



CITY OF DALTON GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2015



CITY OF DALTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended
December 31, 2015

Cindy Jackson, CPA
Chief Financial Officer

By Authority of
Mayor and Council

**City of Dalton, Georgia
Comprehensive Annual Financial Report
For The Year Ended December 31, 2015**

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June 22, 2015

Honorable Mayor, Distinguished Members of the City Council,
and Citizens of the City of Dalton:

The Comprehensive Annual Financial Report ("CAFR") of the City of Dalton, Georgia ("City") for the year ended December 31, 2015 is hereby submitted. Georgia state law and local ordinances require that every general-purpose local government publish within six months of the close of each fiscal year, unless an extension is approved, a complete set of audited financial statements.

Management assumes full responsibility for the completeness and reliability of the information presented in this report, based on a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the financial report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's activities have been included.

The City has prepared the financial statements to meet the current applicable requirements of the Governmental Accounting Standards Board ("GASB"). The City of Dalton's financial statements have been audited by Estes & Walcott, Certified Public Accountants, and they have rendered an unqualified opinion for the year ended December 31, 2015. The independent auditors' report is presented in the financial section of this report.

The independent audit of the financial statements of the City of Dalton for the year ended December 31, 2015 included a broader, federally mandated single audit designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit Section of this report.

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

Profile of the Government

Dalton is located in northwest Georgia at the foothills of the Appalachian Mountains. Dalton is conveniently located off Interstate 75, eighty-five miles north of Atlanta, Georgia and twenty-eight miles south of Chattanooga, Tennessee, and is within a day's drive of half the United States population. Dalton is served by two major railroads; CSX and Norfolk Southern. The community was originally founded in 1837 as the village of Cross Plains. In honor of founder Captain Edward White's mother, the name was officially changed to Dalton and was chartered December 29, 1847.

Dalton occupies 20 square miles and serves an estimated daytime population of 63,000. According to the 2010 U.S. Census, Dalton has a population of 33,123, with Whitfield County's population at 102,599. The U.S. Census Bureau estimates the 2014 population for Dalton at 33,529.

The City operates under a council-administration form of government. The City Council is comprised of a mayor and a four member council elected by the residents on a nonpartisan ballot for four year terms. The mayor is elected at large and the council members are elected by voters in each of the four separate wards. The City Council serves as the legislative and policymaking body of the City. They enact laws, determine policies, and adopt the annual budget. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to annex property into the City limits.

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

The Senior Center is jointly funded with Whitfield County, but is included in the City's report due to the City's ability to impose its will since the Center's employees are City of Dalton employees.

The City of Dalton provides a full range of services to its citizens. These services include police and fire protection, a court system, highway and street maintenance, sanitation, recreational facilities, a golf course, an airport, a senior center, utilities, a convention center (a joint venture), and a solid waste facility (a joint venture). Selected demographic information is provided within the statistical section of this report. In addition, the City exercises fiduciary responsibility of the Employees' Pension Trust Fund and Other Post Employment Benefit Trust Fund.

The annual budget functions as the basis for the City's financial planning and control. In accordance with state law, the City adopts an annual operating budget consistent with generally accepted accounting principles. The budget is adopted by the City Council after a required public hearing and the required public notices. The budget is required to be adopted no later than December 31st. The budget is prepared by department and fund. Annual budgets are adopted for the general fund, debt service fund, and all special revenue funds. Annual operating budgets of enterprise funds are not legally required, but are utilized for use in planning, control, and evaluation purposes. The level of legal budgetary control is at the department level. Department directors have the discretion of budget transfers within their respective budget facilitated through the Finance Department, provided that the request does not increase the overall budget and personal services allocation for that department.

Local Economy

Dalton is the economic hub of northwest Georgia and continues to benefit economically by being the Carpet Capital of the World. Dalton is home to the two largest carpet producers in the world (Mohawk Industries and Shaw Industries) and is the third largest manufacturing community per capita in Georgia. Over 80% of the world's carpet is produced within a 30 mile radius of Dalton.

Dalton's economy continues to improve as evidenced by the April 2016 unemployment rate of 5.5%, which has substantially declined from its November 2010 peak of 13.6%. This large reduction in unemployment was recognized by Southern Business and Development by naming Dalton and Whitfield County, Georgia to its 2015 *Top 10 "Comeback Kid"* list.

Dalton embraces its manufacturing base and the carpet industry, but also realizes the need for diversifying the industrial base. The Dalton-Whitfield Joint Development Authority ("JDA") is the economic arm of Dalton and Whitfield County for recruitment of new businesses to the area. The JDA focuses on economic growth of the community by attracting and retaining jobs, diversifying investments, and growing the tax base.

Dalton's economic development policies are implemented by the JDA. From an overall growth perspective, the JDA reports that during 2015, seven projects were awarded that will create 245 direct jobs, 120 indirect jobs, and \$47.5 million in new capital investment in the Dalton Metropolitan Statistical Area ("MSA"). Of those projects, 31% are attributable to retail, 23% to manufacturing, and 15% to floor covering.

The largest project landed in 2015 is Sustainable Corrugated. The company produces 100% recycled paper from used brown boxes and is expected to divert 120,000 tons from landfills. This project will produce 62 jobs and \$15 million in capital investment for the Dalton-Whitfield area. The ground has already been broken on a 15,000 square foot building and the facility will be in operation by the end of July 2016.

From a retail standpoint, Dalton welcomed four new businesses in 2015. The 41,000 square foot Wal-Mart Neighborhood Market Store, Krispy Kreme, Bojangles, and Verizon all began business during the year.

The manufacturing momentum continues as Mohawk Industries recently announced plans to expand its existing vinyl flooring operations in the Dalton-Whitfield area. The \$100 million capital investment in infrastructure and equipment will generate 200 jobs. The company acquired the Belgian-based IVC Group in 2015 for \$1.2 billion, which positions it at the forefront of the global vinyl flooring market.

Hamilton Medical Center announced plans to open the Hamilton Cancer Institute in 2017. The \$30 million, 37,800 square foot building will be a regional comprehensive cancer treatment center and bring numerous cancer treatment operations under one roof. The center will also add cutting-edge technology for early detection and treatment of cancer.

The City's largest department is Dalton Utilities, a debt-free public utility which provides electric, natural gas, water, wastewater, and information technology services to approximately 73,000 customers in the Dalton-Whitfield area and portions of Murray, Gordon, Catoosa, and Floyd counties. The City reports the activity of Dalton Utilities in the Water, Light, and Sinking Fund Commission ("WLSF Commission") fund. Dalton Utilities owns portions of two coal-fired and two nuclear generating plants and has invested in portions of two additional nuclear units under construction at Plan Vogtle in Waynesboro, Georgia. Management feels that with increasing regulatory restrictions placed on coal-fired plants, investing in nuclear units is a wise investment for the region's future power needs. The Riverbend Waste Water Plant received the 2015 Wastewater Treatment Plant of the Year Award by the Georgia Association of Water Professionals.

Major Initiatives and Planning for the Future

Conservative decision-making coupled with insightful timing has afforded the City the ability to maintain a healthy fund balance while lowering the millage rate. City leadership continues to focus on maintaining a strong economic base, increasing diversification of industry, and enhancing residents' quality of life through health, recreational, and leisure aspects of the community.

The City's 2015 taxable digest increased 2% when compared to the prior year. The City continued its commitment to lowering the tax burden on industrial, commercial, and residential residents by reducing the millage rate for the eighth consecutive year. The cumulative reduction over the eight years is equivalent to 1.096 mills, which equates to a 30% reduction in the millage rate (property within the City is taxed at 100%).

In March of 2015, the citizens of Whitfield County passed a four-year, 1% special purpose local option sales tax referendum to fund approximately \$62 million in capital projects throughout Whitfield County and City of Dalton. Whitfield County and the City issued bonds through the City of Dalton Building Authority to pre-fund \$27 million of the projects, which include a county-wide digital emergency response communication system. The City's projects include \$3.2 million for public safety vehicles, \$5 million for a public recreation project, and \$10 million for street resurfacing, sidewalk construction, bridge maintenance, and infrastructure.

Dalton and its Northwest Georgia partners continue to progress as one of the first twelve communities to be designated a Manufacturing Community by the U. S. Commerce Department as a part of the Manufacturing Communities Partnership Initiative. Seventy communities applied for this program, which is designed to accelerate the resurgence of manufacturing in communities nationwide by supporting the development of long-term economic strategies to assist communities in attracting and expanding private investment in the manufacturing sector and to increase international trade and exports. In order to earn this designation, communities had to demonstrate the significance of manufacturing already present in the region and develop strategies to make investments in six areas: 1) workforce and training, 2) advanced research, 3) infrastructure and site development, 4) supply chain support, 5) trade and international investment, and 6) operational improvement and capital access.

The City's greenway redevelopment initiative anticipates completion of phase two in 2016. Phase two will be funded primarily with a transportation enhancement grant from the Georgia Department of Transportation. Phase two consists of the facility rails to trails segment to be constructed in the historic Crown Mill area. In 2016 and 2017, \$5 million of SPLOST funding will be utilized to develop the reservoir recreation section of the greenway. The greenway is designed to enhance the City's natural resources, which include a lake, mountain, and river, while connecting to the downtown area with walking, biking, and hiking trails.

The City's continues its commitment to reduce the amount of blight and improve the overall curb appeal of the City through the Carpet Capital Makeover Initiative. To support this endeavor, the police department has added three code enforcement officers over a three year period. The Community Development Block Grant will partially fund the positions for code enforcement within designated service areas. The City will also use Community Home Improvement Program funds to improve homes in the Crown Mill area.

The City's municipal airport received \$1.3 million in federal and state grant funding over the past two years to fund land and easement acquisition and obstruction clearance in the runway protection zone.

The City of Dalton continues its partnership with Dalton State College ("DSC") to promote intercollegiate athletics. The City opened an indoor soccer practice facility and renovated the concession facility at Lakeshore Park that will serve as the DSC men's soccer complex. The facility will be partially funded with private donations.

The citizens of Dalton approved a 2015 referendum that authorizes the City to exercise redevelopment powers. The City has adopted a Redevelopment Plan and designated two tax allocation districts ("TAD"). One TAD area encompasses much of the downtown area while the other TAD area encompasses East Walnut Avenue, which includes the City's shopping mall. The City anticipates adding the TAD's will spur redevelopment interest within these areas.

Relevant Financial Policies

The City has implemented policies to ensure that the City's resources are prudently managed.

The City continues to maintain a healthy fund balance and exceeds the minimum general fund unrestricted fund balance requirement of 25% of operating expenditures. At the end of 2015, the City's general fund unrestricted fund balance was equal to 71% of operating expenditures. The general fund unrestricted fund balance is intended to 1) meet future capital needs, 2) offset significant economic downturns and revision in general government activity, 3) provide sufficient working capital, 4) provide sufficient cash flow for current financial needs, and 5) provide for emergency situations.

Investments are made in accordance with the City's investment policy. The objectives of the investment policy, in order of priority, are to ensure: 1) compliance with federal, state and local laws, safety, 2) principal is protected from loss with secure investment practices and collateralization, 3) investments are readily converted to cash when needed without losses, and 4) earnings are maximized without diminishing the other objectives.

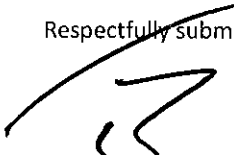
Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Excellence in Financial Reporting (“Certificate of Excellence”) to the City of Dalton for its CAFR for the fiscal year ended December 31, 2014. This is the thirteenth consecutive year that the government has received this prestigious award. In order to be awarded the Certificate of Excellence, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Excellence is valid for a period of one year. We believe that our current CAFR continues to meet the GFOA’s requirements, and are submitting it in anticipation of receiving the Certificate of Excellence once again.

The timely preparation of this quality report was made possible by the dedicated service of the finance staff and the technical guidance and assistance afforded by our auditors.

We would also like to thank the City Council for their continued support and management of the City’s finances.

