$ 4,030,805	$ 3,867,318	$ 4,226,097	$ 2,245,753
Annual debt service	$ 1,050,409	$ 1,048,009	$ 1,049,609	$ 1,050,209	$ 1,049,809
DSCR with transfers	2.63	5.16	4.49	4.59	2.62
DSCR without transfers	2.59	3.85	3.68	4.02	2.14

Proforma:	2026	2027	2028	2029	2030
Operating revenues	$ 7,530,458	$ 7,643,415	$ 7,758,066	$ 7,874,437	$ 7,992,554
Operating expenses	(5,616,479)	(5,784,973)	(5,958,523)	(6,137,278)	(6,321,397)
Interest earnings	625,000	625,000	625,000	625,000	625,000
Transfer revenues	513,797	539,487	566,462	594,786	624,526
RADS with transfers	$ 3,052,776	$ 3,022,929	$ 2,991,006	$ 2,956,945	$ 2,920,683
RADS without transfers	$ 2,538,979	$ 2,483,442	$ 2,424,544	$ 2,362,159	$ 2,296,157
Annual debt service	$ 1,051,609	$ 1,049,109	$ 1,051,009	$ 1,047,159	$ 1,050,859
DSCR with transfers	2.90	2.88	2.85	2.82	2.78
DSCR without transfers	2.41	2.37	2.31	2.26	2.19

Operating Budget of the System-
The staff of the System prepares an annual operating budget for the System for management control purposes. The staff of the System uses the cash basis of accounting in its annual operating budget for the System, which is not consistent with the basis of accounting used in the System's financial statements and which is not consistent with generally accepted accounting principles. The System's operating budget does provide for actual anticipated depreciation results for the year budgeted.

Set forth below is a summary of the City's operating budget for its Water and Sewer Revenue Fund for the fiscal year ending December 31, 2026. The budget is based upon certain assumptions and estimates of the City's management regarding future events, transactions, and circumstances. Realizations of the results projected in this budget will depend upon implementation by management of policies and procedures consistent with the assumptions. Accordingly, the actual results achieved could materially vary from those projected in the budget shown.

City of Fort Oglethorpe
Water and Sewer Fund Budget
Fiscal Year Ending December 31, 2026

Operating revenues	
Customer charges	$ 7,371,507
Tap fees	128,483
Interest income	625,000
Miscellaneous	30,468
Total operating revenues	$ 8,155,458
Operating expenses	
Water/sewer administration	$ 1,311,886
Sewer operations	5,039,968
Sewer lift station maintenance	172,303
Water operations	957,753
Depreciation	1,143,545
Maintenance and shop	43,800
Total operating expenses	$ 8,669,255

Government Format and Principal Officials-

Mayor and City Council

The City is governed by a City Council composed of a Mayor and five council members. Members of the City Council are elected from five numbered posts in the City's single election district. Candidates for City Council must have been a City resident for 12 months prior to the date of election and must designate the post from which election is sought. The members of the City Council serve staggered four-year terms. The Mayor is the chief elected officer of the City. The Mayor presides at all City Council meetings and has the right to take part in deliberations, but cannot vote on any question except in case of a tie. Information regarding the Mayor and current City Council members as of December 31, 2025, is as follows:

Name	Term Expires	Occupation	Years on Council*
Earl Gray, Mayor**	December 31, 2027	Retail - Retired	15
Jim Childs	December 31, 2029	Retired	10
Craig Crawford	December 31, 2029	Plumber	12
Derek Rogers	December 31, 2027	Web Design	11
Paula Stinnett	December 31, 2029	Teacher - Retired	12
Rhonda James	December 31, 2027	Finance - Retired	10

*As of December 31, 2025

**Elected first as Councilman, then later as Mayor.

City Officials

The City Council appoints a City Manager. The City Manager is the chief executive and administrative officer of the City and has the responsibilities and duties, among other things, to (i) generally appoint and remove all City employees and administrative officers, (ii) direct and supervise all departments and divisions of the City, (iii) enforce all laws and ordinances of the City, and (iv) prepare and submit an annual operating budget to the City Council. Currently, the City Manager is Molly F. Huhn. Ms. Huhn was appointed as the City Manager by the City Council and began serving in that position on August 31, 2020. She received an undergraduate degree in Political Science from the University of South Carolina and a law degree from Michigan State University College of Law.