Respectfully submitted,



J. Tyson Ross
City Administrator



Cindy Jackson
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Dalton
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

**City of Dalton, Georgia
City Officials and Administration
December 31, 2015**

Dennis Mock
Mayor

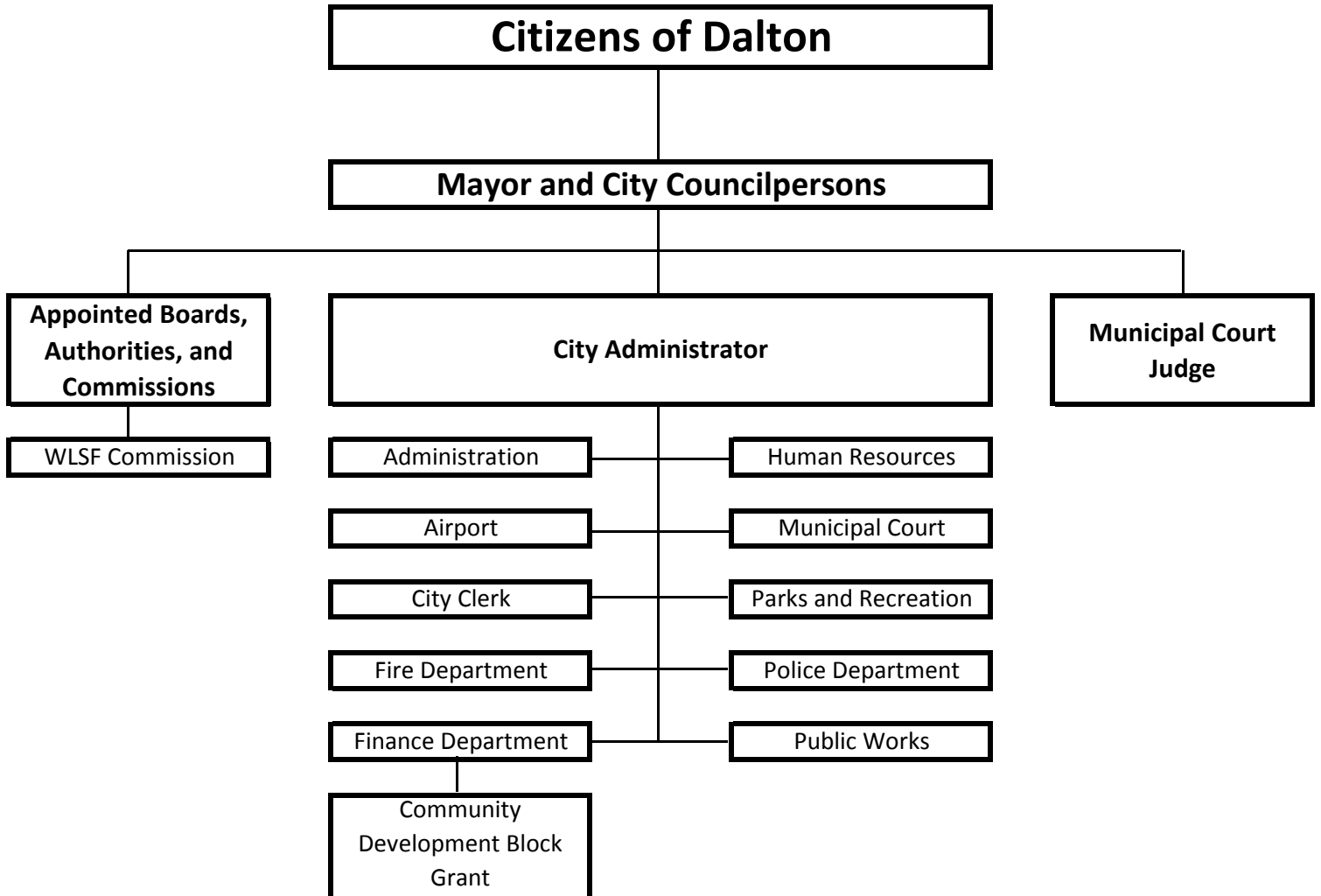
City Council

Denise Wood, Ward 1
William T. O'Gwin, Ward 2
George Sadosuk, Ward 3
Gary Crews, Ward 4

City Administration

Ty Ross	City Administrator
Cindy Jackson	Chief Financial Officer
Bernadette Chattam	City Clerk
Tom Bundros	Dalton Utilities
Bruce Satterfield	Fire Chief
Greg Batts	Human Resource Director
Steve Card	Parks & Recreation Director
Jason Parker	Police Chief
Benny Dunn	Public Works Director

City of Dalton, Georgia
Organizational Chart
December 31, 2015



INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Council,
City Administrator, and Finance Director
City of Dalton, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Dalton, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Water, Light, and Sinking Fund Commission ("WLSF Commission"), which is both a major fund and comprises 97%, 97%, and 99% of the assets, net position, and revenues of the business-type activities, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the WLSF Commission, is based solely on the report of the other auditors. 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. The financial statements of the WLSF Commission were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison information for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 5A to the financial statements, in 2015 the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information for pension plans on pages 4 –20 and 86 - 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dalton, Georgia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of projects constructed with special purpose local option sales tax is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, the schedule of projects constructed with special purpose local option sales tax, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the schedule of projects constructed with special purpose local option sales tax, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2016, on our consideration of the City of Dalton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Dalton, Georgia's internal control over financial reporting and compliance.

Estes & Walcott

Dalton, Georgia
June 22, 2016

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

The City of Dalton's management is pleased to provide this narrative overview and analysis of the financial activities of the City for the calendar year ended December 31, 2015. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures that follow this section.

FINANCIAL HIGHLIGHTS

- The City implemented Governmental Standards Accounting Board Statement No. 68 ("GASB 68") effective for this financial statement period. The implementation of this standard resulted in significant changes to the amounts presented in the financial statements, and required several additional supplemental schedules and disclosures. Prior year balances and net position were restated in accordance with the requirements of the statement. Government-wide 2014 ending net position was restated from \$91.7 million to \$75.7 million. Business-type 2014 ending net position was restated from \$832.1 million to \$832.2 million. Note 3-J and Note 5-A more fully describe the effects of this implementation.
- The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$938.2 million (net position) for the calendar year reported. This represents an increase of \$30.3 million from the prior year restated net position.
- Total net position is comprised of the following:
 - Net investment in capital assets of \$793.2 million includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - Net position of \$105.6 million is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - Unrestricted net position of \$39.4 million represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$29.8 million this year. This represents an increase of \$7.4 million from the prior year.
- At the end of the current calendar year, unassigned fund balance for the general fund was \$21.2 million, or 71% of total general fund expenditures.
- The business-type activities enterprise funds reported total ending net position of \$862.6 million as of December 31, 2015. This reflects an increase of \$28.3 million from the prior year restated net position. The Water, Light, and Sinking Fund Commission ("WLSF Commission") is the City's only major enterprise fund and provides utility services including electric, gas, water, wastewater, and information technology. The WLSF Commission transferred \$10.1 million to the general fund during 2015. The WLSF Commission passes the cost of this transfer along to their customers. This surcharge is included in charges for services.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Dalton's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

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Government-wide Financial Statements

The City's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

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

The statement of activities reports the revenues and expenses of the City. This statement is prepared using the accrual basis of accounting, where revenues are recognized when earned and expenses are recognized when incurred. All current year revenues and expenses are included regardless of when cash is received or paid. The difference is described as the change in net position. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

The statement of net position and the statement of activities divide the City's activities into three types:

- **Governmental activities** – The activities reported in this category are the City's basic services such as general administration, fire, police, public works, recreation, and municipal court. Also included is the Dalton-Whitfield Joint Development Authority, which is a joint venture with Whitfield County. These activities are principally supported by taxes and intergovernmental transfers.
- **Business-type activities** – The City charges fees to customers to recover all or a significant portion of costs for the services provided. The WLSF Commission, whose services include electric, natural gas, water, wastewater, and information technology, along with a municipal golf course and a municipal airport, are included as business-type activities. Also included is the City's share of the net income or cost of the Northwest Georgia Trade and Convention Center Authority and the Dalton-Whitfield Regional Solid Waste Management Authority, which are joint ventures with Whitfield County.
- **Discretely presented component unit** – Component units are legally separate organizations for which the elected officials of the City are financially accountable. The City of Dalton Building Authority is presented as a component unit for the City of Dalton.

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

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Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to track specific resources and expenditures, either for management purposes or because of legal mandates. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City's funds are divided into three categories:

- **Governmental funds** – These funds account for the same functions reported as governmental activities in the government-wide financial statements. However, fund financial statements are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The focus is on the short-term view of the City's general government operations and the services provided. These statements are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

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

This report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison statements are included as required supplementary information for the general fund and are presented as a part of the basic financial statements. Budgetary comparison schedules for all other governmental funds are found in a later section of this report. These statements and schedules demonstrate the City's compliance with the adopted and final budgets.

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

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

- **Proprietary funds** – These funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's proprietary funds are classified as enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization for electric, gas, water, and wastewater utilities, information technology systems, an airport, and a public golf course. Services provided by the two joint ventures to customers include landfill services and a public trade and convention center. Internal service funds are an accounting device used to account for services provided and billed on an internal basis. The City utilizes an internal service fund for workers compensation. The activity of the workers compensation fund is reported in governmental activities in the government-wide statement.

The basic enterprise fund financial statements are presented on pages 29 through 35 of this report.

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- **Fiduciary funds** - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The City's fiduciary funds consist of a pension trust fund, an other post-employment benefits ("OPEB") trust fund, and a municipal court agency fund. The pension trust fund accounts for the City's single employer pension trust fund. The OPEB trust fund accounts for the City's single employer OPEB trust fund. These funds are reported on two statements: a statement of fiduciary net position and a statement of changes in fiduciary net position. These statements are found on pages 36 and 37 of this report. The municipal court agency fund is custodial in nature, and the balances are reported in the statement of fiduciary net position.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 38 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's defined benefit pension plan. Required supplementary information can be found on pages 86 through 89 of this report.

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 90.

The City has one discretely presented component unit, the City of Dalton Building Authority. The City of Dalton Building Authority does not issue separate financial statements. The City of Dalton Building Authority's financial statements are presented in the financial section of this report on pages 141 through 143. Additional information about the component unit can be found in Note 1-A, Note 4-E, and Note 4-F.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City's overall financial position for the 2015 year is summarized as follows, based on information presented in the government-wide statement of net position. Note that 2014 information has been revised to reflect the implementation of GASB 68.

Summary Statement of Net Position
Fiscal Years 2015 and 2014

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current assets	\$ 33,017,833	\$ 25,820,948	\$ 46,497,886	\$ 52,543,456	\$ 79,515,719	\$ 78,364,404
Capital assets	81,359,466	78,760,727	784,845,305	749,323,416	866,204,771	828,084,143
Other long-term assets	<u>81,099</u>	<u>87,261</u>	<u>144,806,157</u>	<u>132,700,461</u>	<u>144,887,256</u>	<u>132,787,722</u>
Total assets	<u>114,458,398</u>	<u>104,668,936</u>	<u>976,149,348</u>	<u>934,567,333</u>	<u>1,090,607,746</u>	<u>1,039,236,269</u>
Deferred outflows of resources	<u>2,536,449</u>	<u>-</u>	<u>3,100,527</u>	<u>-</u>	<u>5,636,976</u>	<u>-</u>
Total assets and deferred outflows	<u>\$116,994,847</u>	<u>\$104,668,936</u>	<u>\$979,249,875</u>	<u>\$934,567,333</u>	<u>\$1,096,244,722</u>	<u>\$1,039,236,269</u>
Liabilities:						
Current liabilities	4,825,937	1,839,509	30,627,111	29,754,026	35,453,048	31,593,535
Long-term liabilities	<u>32,701,307</u>	<u>25,640,362</u>	<u>82,803,339</u>	<u>65,916,070</u>	<u>115,504,646</u>	<u>91,556,432</u>
Total liabilities	<u>37,527,244</u>	<u>27,479,871</u>	<u>113,430,450</u>	<u>95,670,096</u>	<u>150,957,694</u>	<u>123,149,967</u>
Deferred inflows of resources	<u>757,027</u>	<u>1,465,525</u>	<u>6,314,459</u>	<u>6,698,307</u>	<u>7,071,486</u>	<u>8,163,832</u>
Net position:						
Net investment in capital assets	67,728,129	73,121,548	725,497,305	710,531,416	793,225,434	783,652,964
Restricted	8,151,582	262,248	97,394,000	86,089,000	105,545,582	86,351,248
Unrestricted	<u>2,830,865</u>	<u>2,339,744</u>	<u>36,613,661</u>	<u>35,578,514</u>	<u>39,444,526</u>	<u>37,918,258</u>
Total net position	<u>78,710,576</u>	<u>75,723,540</u>	<u>859,504,966</u>	<u>832,198,930</u>	<u>938,215,542</u>	<u>907,922,470</u>
Total liabilities, deferred inflows, and net position	<u>\$116,994,847</u>	<u>\$104,668,936</u>	<u>\$979,249,875</u>	<u>\$934,567,333</u>	<u>\$1,096,244,722</u>	<u>\$1,039,236,269</u>

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Dalton, assets and deferred outflows exceeded liabilities and deferred inflows by \$938.2 million at the close of the current year.

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The most substantial portion of the City's net position is net investment in capital assets of \$793.2 million (85%). This represents the City's machinery, equipment, and infrastructure less any related debt used to purchase or construct those capital assets. The City uses these assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City reports restricted net position of \$105.6 million (11%). These funds are subject to external restrictions on how they may be used. The remaining net position of \$39.4 million (4%) is unrestricted and may be used to meet the ongoing operations and obligations of the City. This amount does not take into consideration any unfunded liabilities such as pension and other post-employment benefits.

Although net position of the business-type activities represents 92% of total City-wide net position, the City generally only uses these resources to finance the continuing operations of the business-type activities.

At the end of the current fiscal year, the City reported positive balances in all categories of net position for its governmental and business-type activities. As a whole, the City of Dalton's net position increased by \$30.3 million during 2015. The business-type activities net position increased by \$27.3 million while the governmental activities net position increased by \$3.0 million.

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The effects of the City's operations and resulting change in net position for the 2015 year is summarized as follows, based on information presented in the government-wide statement of activities. Note that 2014 information has been revised to reflect the implementation of GASB 68.

Summary Statement of Activities
Fiscal Years 2015 and 2014

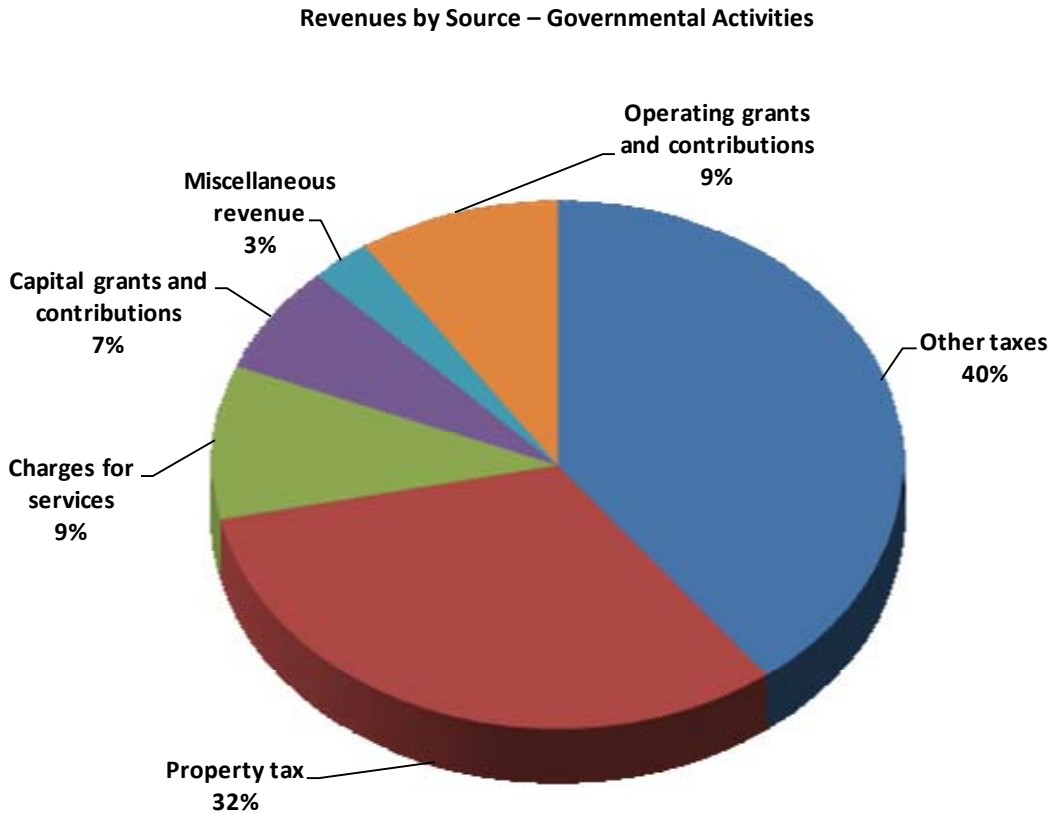
	Governmental activities		Business-type activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program:						
Charges for services	\$ 2,682,903	\$ 3,172,263	\$ 203,385,620	\$ 200,790,823	\$ 206,068,523	\$ 203,963,086
Operating grants	2,681,730	1,003,133	-	-	2,681,730	1,003,133
Capital grants	1,895,627	1,317,808	-	-	1,895,627	1,317,808
General:						
Property taxes	9,143,523	8,371,150	-	-	9,143,523	8,371,150
Other taxes	11,297,872	11,078,893	-	-	11,297,872	11,078,893
Investment earnings	224,686	222,324	1,715,779	5,663,965	1,940,465	5,886,289
Other	<u>580,190</u>	<u>529,301</u>	<u>150,000</u>	<u>234,000</u>	<u>730,190</u>	<u>763,301</u>
Total revenues	<u>28,506,531</u>	<u>25,694,872</u>	<u>205,251,399</u>	<u>206,688,788</u>	<u>233,757,930</u>	<u>232,383,660</u>
Program Expenses:						
General government	2,971,036	2,533,973	-	-	2,971,036	2,533,973
Judicial	437,044	361,222	-	-	437,044	361,222
Public safety	15,703,840	14,276,487	-	-	15,703,840	14,276,487
Public works	9,170,285	7,946,887	-	-	9,170,285	7,946,887
Health and welfare	522,072	492,704	-	-	522,072	492,704
Culture and recreation	5,390,895	4,928,267	-	-	5,390,895	4,928,267
Housing and development	454,327	396,836	-	-	454,327	396,836
Interest	270,543	281,844	-	-	270,543	281,844
Utilities	-	-	166,660,568	175,452,936	166,660,568	175,452,936
Trade Center	-	-	593,614	499,660	593,614	499,660
Landfill	-	-	(448,366)	124,651	(448,366)	124,651
Golf course	-	-	925,758	789,286	925,758	789,286
Airport	-	-	813,242	904,203	813,242	904,203
Total expenses	<u>34,920,042</u>	<u>31,218,220</u>	<u>168,544,816</u>	<u>177,770,736</u>	<u>203,464,858</u>	<u>208,988,956</u>
Excess (deficiency)	(6,413,511)	(5,523,348)	36,706,583	28,918,052	30,293,072	23,394,704
Transfers	<u>9,400,547</u>	<u>8,829,455</u>	<u>(9,400,547)</u>	<u>(8,829,455)</u>	-	-
Change in net position	2,987,036	3,306,107	27,306,036	20,088,597	30,293,072	23,394,704
Beginning net position	<u>75,723,540</u>	<u>72,417,433</u>	<u>832,198,930</u>	<u>812,110,333</u>	<u>907,922,470</u>	<u>884,527,766</u>
Ending net position	<u>\$ 78,710,576</u>	<u>\$ 75,723,540</u>	<u>\$ 859,504,966</u>	<u>\$ 832,198,930</u>	<u>\$ 938,215,542</u>	<u>\$ 907,922,470</u>

The City's total revenues increased \$1.4 million (less than 1%) and the total cost of services and programs provided decreased \$5.5 million (3%). Additional information is provided below regarding governmental and business-type activities changes in net position.

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Governmental Activities

The following chart depicts revenues of the governmental activities for the year ended December 31, 2015:



As indicated by the revenue diagram above, other taxes was the largest revenue source for governmental activities. Other taxes includes sales tax, insurance premium tax, hotel-motel tax, title ad valorem tax, franchise tax, and alcohol beverage tax. Property tax was the second largest revenue source. The City's governmental activities total revenues increased \$2.8 million (11%).

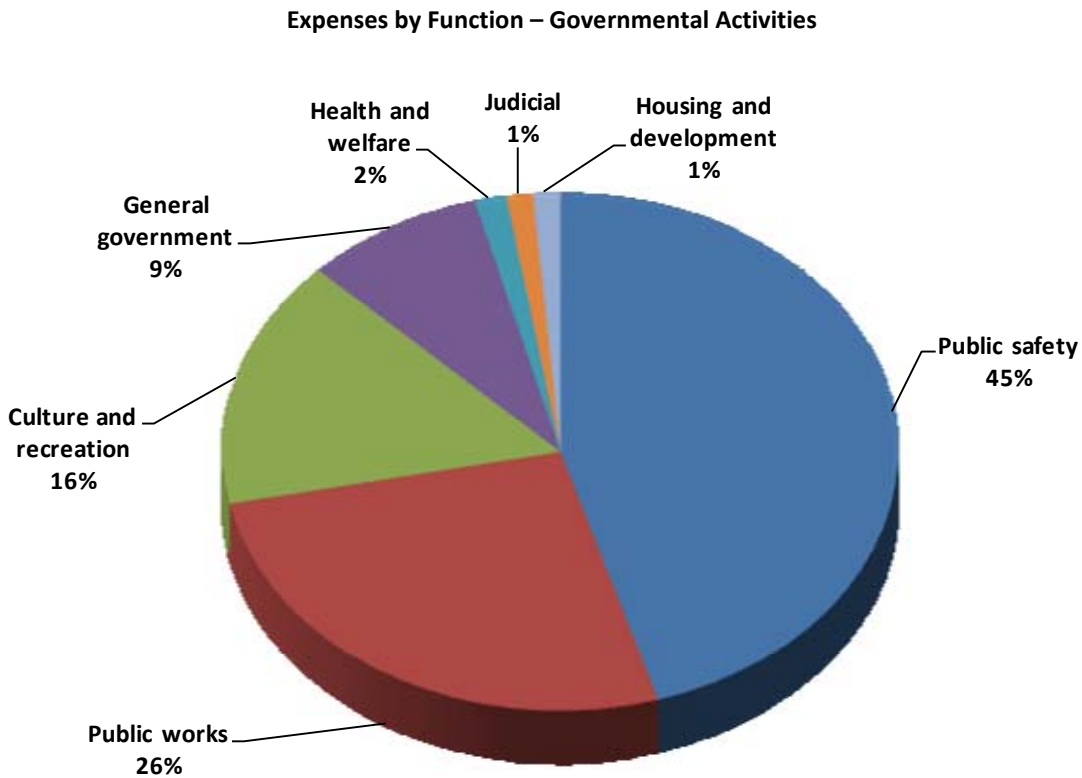
Key elements regarding the increased revenues and fluctuations are discussed below:

- Other taxes comprise 40% of total revenue and increased \$219,000 (2%). The significant changes in other taxes include an increase in title ad valorem tax of \$173,000, an increase in hotel-motel tax of \$129,000, an increase in insurance premium tax collections of \$120,000, a decrease in sales tax collections of \$146,000, and a decrease in vehicle tax of \$68,000.
- Property taxes comprise 32% of total revenue and increased \$772,000 (9%) when compared to amounts reported in 2014. The slight increase in taxable property values (2%) coupled with a decrease in the millage rate of .026 mills resulted in approximately \$58,000 increase in tax revenue. An error occurred in reporting 2014 property tax revenue in the government-wide statement of activities. Deferred taxes of \$875,000 were reported as deferred inflows of resources on the government-wide statement of net position instead of being adjusted to tax revenue during the conversion. The 2014 property tax revenue was not restated.

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- Operating grants and contributions make up 9% of total revenues and increased \$1.7 million (167%). The boost is attributable to the collection of \$1.8 million in 2015 SPLOST revenue set aside for the retirement of debt associated with the SPLOST projects.
- The charges for services category comprises 9% of total revenues and is the only category to decrease from the prior year, by \$489,000 (15%). This decrease is due primarily to the decline in municipal court fees of \$195,000 and fines and forfeitures of \$144,000.
- Capital grants and contributions are 7% of total revenue and increased \$578,000 (44%) when compared to the prior year. This increase is due to grant awards for land and easement acquisition projects at the municipal airport.

The following chart depicts expenses of the governmental activities for the year ended December 31, 2015:



As indicated by the expense diagram above, the largest use of City resources was providing public safety services such as fire and police, followed by public works. The City's governmental activities total expenses increased \$3.7 million (12%).

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Key elements regarding the increase and fluctuations are discussed below:

- Public safety represents 45% of total expenses and increased \$1.4 million (10%) when compared to the prior year. Personal services and benefits increased \$515,000 in 2015 due to a 1% across the board cost of living increase for full-time employees, a 5% increase in the employer match for the defined benefit pension plan, a 1% increase in employer match for the defined contribution plan, and a 7% increase in health insurance premiums. An increase in the net OPEB obligation of \$472,000 was attributable to the public safety function and increased current year expenses. In 2014, the net OPEB obligation decrease attributable to public safety of \$668,000 was due to a change in the funding of retiree health insurance. Allocable pension contributions in excess of allocable pension expense decreased public safety expenses by \$726,000 for 2015. Financial information for 2014 was restated due to the implementation of GASB 68. The restatement resulted in a reduction of 2014 public safety program expense of \$795,000.
- Public works represents 26% of total expenses and increased \$1.2 million (15%). Personal services and benefits increased \$195,000 in 2015 due to a 1% across the board cost of living increase for full-time employees, a 5% increase in the employer match for the defined benefit pension plan, a 1% increase in the employer match for the defined contribution plan, and a 7% increase in health insurance premiums. An increase in the net OPEB obligation of \$143,000 was attributable to the public works function and increased current year expenses. In 2014, the net OPEB obligation decrease attributable to public works of \$633,000 was due to a change in the funding of retiree health insurance. Allocable pension contributions in excess of allocable pension expense decreased public works expenses by \$268,000 for 2015. Financial information for 2014 was restated due to the implementation of GASB 68. The restatement resulted in a reduction of 2014 public safety program expense of \$305,000.
- Culture and recreation comprised 16% of expenses and increased \$462,000 (9%) when compared to 2014. The recreation department received the same personal services and benefits increases in 2015 as the other departments, but realized a net decrease of \$72,000 through retirements and personnel restructuring. Routine repairs, maintenance, and replacements increased \$201,000 and contract services increased \$53,000. An increase in the net OPEB obligation of \$32,000 was attributable to the culture and recreation function and increased current year expenses. In 2014, the net OPEB obligation decrease attributable to culture and recreation of \$164,000 was due to a change in the funding of retiree health insurance. Allocable pension contributions in excess of allocable pension expense decreased culture and recreation expenses by \$53,000 for 2015. Financial information for 2014 was restated due to the implementation of GASB 68. The restatement resulted in a reduction of 2014 public safety program expense of \$62,000.