The current Finance Director is Phil Minton II. Mr. Minton has served as Finance Director since April 1, 2022. He received a Bachelor's Degree in Accounting from Tennessee Temple University and Master's in Accountancy from Shorter University.

Employee Benefits-

The City's pension plan (the "Plan") is a noncontributory defined benefit pension plan covering all full-time employees. The Plan is administered by the Georgia Municipal Employees Benefits System ("GMEBS"), a statewide, multiple-employer type plan. GMEBS handles all administrative and investment functions relative to the Plan. Benefits are fully vested after five years of service.

Participants become eligible to retire at age 55, with 10 years of participation in the Plan or at age 65, with five years of participation in the Plan. Participating employees are not required to contribute to the Plan. The City is required to contribute 100% of the amounts necessary to fund the Plan at an actuarially determined rate. The 2025 rate is 13.56% of annual covered payroll. Benefit provisions are established and amended by the authority of the City's governing body. The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Georgia Municipal Association, Risk Management and Employees Benefit Services, 201 Prior Street, SW, Atlanta, Georgia 30303.

Employee Benefits- (continued)

The City's policy is to contribute the actuarially determined amount as recommended by GMEBS. The board of trustees of GMEBS has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the plan. The annual recommended contribution is the sum of (i) the normal cost; (ii) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 years to 30 years based on a funding policy adopted by the GMEBS Board of Trustees; and (iii) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly).

For the fiscal year ended December 31, 2025, the City's recommended annual required contribution was $587,865. The required contribution was determined as part of the July 1, 2024 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions include (a) 7.375% investment rate of return, (b) 2.25% projected salary increases, (c) no cost of living adjustment, and (d) no inflation rate adjustment.

The chart below shows the annual required contribution for the current year and the prior four years along with the percentage actually contributed by the City:

Fiscal Year Ended December 31,	Annual Required Contribution ("ARC")	Percentage ARC Contributed
2021	$ 578,080	100%
2022	614,766	100%
2023	594,513	100%
2024	598,351	100%
2025	587,865	100%

As of July 1, 2025, the most recent actuarial valuation date, the funded status of the Plan for the last five years was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Actuarial Unfunded/ (Surplus) AAL (UAAL)	Annual Covered Payroll	UAAL as a % of Covered Payroll
July 1, 2025	$ 11,057,332	$ 13,072,727	$ 2,015,395	$ 4,336,101	46.48%
July 1, 2024	10,468,662	12,394,154	1,925,492	3,934,356	48.94%
July 1, 2023	9,859,107	11,908,598	2,049,491	3,716,670	55.14%
July 1, 2022	9,342,817	11,553,398	2,210,581	3,382,725	65.35%
July 1, 2021	8,743,087	11,238,029	2,494,942	3,415,634	73.04%

Insurance Coverage-
The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance from Selective Insurance for its risk related to the above losses. The risks covered by commercial insurance include general liability, errors and omissions, and property and casualty losses, with a minor deductible payable by the City.