This table presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden placed on the City's taxpayers by each of these functions.

Governmental activities		
	Total cost of services	Net cost of services
General government	\$ 2,971,036	\$ (774,173)
Judicial	437,044	(252,642)
Public safety	15,703,840	15,163,633
Public works	9,170,285	8,092,769
Health and welfare	522,072	238,115
Culture and recreation	5,390,895	4,693,278
Housing and development	454,327	281,259
Interest	270,543	217,543
Total	\$ 34,920,042	\$ 27,659,782

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The judicial net cost of service indicates revenues generated by the court covered the cost of this function. The general government function also generated more revenues than it expended this year, primarily due to significant funds (\$1.8 million) received but not expended in the current year in the SPLOST 2015 bonded capital projects fund.

Business-type Activities

The City's business-type activities revenues decreased \$1.4 million (less than 1%) and expenses decreased \$9.2 million (5%).

Revenues:

The increase in charges for services of \$2.6 million (1%) is primarily attributable to the WLSF Commission as follows:

- Electric system revenue increased \$6.9 million (6%) due to increased consumption for commercial and industrial customer classes as a result of new customers, offset by a decrease in consumption for residential customers as a result of milder weather.
- Natural gas system revenue decreased \$6.2 million (24%) due to a decrease in the average market-based index prices, coupled with decreased consumption for all customer classes.
- Water system revenue increased \$400,000 (2%) due to increased consumption for commercial and industrial customer classes.
- Wastewater system revenue increased \$1.1 million (5%) due to increased consumption for all customer classes.
- Information technology system revenues increased \$100,000 (less than 1%) due to an increase in customer base.

The decrease in investment income of \$3.9 million is primarily attributable to the WLSF Commission as follows:

- Interest income decreased \$100,000 (5%) due to the reinvestment of portfolio securities at lower interest rates.
- The fair value of investments decreased \$3.9 million (93%) as a result of the change in the overall bond market.

Expenses:

The decrease in program expenses of \$9.2 million (5%) is primarily attributable to the WLSF Commission as follows:

- Production expenses decreased \$2.7 million (6%) due to a decrease in fuel expenses at jointly owned generating facilities. The decrease in fuel expenses is primarily a result of the decrease in the average price of coal.
- Purchased electricity expense decreased \$4.4 million (9%) due to a decrease in the variable embedded energy expenses.
- Purchased natural gas expense decreased \$4.7 million (26%) due to a decrease in the average monthly index cost of natural gas. The average monthly index cost of natural gas decreased 40% and was \$2.64 per Dth for 2015 as compared to \$4.39 Dth for 2014.
- Distribution expense increased \$700,000 (3%) due to an increase in television content charges and maintenance expenses related to the jointly owned generating facilities.

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- Depreciation and amortization expense increased slightly, by \$200,000 (1%), due to the addition of assets for the integrated transmission system.
- General and administrative expenses increased \$700,000 (5%) due to increases in retirement contributions to the defined benefit pension plan, contracted labor, and uniform expense.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$29,805,768. Of this year-end total, 97% (\$21,212,303) is unassigned fund balance that is available for spending at the City's discretion. The remainder is nonspendable (\$155,856), restricted for particular purposes (\$8,070,483), committed (\$108,436), or assigned (\$258,690).

The total ending fund balances of governmental funds reflect an increase of \$7,353,849 (33%) from the prior year. The general fund reported a decrease in fund balance of \$541,547 (2%) and the other governmental funds reported an increase in fund balances of \$7,895,496 (10,000%).

Major Governmental Fund

The general fund is the City's primary operating fund and is used to account for all governmental financial resources not restricted by state or federal laws, local ordinances, or other externally imposed requirements. At the end of 2015, the fund balance of the general fund was \$21.8 million. Unassigned fund balance represents 71% of general fund expenditures, a decrease from the prior year, in which unassigned fund balance represented 76% of expenditures.

The general fund fund balance decreased \$561,647 during the fiscal year. This decrease was substantially less than the projected budget deficit of \$3.9 million. Key factors are as follows:

- General fund total revenues of \$22.2 million were slightly over budget by \$304,901. This is due primarily to real and personal property tax collections exceeding projected collections by \$507,000.
- General fund total expenditures of \$29.9 million were less than budget by \$1.8 million. City-wide savings of \$246,000 were realized from low fuel costs. Public safety unfilled positions and operating costs associated with those positions totaled \$313,000. Uncompleted public works projects and costs associated with those projects comprised \$372,000. The Culture and recreation function realized savings of \$119,000 through employee retirements that afforded restructuring within the department. Unspent capital outlay of \$223,000 was due to incompleteness of the recreation concession project and public works streetscape project. These funds were carried over to the 2016 budget.
- General fund other financing sources (uses) of \$7.1 million had a budget variance of \$1.2 million. Transfers from the WLSF Commission were in excess of budget by \$457,000 and transfers to other funds were under budget by \$729,000. The transfers to other funds comprised unspent capital acquisitions of \$650,000 due to late allocation of the capital budget and unspent capital grant matches of \$74,000. These items were carried over to the 2016 budget.

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(Unaudited)

Capital Projects Funds

- The SPLOST 2015 capital projects fund is used to account for the issuance of debt associated with the 2015 special purpose local option sales tax ("SPLOST") and the acquisition and construction of major capital assets from those funds. Revenues consisted of investment earnings of \$3,491 and other financing sources from debt issuance of \$8.5 million. Expenditures totaled \$2.4 million for various SPLOST projects and debt issuance costs. At the end of 2015, fund balance was \$6.1 million and is restricted to complete the various projects.
- The SPLOST 2015 bonded capital projects fund is used to account for the acquisition and construction of major capital assets and accumulation of funds to retire the debt associated with the 2015 SPLOST. Revenues are derived primarily from SPLOST. SPLOST revenues totaled \$1.9 million and expenditures totaled \$77,171 for various SPLOST projects. At the end of 2015, fund balance was \$1.8 million and is restricted to complete the various projects and retire debt.
- The SPLOST 2007 capital projects fund is used to account for the acquisition and construction of major capital assets. Revenues are derived from SPLOST. This SPLOST expired at the end of 2010. Whitfield County, Georgia is fiscally responsible for unspent funds. The City of Dalton accounts for the various infrastructure projects within the City of Dalton limits as the funds are spent.
- The capital acquisition fund is used to account for the acquisition of capital expenditures. Revenues are derived from financing resources transferred from the general fund. Other financing sources totaled \$2.6 million from the general fund and other financing uses of \$193,767 were transferred out to the Dalton Municipal Airport for equipment purchases. Total expenditures were \$2.4 million for acquisition of vehicles, equipment, and building repairs and renovations for various departments.

Proprietary Funds

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

Major Proprietary Fund

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

The WLSF Commission net position represents 97% of total proprietary fund net position. Financial analysis in regards to the WLSF Commission can be found in the business-type activities section.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Dalton's general fund budget is prepared in accordance with Georgia law and over the course of the year was amended by the City Council. The amendments to the general fund resulted in a net increase to budgeted revenues of \$147,165 a net increase to budgeted expenditures of \$727,895, and net decrease to other financing sources (uses) of \$2.3 million.

The following addresses the major differences between the original adopted and final adjusted budget:

Revenues:

- Increase of \$122,000 for insurance premium tax proceeds
- Increase of \$34,400 for sale of assets
- Increase of \$8,235 for federal grant for historic purposes
- Increase of \$4,300 for cash donations
- Increase of \$2,745 for insurance reimbursements
- Decrease of \$24,515 for senior center activity revenue

Expenditures:

- Increase of \$433,430 for public works drainage project, recreation playground equipment and bridge renovation, and repair to general government building
- Increase of \$131,800 for replacement of server at City Hall
- Increase of \$107,950 for 1% cost of living increase for full-time employees
- Increase of \$57,940 for public safety, public works, and general government contracted and purchased services
- Increase of \$50,210 for payments to other agencies (Dalton Downtown Development Authority and Dalton Public School System)
- Increase of \$13,725 for federal historic preservation grant
- Increase of \$4,300 for restricted donations to public safety and recreation programs
- Decrease in contingency line item of \$46,945 to offset 1% cost of living increase and pension contribution
- Decrease of \$24,515 for senior center activity expenditures

Other Financing Sources (Uses):

- Increased uses of \$2.5 million for public safety, public works, and recreation departmental purchases of vehicles, equipment, and renovation projects
- Increased uses of \$98,879 for purchase of grant funded asset
- Increased sources of \$398,980 for hotel-motel tax revenue

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental and business-type activities at December 31, 2015 was \$81.4 million and \$784.8 million, respectively. The book value of the governmental activities investment in capital assets increased by \$2.6 million. The book value of the business-type activities investment in capital assets increased by \$35.5 million. Depreciated cost for capital assets of the City as a whole increased by \$38.1 million. See Note 3-E for additional information about changes in capital assets during the calendar year. The following table provides a summary of capital asset balances by asset type.

Capital Assets, Net of Accumulated Depreciation
Fiscal Years 2015 and 2014

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Non-depreciable assets:						
Land	\$ 20,028,167	\$ 19,094,838	\$ 1,664,722	\$ 1,664,722	\$ 21,692,889	\$ 20,759,560
Construction in progress	<u>2,343,525</u>	<u>1,091,857</u>	<u>125,006,000</u>	<u>109,440,000</u>	<u>127,349,525</u>	<u>110,531,857</u>
Total non-depreciable	<u>22,371,692</u>	<u>20,186,695</u>	<u>126,670,722</u>	<u>111,104,722</u>	<u>149,042,414</u>	<u>131,291,417</u>
Depreciable assets:						
Land improvements	28,851,832	28,521,380	7,819,408	7,819,408	36,671,240	36,340,788
Buildings and improvements	34,867,256	34,660,873	3,763,488	3,763,488	38,630,744	38,424,361
Machinery, equipment, and furniture	23,392,360	19,840,262	2,472,280	2,259,578	25,864,640	22,099,840
Intangibles	1,161,002	1,121,002	-	-	1,161,002	1,121,002
Utility plant	-	-	1,130,770,000	1,085,936,000	1,130,770,000	1,085,936,000
Infrastructure	<u>106,040,431</u>	<u>106,040,431</u>	<u>-</u>	<u>-</u>	<u>106,040,431</u>	<u>106,040,431</u>
Total depreciable assets	194,312,881	190,183,948	1,144,825,176	1,099,778,474	1,339,138,057	1,289,962,422
Less accumulated depreciation	<u>135,325,107</u>	<u>131,609,916</u>	<u>507,625,593</u>	<u>482,215,780</u>	<u>642,950,700</u>	<u>613,825,696</u>
Book value-depreciable assets	<u>58,987,774</u>	<u>58,574,032</u>	<u>637,199,583</u>	<u>617,562,694</u>	<u>696,187,357</u>	<u>676,136,726</u>
Percentage depreciated	<u>69.6%</u>	<u>69.2%</u>	<u>44.3%</u>	<u>43.8%</u>	<u>48.0%</u>	<u>47.6%</u>
Nuclear fuel, at amortized cost	<u>-</u>	<u>-</u>	<u>20,975,000</u>	<u>20,656,000</u>	<u>20,975,000</u>	<u>20,656,000</u>
Book value - all assets	<u>\$ 81,359,466</u>	<u>\$ 78,760,727</u>	<u>\$ 784,845,305</u>	<u>\$ 749,323,416</u>	<u>\$ 866,204,771</u>	<u>\$ 828,084,143</u>

**City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)**

Major capital asset expenditures during the current year for governmental activities included the following:

- Public safety vehicle and equipment purchases of \$2.5 million; major purchases include two Sutphen pumper trucks, thirty-four vehicles, a fire arm training simulator, and various other equipment
- Public works vehicle, machinery, and equipment purchases of \$892,000; major purchases include six pieces of machinery and five vehicles
- Culture and recreation machinery and equipment purchases of \$382,000
- Land and construction in progress for land acquisition at the airport (\$894,000), various road infrastructure projects (\$1.2 million), and recreational facilities (\$81,000)

Major capital asset expenses during the current year ended for business-type activities were primarily attributable to the WLSF Commission and included the following:

- Increase in plant in service of \$45 million construction in progress of and \$15.6 million related to the transmission system and jointly owned nuclear generating facility and construction costs on the WLSF Commission's ownership interest in the construction of Vogtle Units 3 and 4

Long-term Debt

At the end of the calendar year, the City had total capital leases and notes outstanding of \$13.6 million. This is an increase of \$8.0 million from the prior year. Refer to Note 3-1 for additional information regarding the City's long-term debt.

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Capital leases payable	\$ 13,419,337	\$ 5,374,179	\$ -	\$ -	\$ 13,419,337	\$ 5,374,179
Notes	<u>212,000</u>	<u>265,000</u>	<u>-</u>	<u>-</u>	<u>212,000</u>	<u>265,000</u>
Total	<u>\$ 13,631,337</u>	<u>\$ 5,639,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,631,337</u>	<u>\$ 5,639,179</u>

The City entered into a capital lease agreement with the Dalton Building Authority for issuance of debt in the amount of \$8.5 million. The debt will fund City SPLOST projects for public safety vehicles (\$2.1 million) and recreation facilities (\$2.2 million), as well as jointly funded projects with Whitfield County for a public safety digital emergency response communications system (\$3.9 million) and library improvements (\$200,000).

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Dalton's current unemployment rate of 5.5% mirrors the state unemployment rate, but continues to exceed the national rate. The rate is steadily declining as local manufacturing companies expand in the Dalton area. The flooring industry, the dominate component of the economy in Dalton, will continue to improve along with the national housing industry.

**City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)**

The citizens of Dalton passed a referendum in 2015 that authorized the City to exercise redevelopment powers. The City has adopted a Redevelopment Plan and designated two redevelopment districts. The City designated the Dalton-Whitfield Joint Development Authority as the designated redevelopment agency and is currently working toward intergovernmental agreements with Whitfield County, Georgia and Dalton Public School System.

The 2016 general fund budget reflects a 2% (\$563,000) decrease in revenues when compared to 2015 actual revenues. Budgeted expenditures for 2016 reflect a 3% (\$860,000) increase when compared to actual 2015 expenditures. The 2016 budgeted other financing resources indicate a 4% (\$471,000) decrease when compared to 2015, and the 2016 budgeted other financing uses indicate a 28% (\$936,000) decrease. The City's adopted 2016 general fund budget will utilize \$1.5 million of its \$21.8 million fund balance.

The City considered the following factors when preparing the 2016 budget:

- Assessed property values are expected to remain flat, with no anticipated increase in the current millage rate of 2.511 mills.
- Revenues were adjusted down to reflect the decrease expected in municipal court fees, fines and forfeitures, and vehicle tax revenue.
- Employee benefit costs remained flat, with no increase to the employer portion of health insurance and pension match. Employer pension contribution rates will remain at 44.4% for the defined benefit plan and 5% for the defined contribution plan.
- The OPEB funding will continue to be paid from the OPEB trust fund with no additional employer contributions to the trust in 2016.
- A 2% cost of living adjustment is included for full-time employees.
- The public safety budget assumes a 100% staffing level. Employee levels remained relatively flat with only one full-time position added for public works for the coming year.
- The City will continue to evaluate the level of services desired by citizens and how to provide those services as economically as possible.
- The City will utilize \$1.5 million of fund balance for capital acquisitions for recreation (\$778,000), public works (\$640,000), and public safety (\$82,000).

REQUESTS FOR INFORMATION

The Chief Financial Officer for the City of Dalton prepared this report. Please direct requests and inquiries regarding this document to the following address and telephone number:

City of Dalton
Finance Department
300 Waugh Street
Dalton, Georgia, 30720
(706) 278-6006

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Dalton, Georgia
Statement of Net Position
December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Assets				
Current Assets				
Cash and cash equivalents	\$ 21,089,628	\$ 4,894,560	\$ 25,984,188	\$ 24,930,986
Investments	458,911	251,000	709,911	-
Receivables:				
Accounts	1,507,156	12,928,470	14,435,626	-
Taxes	981,203	-	981,203	-
Intergovernmental	8,683,908	-	8,683,908	-
Interest	-	214,000	214,000	-
Capital leases	-	-	-	6,833,000
Unbilled revenues	-	7,398,000	7,398,000	-
Fuel stocks	-	3,672,000	3,672,000	-
Inventory	155,735	13,507,856	13,663,591	-
Prepaid items and deposits	141,292	625,000	766,292	-
Restricted customer deposit fund	-	3,007,000	3,007,000	-
Total Current Assets	<u>33,017,833</u>	<u>46,497,886</u>	<u>79,515,719</u>	<u>31,763,986</u>
Noncurrent Assets				
Nondepreciable capital assets	22,371,692	126,670,722	149,042,414	-
Depreciable capital assets, net	58,987,774	637,199,583	696,187,357	-
Nuclear fuel, at amortized cost	-	20,975,000	20,975,000	-
Restricted combined renewals and extensions fund	-	33,509,000	33,509,000	-
Restricted nuclear decommissioning	-	62,546,000	62,546,000	-
Regulatory asset	-	30,928,000	30,928,000	-
Capital leases receivable	-	-	-	26,557,000
Investment in joint ventures	81,099	17,823,157	17,904,256	-
Total Noncurrent Assets	<u>81,440,565</u>	<u>929,651,462</u>	<u>1,011,092,027</u>	<u>26,557,000</u>
Total Assets	<u>114,458,398</u>	<u>976,149,348</u>	<u>1,090,607,746</u>	<u>58,320,986</u>
Deferred Outflows of Resources	<u>2,536,449</u>	<u>3,100,527</u>	<u>5,636,976</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$116,994,847</u>	<u>\$ 979,249,875</u>	<u>\$1,096,244,722</u>	<u>\$ 58,320,986</u>
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	\$ 1,145,877	\$ 25,962,319	\$ 27,108,196	\$ 24,930,986
Internal balances	(1,122,486)	1,122,486	-	-
Accrued interest payable	125,828	-	125,828	-
Claims payable	443,315	-	443,315	-
Unearned revenue	129,045	19,081	148,126	-
Compensated absences payable	1,500,000	35,225	1,535,225	-
Notes payable	53,000	-	53,000	-
Revenue bonds payable	-	-	-	6,593,000
Recovery zone economic development bonds payable	-	-	-	240,000
Capital leases payable	2,551,358	-	2,551,358	-
Customer deposits	-	3,488,000	3,488,000	-
Total Current Liabilities	<u>4,825,937</u>	<u>30,627,111</u>	<u>35,453,048</u>	<u>31,763,986</u>

See accompanying notes to the basic financial statements.

(continued)

City of Dalton, Georgia
Statement of Net Position
December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Long-Term Liabilities				
Compensated absences payable (less current portion)	2,667,415	62,174	2,729,589	-
Unearned revenue-TVA right of use	-	167,000	167,000	-
Accrued construction retention	-	3,259,000	3,259,000	-
Asset retirement obligations	-	55,641,000	55,641,000	-
Notes payable (less current portion)	159,000	-	159,000	-
Revenue bonds payable (less current portion)	-	-	-	20,347,000
Recovery zone bonds payable (less current portion)	-	-	-	4,210,000
Capital leases payable (less current portion)	10,867,979	-	10,867,979	-
QZAB bonds payable	-	-	-	2,000,000
Net pension liability	17,569,170	21,781,908	39,351,078	-
Net OPEB obligation	1,437,743	1,892,257	3,330,000	-
Total Long-Term Liabilities	<u>32,701,307</u>	<u>82,803,339</u>	<u>115,504,646</u>	<u>26,557,000</u>
Total Liabilities	<u>37,527,244</u>	<u>113,430,450</u>	<u>150,957,694</u>	<u>58,320,986</u>
Deferred Inflows of Resources	<u>757,027</u>	<u>6,314,459</u>	<u>7,071,486</u>	<u>-</u>
Net Position				
Net investment in capital assets	67,728,129	725,497,305	793,225,434	-
Restricted for:				
Debt service	493	-	493	-
Capital projects	7,897,843	33,509,000	41,406,843	-
Public safety	76,116	-	76,116	-
Development	81,101	-	81,101	-
Public works	91,029	-	91,029	-
Culture and recreation	5,000	-	5,000	-
Nuclear decommissioning	-	62,546,000	62,546,000	-
Pension	-	1,339,000	1,339,000	-
Unrestricted	2,830,865	36,613,661	39,444,526	-
Total Net Position	<u>\$ 78,710,576</u>	<u>\$ 859,504,966</u>	<u>\$ 938,215,542</u>	<u>\$ -</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$116,994,847</u>	<u>\$ 979,249,875</u>	<u>\$1,096,244,722</u>	<u>\$ 58,320,986</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Activities
For the Year Ended December 31, 2015

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Building Authority
		Charges for Services and Sales	Operating Grants, Contributions, and Transfers	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government								
General government	\$ 2,971,036	\$ 957,103	\$ 1,912,809	\$ 875,297	\$ 774,173	\$ -	\$ 774,173	\$ -
Judicial	437,044	689,686	-	-	252,642	-	252,642	-
Public safety	15,703,840	440,278	31,618	68,311	(15,163,633)	-	(15,163,633)	-
Public works	9,170,285	173,184	266,826	637,506	(8,092,769)	-	(8,092,769)	-
Health and welfare	522,072	47,783	236,174	-	(238,115)	-	(238,115)	-
Culture and recreation	5,390,895	374,869	8,235	314,513	(4,693,278)	-	(4,693,278)	-
Housing and development	454,327	-	173,068	-	(281,259)	-	(281,259)	-
Interest on long-term debt	270,543	-	53,000	-	(217,543)	-	(217,543)	-
Total Governmental Activities	34,920,042	2,682,903	2,681,730	1,895,627	(27,659,782)	-	(27,659,782)	-
Business-Type Activities:								
WLSF:								
Electric system	90,044,256	119,596,000	-	-	-	29,551,744	29,551,744	-
Gas system	18,640,407	19,963,000	-	-	-	1,322,593	1,322,593	-
Water system	18,085,121	20,491,000	-	-	-	2,405,879	2,405,879	-
Wastewater system	20,152,765	21,863,000	-	-	-	1,710,235	1,710,235	-
Information technology system	19,738,019	20,148,000	-	-	-	409,981	409,981	-
Landfill	(448,366)	-	-	-	-	448,366	448,366	-
Trade Center	593,614	-	-	-	-	(593,614)	(593,614)	-
Municipal golf course	925,758	868,829	-	-	-	(56,929)	(56,929)	-
Municipal airport	813,242	455,791	-	-	-	(357,451)	(357,451)	-
Total Business-Type Activities	168,544,816	203,385,620	-	-	-	34,840,804	34,840,804	-
Total - Primary Government	\$ 203,464,858	\$ 206,068,523	\$ 2,681,730	\$ 1,895,627	(27,659,782)	34,840,804	7,181,022	-
General Revenues								
Property taxes levied for:								
General purposes					9,143,523	-	9,143,523	-
Selective taxes					9,932,992	-	9,932,992	-
Hotel/motel taxes					1,364,880	-	1,364,880	-
Investment earnings					224,686	1,715,779	1,940,465	-
Donations - unrestricted					20,891	-	20,891	-
Miscellaneous					559,299	150,000	709,299	-
Total General Revenues					21,246,271	1,865,779	23,112,050	-
Transfers					9,400,547	(9,400,547)	-	-
Total General Revenues and Transfers					30,646,818	(7,534,768)	23,112,050	-
Change in Net Position					2,987,036	27,306,036	30,293,072	-
Net Position Beginning of Year, Restated					75,723,540	832,198,930	907,922,470	-
Net Position End of Year					\$ 78,710,576	\$ 859,504,966	\$ 938,215,542	\$ -

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

City of Dalton, Georgia
Balance Sheet
Governmental Funds
December 31, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 20,058,350	\$ 96,414	\$ 20,154,764
Investments	458,911	-	458,911
Receivables:			
Accounts	1,407,677	98,351	1,506,028
Taxes	981,203	-	981,203
Intergovernmental - federal	-	259,122	259,122
Intergovernmental - state	-	9,683	9,683
Intergovernmental - local	207,132	8,207,971	8,415,103
Interfund	505,123	138,771	643,894
Inventory	155,735	-	155,735
Prepaid items	121	-	121
Total Assets	<u>\$ 23,774,252</u>	<u>\$ 8,810,312</u>	<u>\$ 32,584,564</u>
Liabilities			
Accounts payable	\$ 347,543	\$ 205,032	\$ 552,575
Accrued expenditures	549,742	-	549,742
Accrued interest payable	-	125,828	125,828
Unearned revenue	129,045	-	129,045
Interfund payable	202,344	504,998	707,342
Total Liabilities	<u>1,228,674</u>	<u>835,858</u>	<u>2,064,532</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	714,264	-	714,264
Fund Balances			
Nonspendable:			
Inventory	155,735	-	155,735
Prepaid items	121	-	121
Restricted:			
Public safety (police equipment)	-	76,116	76,116
Housing and development (grant expenditures)	-	2	2
Debt service (debt service expenditures)	-	493	493
Capital projects (SPLOST 2015 projects)	-	7,897,843	7,897,843
Public works (cemetery chapel)	91,029	-	91,029
Culture and recreation (Mill Creek Park)	5,000	-	5,000
Unrestricted:			
Committed:			
Public works (paving contract)	108,436	-	108,436
Assigned:			
Culture and recreation (Lakeshore project)	203,690	-	203,690
Grant funds (transportation enhancement and airport grants)	55,000	-	55,000
Unassigned	21,212,303	-	21,212,303
Total Fund Balances	<u>21,831,314</u>	<u>7,974,454</u>	<u>29,805,768</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,774,252</u>	<u>\$ 8,810,312</u>	<u>\$ 32,584,564</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2015