Type	Amount in Force
Property	
Buildings & Business Personal Property	$ 39,225,612
Electronic Data Processing Equipment	$ 100,000
Income and Extra Expense	Actual loss sustained limit
Equipment	$ 1,146,489
Automobile ACV	88 Units and 2 trailers/$1,000 deductible

	Limits of Liability	
Type	Each Occurrence	Annual Aggregate
Casualty		
Commercial General Liability	$ 1,000,000	$ 3,000,000
Law Enforcement	$ 1,000,000	$ 3,000,000
Public Entity Employment Related Practices liability	$ 1,000,000	$ 3,000,000
Public Entity Management Liability	$ 1,000,000	$ 3,000,000
Automobile Liability	$ 1,000,000	$ 1,000,000
Employee Benefits Liability	$ 1,000,000	$ 3,000,000
Cyber Coverage	$ 1,000,000	$ 3,000,000
Excess Liability	$ 4,000,000	$ 4,000,000
Crime		
Employee Theft	$ 25,000	
Excess Theft	$ 3,000,000	

Settled claims have not exceeded coverage for the past three fiscal years. The City pays unemployment claims to the Georgia Department of Labor on a reimbursement basis. Liabilities for such claims are immaterial and are not accrued.

The City also manages its risk of loss related to injuries to employees through the purchase of Key Risk Insurance Co. workers' compensation insurance. Payment of eligible claims is based on statutory requirements and the City has no deductible in connection with claims paid.

Industry and Employment-
Catoosa County - Largest Employers
Set forth below are the largest employers located in Catoosa County as of Fourth Quarter, 2025 and their type of service. There can be no assurance that any employer listed below will continue to operate at such level. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed.

Employer	Type of Business
Costco Wholesale Corporation	Retail
Five Star Food Service, Inc.	Restaurant/Food
Food City	Restaurant/Food
Lake Winnepesaukah Amusements, Inc.	Amusement
Lowe's Home Centers, Inc.	Retail
NHC of Fort Oglethorpe	Healthcare
Propex Operating Company, Inc.	Manufacturing
Shaw Industries Group, Inc.	Manufacturing
The Home Depot	Retail
Walmart	Retail

Listed in alphabetic order, not by the number of employees.

Source: Georgia Department of Labor. Data represents employment covered by unemployment insurance, excluding all government agencies except correctional institutions, state and local hospitals, state colleges, and universities. Employers are listed alphabetically by area, not by the number of employees.

Economic Sector Distribution-
The following table shows the annual average percentage of persons who worked in each major sector of the local economy in Catoosa County for the second quarter of 2025. Figures are based on employees covered under the State unemployment insurance program.

Industry	Employment Distribution 2nd Quarter 2025
Agriculture, Forestry, Fishing, and Hunting	0.6
Construction	4.9
Manufacturing	11.6
Utilities	0.6
Wholesale Trade	2.3
Retail Trade	21.6
Transportation and Warehousing	1.6
Information	0.5
Finance and Insurance	2.7
Real Estate, Rental, and Leasing	1.3
Professional , Scientific, and Technical Services	1.9
Management of Companies and Enterprises*	0.2
Admin, Support, Waste Mgmt., Remediation	2.1
Education Services *	0.2
Health Care and Social Assistance	10.4
Arts, Entertainment, and Recreation	1.9
Accommodation and Food Services	14.4
Other Services and Industries	4.2
Federal, State, and Local Government	17.0
Total	100.0%

*Not provided, but estimated here.

Source: State of Georgia, Department of Labor, Labor Information Systems. Data represents jobs that are covered by unemployment insurance laws.

Civilian Employment Statistics of Catoosa County-
Employment includes nonagricultural wage and salary employment, self-employed, unpaid family and private household workers, and agricultural workers. Persons in labor disputes are counted as employed. The use of rounded data does not imply that the numbers are exact. U.S. estimates are unadjusted.

	2020	2021	2022	2023	2024	Sept 2025
Employment	31,900	32,551	33,065	34,180	33,613	34,130
Unemployment	1,132	906	969	994	1,031	1,045
Total	33,032	33,457	34,034	35,174	34,644	35,175
County Unemployment Rate	3.4%	2.6%	2.8%	2.8%	3.0%	3.0%
State Unemployment Rate	5.6%	3.3%	3.3%	3.2%	3.6%	3.4%
U.S. Unemployment Rate	6.7%	3.9%	3.9%	3.9%	4.1%	4.3%

Source: State of Georgia, Dept. of Labor, Labor Information Systems, and U.S. Dept. of Labor, Bureau of Labor Statistics.