Total Governmental Fund Balances		\$ 29,805,768
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets do not represent financial resources and therefore are not reported in the funds but are reported for governmental activities:		
Cost	216,684,573	
Less accumulated depreciation	<u>(135,325,107)</u>	81,359,466
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:		
		714,264
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net position:		
Interfund receivables	(643,769)	
Interfund payables	<u>643,769</u>	-
Liabilities, including notes, bonds, capital leases, compensated absences, and net pension liability are not due and payable in the current period and therefore are not reported in the funds governmental funds but are reported on the statement of net position:		
Notes payable	(212,000)	
Capital leases payable	(13,419,337)	
Compensated absences	(4,167,415)	
Net pension liability	<u>(17,569,170)</u>	(35,367,922)
The Joint Development Authority (JDA) is a joint venture of the City of Dalton and Whitfield County, Georgia. The equity interest in the JDA is shown on the government-wide statement of net position but is reported on the fund balance sheet only to the extent the investment is evidenced by current financial resources, such as amounts due to and from the entity:		
City's portion of equity investment		81,099
The internal service funds are used by management to charge the costs of self-insurance. The assets and liabilities of the internal service funds are included in governmental activities columns in the statement of net position.		
		590,288
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows related to pensions	2,536,449	
Deferred inflows related to pensions	<u>(757,027)</u>	1,779,422
The OPEB trust fund accumulates resources for other post employment benefit payments to qualified City employees. The City has not fully funded their annual required contribution to the OPEB plan. The liability for the cumulative effect of current and past underfunding of the ARC attributable to governmental activities is reported as a liability in the governmental activities column in the statement of net position as net OPEB obligation.		
		(1,437,743)
The business-type activities of the City also benefit from the use of the internal service funds. The amount of the net loss allocated to the business-type activities of the City is reported as an interfund receivable for governmental activities.		
		<u>1,185,934</u>
Net Position of Governmental Activities		<u>\$ 78,710,576</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 18,362,251	\$ 1,364,880	\$ 19,727,131
Licenses and permits	957,103	-	957,103
Intergovernmental - federal	14,492	1,467,941	1,482,433
Intergovernmental - state	272,064	33,753	305,817
Intergovernmental - local	208,139	2,580,968	2,789,107
Charges for services	1,277,199	-	1,277,199
Fines and forfeitures	374,274	31,292	405,566
Investment earnings	109,390	112,509	221,899
Miscellaneous	589,849	1,205	591,054
Total Revenues	<u>22,164,761</u>	<u>5,592,548</u>	<u>27,757,309</u>
Expenditures			
Current:			
General government	2,267,424	132,128	2,399,552
Judicial	426,193	11,105	437,298
Public safety	15,206,513	184,854	15,391,367
Public works	7,612,695	23,830	7,636,525
Health and welfare	430,742	76,747	507,489
Culture and recreation	3,271,643	621,124	3,892,767
Housing and development	322,000	126,165	448,165
Capital Outlay:			
General government	143,444	1,494,007	1,637,451
Public safety	31,795	2,506,798	2,538,593
Public works	62,039	1,520,648	1,582,687
Culture and recreation	76,280	812,092	888,372
Debt Service:			
Principal retirement	-	513,798	513,798
Interest and fiscal charges	-	270,543	270,543
Debt issuance costs	-	165,356	165,356
Total Expenditures	<u>29,850,768</u>	<u>8,459,195</u>	<u>38,309,963</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,686,007)</u>	<u>(2,866,647)</u>	<u>(10,552,654)</u>
Other Financing Sources (Uses)			
Issuance of debt	-	8,505,956	8,505,956
Transfers in	10,480,978	3,336,618	13,817,596
Transfers out	(3,336,618)	(1,080,431)	(4,417,049)
Total Other Financing Sources (Uses)	<u>7,144,360</u>	<u>10,762,143</u>	<u>17,906,503</u>
Net Change in Fund Balances	(541,647)	7,895,496	7,353,849
Fund Balances Beginning of Year	<u>22,372,961</u>	<u>78,958</u>	<u>22,451,919</u>
Fund Balances End of Year	<u>\$ 21,831,314</u>	<u>\$ 7,974,454</u>	<u>\$ 29,805,768</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Net Changes in Fund Balances - Total Governmental Funds		\$ 7,353,849
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:		
Depreciation expense	(4,046,724)	
Capital outlay	<u>6,647,103</u>	2,600,379
Write off of capital assets not reported at the fund level:		(1,640)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		714,264
Elimination of transfers between governmental funds:		
Transfers in	(3,735,596)	
Transfers out	<u>3,735,596</u>	-
Proceeds from the issuance of debt is reported as an inflow from other financing sources in the governmental funds, but is reported as a liability to be repaid in the statement of net position.		(8,505,956)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayment of capital leases	460,798	
Repayment of notes payable	<u>53,000</u>	513,798
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. These items include:		
Net change in accrued compensated absences liability	(11,343)	
Pension contributions in excess of pension expense	<u>1,114,049</u>	1,102,706
The Joint Development Authority (JDA) is a joint venture of the City of Dalton and Whitfield County, Georgia. The current year payments to the JDA are reported as expenditures for the housing and development function on the fund statements, but the City's interest in the government-wide net income or loss is reported on the statement of activities:		
City's current year payments to the JDA reported in the funds	157,750	
City's portion of the government-wide JDA current year net income	<u>(163,912)</u>	(6,162)
The internal service funds used by management to charge the costs of the operation and maintenance of the health and workers compensation insurance to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.		(82,876)
The OPEB trust fund accumulate resources for benefit payments to qualified City employees. Overfunding or underfunding the annual required contribution creates an asset or liability on the government-wide statement of net position. The change in the liability is as follows:		
Decrease in net OPEB obligation attributable to governmental activities		<u>(701,326)</u>
Change in Net Position of Governmental Activities		\$ <u>2,987,036</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Taxes	\$ 17,771,000	\$ 17,893,000	\$ 18,362,251	\$ 469,251
Licenses and permits	965,400	965,300	957,103	(8,197)
Intergovernmental - federal	-	8,235	14,492	6,257
Intergovernmental - state	267,000	267,000	272,064	5,064
Intergovernmental - local	207,645	208,130	208,139	9
Charges for services	1,404,000	1,371,405	1,277,199	(94,206)
Fines and forfeitures	455,000	455,000	374,274	(80,726)
Investment earnings	115,050	115,050	109,390	(5,660)
Miscellaneous	527,600	576,740	589,849	13,109
Total Revenues	<u>21,712,695</u>	<u>21,859,860</u>	<u>22,164,761</u>	<u>304,901</u>
Expenditures				
Current:				
General government	2,403,815	2,425,387	2,267,424	157,963
Judicial	464,250	465,400	426,193	39,207
Public safety	15,687,230	15,784,620	15,206,513	578,107
Public works	8,158,570	8,239,225	7,612,695	626,530
Health and welfare	444,785	440,480	430,742	9,738
Culture and recreation	3,454,135	3,471,185	3,271,643	199,542
Housing and development	292,000	322,000	322,000	-
Total Current	<u>30,904,785</u>	<u>31,148,297</u>	<u>29,537,210</u>	<u>1,611,087</u>
Capital Outlay				
General government	-	157,653	143,444	14,209
Public safety	52,620	31,795	31,795	-
Public works	-	132,840	62,039	70,801
Culture and recreation	-	214,715	76,280	138,435
Total Capital Outlay	<u>52,620</u>	<u>537,003</u>	<u>313,558</u>	<u>223,445</u>
Total Expenditures	<u>30,957,405</u>	<u>31,685,300</u>	<u>29,850,768</u>	<u>1,834,532</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,244,710)</u>	<u>(9,825,440)</u>	<u>(7,686,007)</u>	<u>2,139,433</u>
Other Financing Sources (Uses)				
Transfers in	9,625,000	10,023,980	10,480,978	456,998
Transfers out	(1,410,400)	(4,065,720)	(3,336,618)	729,102
Total Other Financing Sources (Uses)	<u>8,214,600</u>	<u>5,958,260</u>	<u>7,144,360</u>	<u>1,186,100</u>
Net Change in Fund Balances	<u>\$ (1,030,110)</u>	<u>\$ (3,867,180)</u>	<u>(541,647)</u>	<u>\$ 3,325,533</u>
Fund Balances Beginning of Year			<u>22,372,961</u>	
Fund Balances End of Year			<u>\$ 21,831,314</u>	

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2015

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	Water, Light and Sinking Fund Commission	Other Proprietary Funds	Total Funds	
Assets				
Current Assets:				
Cash and cash equivalents	\$ 4,573,000	\$ 321,560	\$ 4,894,560	\$ 934,864
Short-term investments	251,000	-	251,000	-
Accounts receivable, net	12,928,000	470	12,928,470	1,128
Interfund receivable	-	63,573	63,573	-
Unbilled revenues	7,398,000	-	7,398,000	-
Interest receivable	214,000	-	214,000	-
Fuel stocks	3,672,000	-	3,672,000	-
Inventory	13,473,000	34,856	13,507,856	-
Deposits and prepaid expenses	625,000	-	625,000	141,171
Restricted customer deposit fund	3,007,000	-	3,007,000	-
Total Current Assets	<u>46,141,000</u>	<u>420,459</u>	<u>46,561,459</u>	<u>1,077,163</u>
Noncurrent Assets:				
Land	-	1,664,722	1,664,722	-
Construction in progress	125,006,000	-	125,006,000	-
Nuclear fuel, at amortized cost	20,975,000	-	20,975,000	-
Depreciable capital assets, net	630,602,000	6,597,583	637,199,583	-
Restricted combined renewals/extensions fund	33,509,000	-	33,509,000	-
Restricted nuclear decommissioning fund	62,546,000	-	62,546,000	-
Regulatory assets, net	30,928,000	-	30,928,000	-
Investment in joint ventures	-	17,823,157	17,823,157	-
Total Noncurrent Assets	<u>903,566,000</u>	<u>26,085,462</u>	<u>929,651,462</u>	<u>-</u>
Total Assets	<u>949,707,000</u>	<u>26,505,921</u>	<u>976,212,921</u>	<u>1,077,163</u>
Deferred Outflows of Resources	<u>3,048,000</u>	<u>52,527</u>	<u>3,100,527</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$ 952,755,000</u>	<u>\$ 26,558,448</u>	<u>\$ 979,313,448</u>	<u>\$ 1,077,163</u>

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2015

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	Water, Light and Sinking Fund Commission	Other Proprietary Funds	Total Funds	
Liabilities				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 25,934,000	\$ 28,319	\$ 25,962,319	\$ 43,560
Unearned revenue	-	19,081	19,081	-
Interfund payable	-	125	125	-
Claims payable	-	-	-	443,315
Compensated absences payable	-	35,225	35,225	-
Customer deposits	3,488,000	-	3,488,000	-
Total Current Liabilities	<u>29,422,000</u>	<u>82,750</u>	<u>29,504,750</u>	<u>486,875</u>
Long-Term Liabilities:				
Compensated absences (net of current portion)	-	62,174	62,174	-
Unearned revenue - TVA right of use	167,000	-	167,000	-
Accrued construction retention	3,259,000	-	3,259,000	-
Net pension liability	21,426,000	355,908	21,781,908	-
Asset retirement obligations	55,641,000	-	55,641,000	-
Total Long-Term Liabilities	<u>80,493,000</u>	<u>418,082</u>	<u>80,911,082</u>	<u>-</u>
Total Liabilities	<u>109,915,000</u>	<u>500,832</u>	<u>110,415,832</u>	<u>486,875</u>
Deferred Inflows of Resources	<u>6,299,000</u>	<u>15,459</u>	<u>6,314,459</u>	<u>-</u>
Net Position				
Net investment in capital assets	717,235,000	8,262,305	725,497,305	-
Restricted for:				
Capital projects	33,509,000	-	33,509,000	-
Nuclear decommissioning	62,546,000	-	62,546,000	-
Pension	1,339,000	-	1,339,000	-
Unrestricted	21,912,000	17,779,852	39,691,852	590,288
Total Net Position	<u>836,541,000</u>	<u>26,042,157</u>	<u>862,583,157</u>	<u>590,288</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 952,755,000</u>	<u>\$ 26,558,448</u>	<u>\$ 979,313,448</u>	<u>\$ 1,077,163</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Statement of Net Position of Proprietary Funds
to the Statement of Net Position
December 31, 2015

Total Statement of Net Position - Proprietary Funds Net Position \$ 862,583,157

**Amounts reported for Business-Type Activities in the
Statement of Net Position are different because:**

The OPEB trust fund accumulates resources for other post employment benefit payments to qualified City employees. The City has not fully funded their annual required contribution to the OPEB plan. The liability attributable to business-type activities for the cumulative effect of current and past underfunding of the ARC is reported as a liability in the business-type activities in the statement of net position as net OPEB obligation. (1,892,257)

The business-type activities of the City also benefit from the use of the workers' compensation internal service fund. The amount of the net loss allocated to the business-type activities of the City is reported as an interfund payable for business-type activities. (1,185,934)