County Special Purpose Local Option Sales Tax-
From time to time, the City is a party to intergovernmental agreements that entitle it to receive a portion of a one percent special purpose county sales and use tax ("SPLOST") that is imposed from time to time in Catoosa County and Walker County pursuant to Title 48, Chapter 8, Article 110 of the Official Code of Georgia Annotated, as amended. The City has been a party to previous SPLOST intergovernmental agreements with Catoosa County dated February 12, 1998, April 7, 2003, June 17, 2008, February 11, 2013, May 22, 2018, and December 5, 2023. The City has been a party to SPLOST intergovernmental agreements with Walker County dated April 27, 1993, January 1, 1998, September 30, 2003, May 1, 2008, September 5, 2013, and February 10, 2020. SPLOST revenues must be used for capital outlay projects that are described in the intergovernmental agreements.

On December 5, 2023, the City entered the current intergovernmental agreement with Catoosa County, and the City of Ringgold (the "2024 SPLOST Agreement"), which anticipates the County raising $96,000,000 in SPLOST proceeds over a six-year period beginning July 1, 2024, with approximately $14,236,800 (14.83%) being apportioned to the City as its share. The 2024 SPLOST Agreement listed the following projects for the City as related to the System:

Construction, replacement, improvement and expansion of capital outlay projects in the City of Fort Oglethorpe for sewer, street, storm water, water or other capital outlay projects, as well as appurtenances thereto; motor vehicles and equipment for police, public works and code enforcement; acquisition, construction improvement and expansion of buildings, grounds and renovations; Global Information Systems work stations, including software and mapping; construction, improvement and expansion of West Chickamauga Creek sewer interceptor system; recreation improvements and enhancements; downtown enhancements, including sidewalks, construction, replacement, and renovation of public buildings and structures; land and equipment acquisitions including communications equipment; legal services, engineering studies, and services for design and construction of such improvements and projects as well as easement and land acquisition for the benefit of the citizens of Catoosa County in the projected goal amount of $14,236,800.

In the event more than $96,000,000 is collected pursuant to the SPLOST, Fort Oglethorpe shall be allocated an amount equal to 14.83% of the SPLOST revenue collected above $96,000,000 which said additional sum shall be used by the City of Fort Oglethorpe for the purposes described above.

County Special Purpose Local Option Sales Tax- (continued)
The 2024 SPLOST Agreement also provides that the City's portion of projected SPLOST proceeds may also be used towards retiring the Series 2014 Bonds and bonds that refund the 2014 Bonds, such as the 2019 Bonds, as well as any future bonds

As part of the 2024 SPLOST Agreement, Catoosa County provides $4,200,000 to address sewer projects within Catoosa County owned and operated by the City, or if additions to the system, will be owned and operated by the City

Although SPLOST proceeds are not directly pledged for the payment of the Bonds, the City intends to utilize SPLOST revenues collected pursuant to the 2019 SPLOST Agreement, together with revenues of the System to pay the principal and interest associated with the Bonds.

The following table shows the history of SPLOST revenue collected by the City:

City of Fort Oglethorpe, Georgia
Special Local Option Sales Tax Monthly Collection History Fiscal Years Ended December 31

Month	2020	2021	2022	2023	2024	2025
January	$ 139,828	$ 155,391	$ 173,249	$ 193,448	$ 192,067	$ 233,562
February	113,623	135,314	145,232	152,883	160,900	194,530
March	120,795	126,372	147,754	148,624	167,984	188,670
April	124,628	160,341	170,871	175,922	184,002	209,440
May	125,101	152,291	166,969	175,576	177,348	210,549
June	142,684	153,045	175,247	176,751	181,754	210,635
July	134,442	155,006	179,249	182,878	186,813	211,512
August	130,823	152,997	175,607	216,830	210,058	212,540
September	278,905	150,665	168,447	169,766	211,315	216,361
October	131,050	148,232	171,788	177,069	195,886	205,275
November	155,956	151,185	168,250	180,198	210,650	204,921
December	134,979	163,376	171,891	179,753	218,754	227,825
	$ 1,732,814	$ 1,804,215	$ 2,014,554	$ 2,129,697	$ 2,297,531	$ 2,525,819

The last month of collections for SPLOST VI was August 2024. The first month of collections for SPLOST VII was September 2024.

Walker County SPLOST-
The City of Fort Oglethorpe includes residents of Walker County. Because of this, the City is the recipient of Walker County SPLOST. These funds must be spent inside Walker County for the benefit of Walker County residents who are also citizens of the City. SPLOST Funds received from Walker County for the last five years are listed below:

2020	$	3,443
2021		21,797
2022		23,068
2023		29,086
2024		26,202
2025		30,466

Chattanooga, Tennessee–Georgia Metropolitan Statistical Area-
The City of Fort Oglethorpe is located within the Chattanooga, Tennessee–Georgia Metropolitan Statistical Area (MSA), a regional economic center that influences employment, population growth, educational attainment, income levels, and overall economic activity within the City and surrounding area. While the City's service area is concentrated within Catoosa County, many residents and businesses participate in the broader regional economy through employment, commerce, healthcare, and educational institutions located throughout the MSA.

The following charts and tables provide selected demographic, economic, educational, and employment information for the Chattanooga MSA and are intended to supplement the local statistical information presented elsewhere in this section by providing additional regional context.

Major Employers

Company	Full- | Part-Time Employees
Erlanger Health System	5,994 | 1,488
Hamilton County Schools	5,781 | 848
Chattanooga	5,239
BlueCross BlueShield of Tennessee	4,145 | 43
Tennessee Valley Authority	3,857

Source: Companies, as of 12/31/24

Population

2020 U.S. Census	562,647
Population Estimate 2025	584,834
Population Projection 2030	600,665
Households Estimate 2025	238,869
Median Age	40.3
Median Household Income	$75,076
Per Capita Income	$41,189

Source: ESRI, U.S. Census

Chattanooga, Tennessee–Georgia Metropolitan Statistical Area- (continued)

Educational Attainment	
Population 25+	418,217
High School Graduate (only)	26.2%
Some College	22.3%
Associate's Degree	8.7%
Bachelor's Degree	20.2%
Graduate or Professional Degree	12.2%

2024

Education	
Number of Public Schools (2023-2024)	133
Public School Enrollment (2023-2024)	71,344
Number of Private Schools (2022-2023)	49
Private Schools Enrollment (2022-2023)	12,364
School Districts	8
Number of Colleges & Universities	7
College & University Enrollment	28,428

Schools

Announced Projects (2021-2025)	
Number of Projects	75
New Jobs	7,352
Capital Investment	$3,142,085,156

Source: Chattanooga Area Chamber of Commerce

Labor Force (2024)	
Labor Force	291,583
Unemployment Rate	3.2%

Statistics

Chattanooga, Tennessee–Georgia Metropolitan Statistical Area- (continued)

Employment & Wages by Industry (2024)

	% of Total	Weekly Wages
Natural Resources & Mining	0.2%	$1,051
Construction	5.1%	$1,504
Manufacturing	15.0%	$1,336
Trade, Transportation & Utilities	19.6%	$1,055
Information	1.1%	$2,192
Financial Activities	6.6%	$1,757
Professional & Business Services	10.5%	$1,344
Education & Health Services	15.6%	$1,232
Leisure & Hospitality	11.6%	$492
Other Services	3.0%	$974
Government	11.6%	$1,340

Source: U.S. Department of Labor, Bureau of Labor Statistics

Accessibility

Nearest Commercial Airport	Chattanooga Metropolitan Airport
Interstate	I-24; I-59; I-75
Foreign Trade Zone	Yes, #134