Net Position of Business-Type Activities \$ 859,504,966

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	Water, Light and Sinking Fund Commission	Other Proprietary Funds	Total	
Operating Revenues				
Charges for services	\$ 202,061,000	\$ 1,104,019	\$ 203,165,019	\$ 555,240
Merchandise sales	-	82,805	82,805	-
Tournaments	-	73,507	73,507	-
Concessions	-	59,330	59,330	-
Miscellaneous	-	4,959	4,959	-
Total Operating Revenues	<u>202,061,000</u>	<u>1,324,620</u>	<u>203,385,620</u>	<u>555,240</u>
Operating Expenses				
Cost of sales and services	114,679,000	694,488	115,373,488	301,549
Personal services and benefits	22,698,000	537,394	23,235,394	-
Depreciation	28,454,000	488,812	28,942,812	-
Claims	-	-	-	369,922
Total Operating Expenses	<u>165,831,000</u>	<u>1,720,694</u>	<u>167,551,694</u>	<u>671,471</u>
Operating Income (Loss)	<u>36,230,000</u>	<u>(396,074)</u>	<u>35,833,926</u>	<u>(116,231)</u>
Non-Operating Revenues (Expenses)				
Interest income	1,408,000	779	1,408,779	2,787
Net increase (decrease) in fair value of investments	307,000	-	307,000	-
Miscellaneous income	150,000	-	150,000	-
Income (loss) from joint ventures	-	(22,880)	(22,880)	-
Total Non-Operating Revenues (Expenses)	<u>1,865,000</u>	<u>(22,101)</u>	<u>1,842,899</u>	<u>2,787</u>
Income Before Contributions and Transfers	38,095,000	(418,175)	37,676,825	(113,444)
Transfers in (out)	<u>(10,082,000)</u>	<u>681,453</u>	<u>(9,400,547)</u>	<u>-</u>
Change in Net Position	28,013,000	263,278	28,276,278	(113,444)
Net Position Beginning of Year, Restated	<u>808,528,000</u>	<u>25,778,879</u>	<u>834,306,879</u>	<u>703,732</u>
Net Position End of Year	<u>\$ 836,541,000</u>	<u>\$ 26,042,157</u>	<u>\$ 862,583,157</u>	<u>\$ 590,288</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Statement of Revenues, Expenses, and Changes
in Fund Net Position of Proprietary Funds to the Statement of Activities
For the Year Ended December 31, 2015

Changes in Fund Net Position - Total Business-Type Activities \$ 28,276,278

**Amounts reported for Business-Type Activities in the
Statement of Activities are different because:**

The OPEB trust fund accumulates resources for benefit payments to qualified City employees. Overfunding or underfunding the annual required contribution creates an asset or liability on the government-wide statement of net position. The change in the liability is as follows:

Increase in net OPEB obligation attributable to business-type activities (939,674)

The internal service funds are used by management to charge the costs of the operation and maintenance of the workers compensation self insurance fund to individual funds. In the statement of activities, the portion of the internal service fund losses as a result of business-type activities is allocated to each business-type activity.

(30,568)

Change in Net Position of Business-Type Activities \$ 27,306,036

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water, Light and Sinking Fund Commission	Other Proprietary Funds	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash received from customers	\$ 200,529,000	\$ 1,321,864	\$ 201,850,864	\$ -
Cash received from overparity in transmission facilities	2,624,000	-	2,624,000	-
Cash received from interfund services provided	-	-	-	554,112
Cash payments for personnel services	(22,698,000)	(553,017)	(23,251,017)	-
Cash payments for goods, services, claims, and fees	(117,353,000)	(714,231)	(118,067,231)	(802,037)
Net Cash Provided by (Used in) Operating Activities	<u>63,102,000</u>	<u>54,616</u>	<u>63,156,616</u>	<u>(247,925)</u>
Cash Flows from Investing Activities				
Interest on investments	1,467,000	779	1,467,779	2,787
Sales and maturity of investment securities	43,592,000	-	43,592,000	-
Purchases of investment securities	(56,258,000)	-	(56,258,000)	-
Net Cash Provided by (Used in) Investing Activities	<u>(11,199,000)</u>	<u>779</u>	<u>(11,198,221)</u>	<u>2,787</u>
Cash Flows from Noncapital Financing Activities				
Transfers out	(10,082,000)	-	(10,082,000)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(10,082,000)</u>	<u>-</u>	<u>(10,082,000)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Payments on interfund loan	-	(54,669)	(54,669)	-
Proceeds from interfund transfers	-	193,767	193,767	-
Acquisition of capital assets	(47,820,000)	(212,701)	(48,032,701)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(47,820,000)</u>	<u>(73,603)</u>	<u>(47,893,603)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,999,000)	(18,208)	(6,017,208)	(245,138)
Cash and Cash Equivalents Beginning of Year	<u>10,572,000</u>	<u>339,768</u>	<u>10,911,768</u>	<u>1,180,002</u>
Cash and Cash Equivalents End of Year	<u>\$ 4,573,000</u>	<u>\$ 321,560</u>	<u>\$ 4,894,560</u>	<u>\$ 934,864</u>

(Continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water, Light and Sinking Fund Commission	Other Proprietary Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	\$ 36,230,000	\$ (396,074)	\$ 35,833,926	\$ (116,231)
Adjustments:				
Depreciation	28,454,000	488,812	28,942,812	-
Amortization	4,978,000	-	4,978,000	-
Pension contributions in excess of payments	(1,338,000)	(23,070)	(1,361,070)	-
(Increase) Decrease in Assets:				
Accounts receivable	1,092,000	(190)	1,091,810	(1,128)
Interfund receivable	-	(44,884)	(44,884)	-
Fuel stocks	338,000	-	338,000	-
Inventory	(1,459,000)	23,552	(1,435,448)	-
Prepaid expenses and deposits	-	-	-	(141,171)
Increase (Decrease) in Liabilities:				
Accounts payable	(4,622,000)	1,589	(4,620,411)	33,751
Unearned revenue	-	(2,566)	(2,566)	-
Accrued wages	-	1,692	1,692	-
Other	(571,000)	5,755	(565,245)	-
Claims payable	-	-	-	(23,146)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 63,102,000</u>	<u>\$ 54,616</u>	<u>\$ 63,156,616</u>	<u>\$ (247,925)</u>
Noncash Investing, Capital, and Financing Activities				
Net increase (decrease) in fair value of investments	<u>\$ 307,000</u>	<u>\$ -</u>	<u>\$ 307,000</u>	<u>\$ -</u>
Accrued property additions at year end	<u>\$ 6,556,000</u>	<u>\$ -</u>	<u>\$ 6,556,000</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Fiduciary Funds
December 31, 2015

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Municipal Court Agency Fund</u>
Assets			
Cash and cash equivalents	\$ 582,948	\$ -	\$ 46,360
Investments, at fair value:			
Georgia Municipal Employees Benefit System OPEB Trust Account	-	4,147,207	-
MetLife Equity Index Fund	35,550,915	-	-
MetLife Small Cap Index Fund	8,533,469	-	-
Core Bond Index Fund	30,059,114	-	-
Goldman Sachs Fund	10,015,828	-	-
Contributions receivable	125,721	-	-
Total Assets	<u>\$ 84,867,995</u>	<u>\$ 4,147,207</u>	<u>\$ 46,360</u>
Liabilities			
Current Liabilities:			
Accounts payable	12,092	45,842	15,301
Other liabilities	-	-	31,059
Total Liabilities	<u>12,092</u>	<u>45,842</u>	<u>46,360</u>
Net Position			
Restricted for pension and other post employment benefits	<u>84,855,903</u>	<u>4,101,365</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 84,867,995</u>	<u>\$ 4,147,207</u>	<u>\$ 46,360</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Changes in Fiduciary Net Position
Pension Trust Fund and OPEB Trust Fund
For the Year Ended December 31, 2015

	Pension Trust Fund	OPEB Trust Fund
Additions		
Contributions:		
Employer	\$ 7,099,703	\$ -
Plan members	<u>784,871</u>	<u>177,136</u>
Total contributions	<u>7,884,574</u>	<u>177,136</u>
Investment income:		
Interest and dividends	1,166,608	115,789
Net increase (decrease) in fair value of investments	<u>(816,639)</u>	<u>(26,601)</u>
Total investment income	349,969	89,188
Less: investment expense	<u>159,614</u>	<u>15,723</u>
Net investment earnings	<u>190,355</u>	<u>73,465</u>
Total Additions (Reductions)	<u>8,074,929</u>	<u>250,601</u>
Deductions		
Administrative expenses	59,791	15,414
Premium payments	-	720,362
Benefit payments	<u>6,513,878</u>	<u>-</u>
Total Deductions	<u>6,573,669</u>	<u>735,776</u>
Change in Net Position	1,501,260	(485,175)
Net Position Beginning of Year	<u>83,354,643</u>	<u>4,586,540</u>
Net Position End of Year	<u>\$ 84,855,903</u>	<u>\$ 4,101,365</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

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

Note 1 - Summary of Significant Accounting Policies

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

1-A Reporting Entity

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

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

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
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1-A Reporting Entity (continued)

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

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

The City participates with Whitfield County in the Dalton-Whitfield Joint Development Authority ("JDA"), formerly known as the Dalton-Whitfield Economic Development Authority ("EDA"). The JDA was created during 2007 to replace and to serve the same purpose as the EDA. Both entities existed as of December 31, 2014, but shared a board and activity. The EDA will be dissolved in the near future and the JDA will continue to operate. The City has fifty percent equity in this entity. Separately issued financial statements of the JDA can be obtained from their administrative office: 100 S. Hamilton Street, Dalton, Georgia 30720.

Under Georgia law, the City, in conjunction with other cities and counties in the region, is a member of the Northwest Georgia Regional Commission ("NWGRC") and is required to pay annual dues thereto. The City utilizes the NWGRC for projects such as performing planning and administrative services. During its year ended December 31, 2015, the City paid \$33,529 in dues to the NWGRC. Membership in a NWGRC is required by the Official Code of Georgia Annotated ("OCGA") Section 50-8-39 which provides for the organizational structure of the NWGRC in Georgia. The NWGRC board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the NWGRC. Separately issued financial statements may be obtained from the NWGRC, PO Box 1798, Rome, Georgia 30162.

1-B Basis of Presentation

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

1-B Basis of Presentation (continued)

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

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

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

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

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

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

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

Nonmajor governmental funds – The City's nonmajor governmental funds include special revenue funds, capital projects funds, and a debt service fund. The special revenue funds include the community development block grant, community home investment grant, hotel motel tax, confiscated assets, airport improvement grant, and other grant funds. The capital projects funds include the SPLOST 2015 capital projects fund, the SPLOST 2015 bonded debt capital projects fund, the SPLOST 2007 capital projects fund, and the capital acquisition fund.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

1-B Basis of Presentation (continued)

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

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

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

Internal service funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The internal service funds now consist only of a workers' compensation fund. The health insurance fund was closed in 2013.

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

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

Other post-employment benefit (“OPEB”) trust fund – The OPEB trust fund accounts for the activities of the City of Dalton Postretirement Plan, which accumulates resources for post-employment benefit payments to qualified City retirees.

Municipal court agency fund – The municipal court agency fund accounts for the activities of the municipal court. It holds the assets in a custodial nature, and remits them to the appropriate authority.

1-C Measurement Focus

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

1-C Measurement Focus (continued)

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

The pension and OPEB trust funds are accounted for on a flow of economic resources measurement focus. The statement of fiduciary net position presents the trust funds' assets, liabilities, and net position. The statement of changes in fiduciary net position reports additions and deductions to net position. Agency funds are not involved in the measurement of results of operations and therefore, measurement focus is not applicable to them.

1-D Basis of Accounting

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

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

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

1-D Basis of Accounting (continued)

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

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

WLSF Commission revenue for utility services is recorded when the commodity or service is delivered and includes an estimate for utility services provided but unbilled at the end of the year. Unbilled revenues included in operating revenues were \$7,400,000 for the year ended December 31, 2015.

In the information technology sector, the WLSF Commission has adopted the industry standard of billing customers in advance for telecommunication services. Such amounts are recorded on the statement of net position and recognized as revenues in the periods the services are provided. Unearned revenues included in accounts payable and accrued expenses were \$667,000 for the year ended December 31, 2015.

Electricity that is generated and not used by the WLSF Commission is sold back to Southern Power Company, the wholesale power subsidiary of the Southern Company. In 2015, total MWhs sold back to Southern Power Company totaled 3,899, with proceeds of \$100,000, which are shown as an offset to purchased energy expense.

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

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

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

1-E Assets, Liabilities, and Fund Equity

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

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

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

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

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

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

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

1-E-2 Receivables

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

1-E-3 Interfund Balances

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

1-E-4 Consumable Inventories

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

The WLSF Commission values inventory, including fuel stocks, using the average cost method. Storage gas inventory is stated at the lower of cost or market using the weighted average cost method. No lower of cost or market adjustment was recorded as of December 31, 2015.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015 and prepaid deposits are recorded as prepaid items. The expense or expenditure is recognized during the benefiting period.

1-E-6 Restricted Assets

The WLSF Commission has investments in the restricted funds and nuclear decommissioning fund. Restricted funds include the fund for customer deposits and other funds, which are segregated from the operating funds at the direction of the Commission. The nuclear decommissioning fund holds funds in accordance with the Nuclear Regulatory Commission's ("NRC") guidelines. Investments in the restricted funds and the nuclear decommissioning fund are stated at fair market value.

1-E-7 Capital Assets

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

1-E-7 Capital Assets (continued)

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

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

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments. The City is obligated under certain capital leases, independently and through the City of Dalton Building Authority, a component unit, as disclosed in Note 3-I, as of December 31, 2015.