Source: Chattanooga Area Chamber of Commerce

Chattanooga, Tennessee–Georgia Metropolitan Statistical Area- (continued)

Georgia and Tennessee Taxes

	Georgia	Tennessee
Corporate Income Tax	Corporate income tax rate: 6% Corporate net worth tax range: $125 to $5,000 depending on net worth: $100,000 to $22M	Corporate income tax rate: 6.5% Franchise tax: 0.25% of the taxpayer's net worth (assets less liabilities). The minimum tax is $100.
Sales & Use Tax	State rate: 4% (0% on food) Local rates range from: 0% to 5%	State rate: 7% (4% on food) Local rates range from: 1.5% to 2.75%
Inventory Tax	None	None
Personal Income Tax	1%-6% (6 brackets)	No state personal income tax
Property Tax	No state property tax Locally assessed, rate apply per $1,000 of 40% assessed value	No state property tax Locally assessed, rate apply per $100 of 40% assessed value (real) 30% assessed value (personal)
Mfr. Fuels Sales Tax	State rate: 0% Local: 1% for education	1.5% Note: none (0%) if direct contact with product is made during mfr. and a separate meter is used.
Electricity Sales Tax	See Mfr. Fuels above	See Mfr. Fuels above
Natural Gas Sales Tax	See Mfr. Fuels above	See Mfr. Fuels above
Average Workers Compensation (2020)	$0.55 per $100 of covered wages	$0.38 per $100 of covered wages
Unemployment Insurance (2023)	Taxable wage base: $9,500 New employer rate: 2.7% Experienced rate range: .06% to 8.1%	Taxable wage base: $7,000 New employer rate: 2.7% Experienced rate rage: 0.01% - 10.0%

Source: Georgia Department of Revenue, Tennessee Department of Revenue

INTERNAL CONTROL AND COMPLIANCE SECTION

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

To the Mayor and City Council
City of Fort Oglethorpe, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Oglethorpe, 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 Fort Oglethorpe, Georgia's basic financial statements, and have issued our report thereon dated June 26, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Fort Oglethorpe, Georgia's internal control over financial reporting (internal control) as a basis for designing the 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 Fort Oglethorpe, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fort Oglethorpe, 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 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.

201 N. THORNTON AVE | P.O. BOX 749 | DALTON, GA 30722 | PHONE 706.529.0749 | FAX 706.529.5549

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fort Oglethorpe, 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 determination of financial statement amounts. 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. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Estes & Walcott

Dalton, Georgia
June 26, 2026

SPECIAL LOCAL OPTION
SALES TAX

ESTES & WALCOTT
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON
SPECIAL 1 PERCENT SALES AND USE TAX

To the Mayor and City Council
City of Fort Oglethorpe, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of Fort Oglethorpe, Georgia for the year ended December 31, 2025, and have issued our report thereon dated June 26, 2026. We have also audited the accompanying schedule of the City's projects constructed with special local option sales tax funds, for the year ended December 31, 2025. This schedule is the responsibility of the management of the City. Our responsibility is to express an opinion on the schedule based on our audit.

Specific projects allowed to be expended with Catoosa County funds have been identified in resolutions dated February 6, 2018 and December 5, 2023, which approved the intergovernmental agreements allowing the imposition of the special sales and use tax authorized by Section 48-8-110 OCGA. Specific projects allowed to be expended with Walker County funds have been identified in intergovernmental agreements dated February 10, 2020, which approved the imposition of the special sales and use tax authorized by Section 48-8-110 OCGA.

We conducted our audit of the schedule in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of the City's projects constructed with special local option sales tax funds is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of the City's projects constructed with special local option sales tax funds, as referred to above, presents fairly, in all material respects, the amounts of projects constructed with proceeds from the City's allocation of special local option sales tax for the year ended December 31, 2025, on the modified accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Mayor, City Council, management, others within the organization, and state regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Estes & Walcott

Dalton, Georgia
June 26, 2026

201 N. THORNTON AVE | P.O. BOX 749 | DALTON, GA 30722 | PHONE 706.529.0749 | FAX 706.529.5549

CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Project	Original Estimated Cost	Current Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Percentage of Completion	Cumulative Other Funding
Catoosa County							
2024 Cycle:							
Debt reduction or bonds	$ 2,300,000	$ 2,300,000	$ -	$ -	$ -	0%	$ -
Capital improvements	4,536,800	4,536,800	64,761	488,659	553,420	12%	-
Vehicles	1,900,000	1,900,000	171,140	294,367	465,507	25%	-
Equipment	1,500,000	1,500,000	109,581	331,983	441,564	29%	-
Sewer projects	1,500,000	1,500,000	-	-	-	0%	-
Roads	2,500,000	2,500,000	340,098	72,879	412,977	17%	-
	14,236,800	14,236,800	685,580	1,187,888	1,873,468		-
2019 Cycle:							
Debt reduction sewer bonds	2,728,125	2,728,125	2,728,750	-	2,728,750	100%	-
Capital improvements	2,891,875	3,477,835	3,477,835	7,491	3,485,326	100%	504,826
Vehicles	500,000	1,562,701	1,562,701	-	1,562,701	100%	-
Equipment	180,000	972,508	972,508	-	972,508	100%	-
Sewer projects	1,500,000	1,517,829	1,517,829	-	1,517,829	100%	349,641
	7,800,000	10,258,998	10,259,623	7,491	10,267,114		854,467
Walker County							
2020 Cycle:							
Water and sewer projects and equipment	95,280	95,280	-	-	-	0%	-
Police vehicles and equipment	42,000	42,000	-	-	-	0%	-
	137,280	137,280	-	-	-		-
	$ 22,174,080	$ 24,633,078	$ 10,945,203	$ 1,195,379	$ 12,140,582		$ 854,467

Reconciliation of current year expenditures	
Total capital projects expenditures	$ 1,195,379
Capital projects for water and sewer fund	-
	$ 1,195,379

ESTES & WALCOTT
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON
SPECIAL 1 PERCENT TRANSPORTATION SALES AND USE TAX

To the Mayor and City Council
City of Fort Oglethorpe, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of Fort Oglethorpe, Georgia for the year ended December 31, 2025, and have issued our report thereon dated June 26, 2026. We have also audited the accompanying schedule of the City's projects constructed with transportation special local option sales tax funds, for the year ended December 31, 2025. This schedule is the responsibility of the management of the City. Our responsibility is to express an opinion on the schedule based on our audit.

Specific projects allowed to be expended with Walker County funds have been identified in resolutions dated August 24, 2017 and July 27, 2023, which approved the intergovernmental agreements allowing the imposition of the transportation special sales and use tax authorized by Section 48-8-110 OCGA.

We conducted our audit of the schedule in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of the City's projects constructed with transportation special local option sales tax funds is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of the City's projects constructed with transportation special local option sales tax funds, as referred to above, presents fairly, in all material respects, the amounts of projects constructed with proceeds from the City's allocation of transportation special local option sales tax for the year ended December 31, 2025, on the modified accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Mayor, City Council, management, others within the organization, and state regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Estes & Walcott

Dalton, Georgia
June 26, 2026

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CITY OF FORT OGLETHORPE, GEORGIA
SCHEDULE OF PROJECTS CONSTRUCTED WITH TRANSPORTATION
SPECIAL SALES TAX PROCEEDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Project	Original Estimated Cost	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Percentage Of Completion
Walker County					
2025 Cycle					
Paving streets	$ 180,000	$ -	$ -	$ -	0%
Walker County					
2018 Cycle					
Paving streets	97,500	-	-	-	0%
	$ 277,500	$ -	$ -	$ -	