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

Electric Plant in Service	WLSF Ownership Percentage	Gross Investment Balance as of December 31, 2015
Plant Hatch, Nuclear Units 1 and 2	2.2%	\$ 65,285,000
Plant Vogtle, Nuclear Units 1 and 2	1.6%	102,745,000
Plant Wansley, Coal-Fired Units 1 and 2	1.4%	23,379,000
Plant Scherer, Coal-Fired Units 1 and 2	1.4%	36,708,000

In addition, the WLSF Commission is a joint owner of the new nuclear units under construction at Plant Vogtle ("Vogtle Units 3 and 4"), with an interest in those units of 1.6%. As of December 31, 2015, the portion of total work in progress related to Vogtle Units 3 and 4 was \$123.5 million. See Note 4-C for additional information about the Vogtle nuclear development projects.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

1-E-7 Capital Assets (continued)

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

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

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

The cost of property retired or disposed of in the normal course of business which does not have detailed property records is estimated by management. Property retirements and disposals totaled \$2,700,000 during 2015. The property retired or disposed of in the normal course of business approximates its original cost.

The WLSF Commission continues to amortize into income a deferred gain recognized on the sale of integrated transmission system ("ITS") assets in 2012. The gain, presented in the statement of net position in deferred inflows of resources, is being recognized to income ratably over the remaining useful life of the ITS facilities (approximately 37 years) as an annual reduction to depreciation expense of \$200,000.

In accordance with GASB's accounting for the impairment of capital assets, the WLSF Commission periodically evaluates the carrying value of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The WLSF Commission is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the WLSF Commission will be reported at the lower of carrying value or fair value. There were no impairments during 2015.

Amortization of nuclear fuel - The cost of nuclear fuel, including a provision for the disposal of spent fuel, is amortized to fuel expense based on usage. Nuclear fuel expense included in production expense totaled \$5,000,000 during 2015.

Depreciation and nuclear decommissioning - Depreciation of the major classes of utility plant is computed on additions when they are placed in service using rates computed under the composite straight-line method, which approximated 2.6% in 2015, and is based on the following remaining useful lives:

Electric system	29-59 years
Natural gas system	33-45 years
Water system	45-60 years
Wastewater system	40-50 years
Information technology system	5-20 years

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

1-E-7 Capital Assets (continued)

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

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

Site study cost is the estimate to decommission a specific facility as of the site study year. The estimated costs of decommissioning based on the most current study completed in 2015 for the WLSF Commissions' ownership interests in plants Hatch and Vogtle were as follows:

	Plant Hatch	Plant Vogtle
Decommissioning periods		
Beginning year	2034	2047
Completion year	2075	2079
Site study cost	\$ 1,800,300,000	\$ 1,760,000,000
WLSF's portion	2.2%	1.6%
	\$ 39,607,000	\$ 28,160,000

The decommissioning cost estimates are based on prompt dismantlement and removal of the plants from service. The actual decommissioning costs may vary from the above estimates because of changes in the assumed dates of decommissioning, changes in NRC requirements, or changes in the assumptions used in making these estimates.

1-E-8 Parity Income

The WLSF Commission is required, under the Integrated Transmission System Agreement ("ITS Agreement") with GPC, Georgia Transmission Corporation, and the Municipal Electric Authority of Georgia, to maintain a specified level of investment (i.e., parity) in transmission facilities necessary to provide for the transporting of electric energy for customers within the state of Georgia, which is in proportion to the WLSF Commission's use of such system. Parity will therefore fluctuate in response to any changes in the WLSF Commission's load requirements, as well as any changes in the level of investment in transmission facilities made by the other participants in the ITS Agreement. As of December 31, 2015, the WLSF Commission's investment in ITS facilities was greater than parity, as defined by the ITS Agreement. The required level of investment and the excess investment in the transmission facilities are included in utility plant. The excess investment earns parity income from the other participants in the ITS Agreement, which is reported as parity income.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

1-E-8 Parity Income (continued)

The WLSF Commission's total investment in ITS facilities at December 31, 2015 was \$101,000,000. In 2015, the WLSF Commission recognized \$200,000 in income from the deferred inflow of resources resulting from the sale of transmission lines in 2012 (Note 1-E-7). The unrecognized gain presented within deferred inflows of resources is \$5,900,000 at December 31, 2015. In 2014, the WLSF Commission increased its investment in ITS facilities based on its forecasted use of the ITS system, which was previously approved by the Georgia Transmission Corporation and the Municipal Electric Authority of Georgia. Parity income for the year ended December 31, 2015 totaled \$2,600,000.

1-E-9 Compensated Absences

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

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

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

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

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

1-E-11 Unearned Revenue

WLSF Commission unearned revenue – Tennessee Valley Authority ("TVA") right of use - During 1999, the WLSF Commission granted a right of use over a portion of its ITS to TVA for \$1,000,000. The agreement has a term of twenty years. The WLSF Commission recorded the payment as unearned revenue and is recognizing the revenue from this agreement on a straight-line basis over the twenty-year period.

1-E-12 Bond Premiums, Discounts, and 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 statement of activities and proprietary fund type statement of revenues, expenses, and changes in fund net position, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method and bond issuance costs are reported as expenses.

At the government fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separate from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

1-E-13 Net Position and Fund Balances

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

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

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

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

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

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

1) **Non-spendable fund balance** - Non-cash assets such as inventories or prepaid items.

2) **Restricted fund balance** - Funds with limitations imposed on their use by external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted fund balance for governmental funds totaled \$8,070,483 at December 31, 2015. The major projects that comprise this total include: \$7,897,843 held in two capital projects funds to be used for 2015 SPLOST projects as approved by voter referendum (see Schedule of Projects Constructed with Special Purpose Local Option Sales Tax for project to date information); \$91,029 held in the general fund for cemetery chapel renovations; \$5,000 held in the general fund for Mill Creek Park; and \$76,116 held in the confiscated assets special revenue fund for future police expenditures.

3) **Committed fund balance** - Amounts that can only be used for specific purposes pursuant to a majority vote of the City Council, the City's highest level of decision making authority, by resolution. Commitments may only be modified or rescinded by a majority vote of the Council. Commitments must be adopted prior to the end of the year; however, the amount to be committed may be determined up to 120 days after year end. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Committed fund balance for governmental funds totaled \$108,436 at December 31, 2015. This represents a general fund obligation related to a public works paving contract.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

1-E-13 Net Position and Fund Balances (continued)

4) **Assigned fund balance** - Amounts intended by the City Council for specific purposes. Under the City's adopted policy, amounts may be assigned by the finance committee, under the authorization of the City Council. Amounts appropriated to eliminate a projected deficit in the subsequent year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital projects funds, and debt service funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance. Assigned fund balance for governmental funds totaled \$258,690 at December 31, 2015. This represents general fund obligations related to a concession and soccer building at Lakeshore Park (\$203,690), a transportation enhancement grant match obligation (\$40,000), and an airport grant match obligation (\$15,000).

5) **Unassigned fund balance** - Residual spendable fund balance for the general fund after subtracting all above amounts.

Non-spendable fund balances and restricted fund balances are considered restricted net position on the statement of net position. Committed, assigned, and unassigned fund balances are considered unrestricted net position on the statement of net position.

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

1-E-14 Deferred Outflows/Inflows of Resources

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

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

The WLSF Commission reports deferred inflows and outflows of resources related to pensions and also reports deferred inflows of resources related to the sale of certain ITS assets during 2012 as disclosed in Notes 1-E-7 and 1-E-8.

1-E-15 Operating and Non-Operating Revenues and Expenses

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

1-E-15 Operating and Non-Operating Revenues and Expenses (continued)

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

1-E-16 Interfund Activity

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

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

1-E-17 Estimates

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

1-E-18 Major Customers

WLSF Commission sales to one major customer for the year ended December 31, 2015 comprised approximately 13% of total sales and 15% of electricity sales. No other customer accounted for more than 10% percent of the WLSF Commission's sales during 2015.

The DWRSWMA's fee revenue from four major customers during the year ended December 31, 2015 comprised approximately 44% of total fee revenue. The largest of these comprised 13% of fee revenue for the year then ended.

1-E-19 Comparative Data

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

1-F Reclassifications

Certain 2014 amounts have been reclassified to conform to the 2015 presentation, with no material impact on total assets, total liabilities, total net position, total revenues, total expenditures, or total expenses.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

Note 2 – Stewardship, Compliance, and Accountability

2-A Budgetary Information

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

Note 3 - Detailed Notes on All Funds

3-A Deposits and Investments

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

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

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

The pension investment policy limits investment in equity securities to 55% (book value – cost) of total asset value. Investments in international equities and derivative investments are prohibited. The investment manager is restricted from using financial leverage or engaging in short sale techniques. Domestic equities must be traded on the New York or American Stock Exchange, NASDAQ system, or any other major exchange and single securities may not comprise more than 5% (market value) of the investment's equity mix. Domestic fixed income shall be of investment grade quality and the average credit quality of the Pension Plan's fixed income assets should be rated A or higher as rated by Standard & Poor's or Moody's rating services.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-A Deposits and Investments (continued)

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

	Fair Value	Rating
MetLife Equity Index Fund	\$ 35,550,915	Not rated
MetLife Small Cap Index Fund	8,533,469	Not rated
Core Bond Index Fund	30,059,114	Not rated
Goldman Sachs Fund	10,015,828	Not rated
Total pension trust fund investments	<u>\$ 84,159,326</u>	
Georgia Municipal Employees Benefit System OPEB Trust Account	\$ 4,147,207	Not rated
Total OPEB trust fund investments	<u>\$ 4,147,207</u>	

Investments (WLSF Commission) – The WLSF Commission invests in two categories of securities: U.S. government and government agency securities and repurchase agreements that are registered and held by the WLSF Commission or an agent in the WLSF Commission’s name. The contractual maturities of these securities range from one month to 20 years.

The fair value analysis of the investments for the year ended December 31, 2015 is as follows:

Fund Type	Cost	Fair Value at 1/1/15	Fair Value		Fair Value at 12/31/15	Change in Fair Value
			Purchases	Sales		
Customer deposit fund	\$ 3,000,000	\$ 2,989,000	\$ 3,001,000	\$ 3,000,000	\$ 3,007,000	\$ 17,000
Combined utilities renewals and extensions fund	33,716,000	27,729,000	25,763,000	20,200,000	33,509,000	217,000
Nuclear decommissioning fund	55,430,000	55,371,000	27,494,000	20,392,000	62,546,000	73,000
Total	<u>\$ 92,146,000</u>	<u>\$ 86,089,000</u>	<u>\$ 56,258,000</u>	<u>\$ 43,592,000</u>	<u>\$ 99,062,000</u>	<u>\$ 307,000</u>

The change in fair value includes \$700,000 related to interest income accrued on the zero coupon bonds in the nuclear decommissioning fund.

The WLSF Commission had the following investments and maturities for the year ended December 31, 2015:

	Credit Quality	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 to 5	6 to 10	10 +
Cash and cash equivalents	Not Rated	\$ 21,668,000	\$ 21,668,000	\$ -	\$ -	\$ -
Certificates of deposit	Not Rated	4,301,000	251,000	3,165,000	253,000	632,000
Federal Home Loan Bank	AAA/Aaa	33,520,000	-	13,451,000	5,995,000	14,074,000
Federal Home Loan Mortgage Corporation	AAA/Aaa	10,657,000	-	3,990,000	5,008,000	1,659,000
Federal National Mortgage Association	AAA/Aaa	13,269,000	-	4,279,000	1,990,000	7,000,000
Federal Farm Credit Banks	AAA/Aaa	4,834,000	580,000	4,254,000	-	-
Coupons (U.S. Strip)	AAA/Aaa	10,813,000	1,390,000	9,423,000	-	-
Total		<u>\$ 99,062,000</u>	<u>\$ 23,889,000</u>	<u>\$ 38,562,000</u>	<u>\$ 13,246,000</u>	<u>\$ 23,365,000</u>

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-A Deposits and Investments (continued)

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

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

3-B Receivables

Receivables at December 31, 2015 consisted of taxes, interest, accounts (billings for user charges), and intergovernmental receivables arising from grants.

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

3-C Property Taxes

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

Taxes receivable at December 31, 2015 consists of uncollected property taxes levied during the year ended December 31, 2015 and prior years. A 1% allowance for uncollectible taxes has been considered in reporting taxes receivable. The amount of taxes uncollected sixty days subsequent to year end for all tax years has been included in taxes receivable, and corresponding deferred revenue has been recorded. Taxes receivable are summarized below.

Gross property taxes receivable	991,114
Allowance for uncollectible taxes	<u>(9,911)</u>
Property tax receivable reported in general fund	<u>\$ 981,203</u>
Taxes uncollected 60 days subsequent to year end, net of allowance, reported in deferred inflows	 <u>\$ 714,264</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-D Regulatory Assets and Liabilities

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

Regulatory assets and liabilities reflected in the statement of net position as of December 31, 2015 relate to the following:

Asset retirement obligations (a)	\$	36,724,000
Cost of removal (b)		(25,880,000)
Pension (c)		<u>20,084,000</u>
Total regulatory assets - net	\$	<u><u>30,928,000</u></u>

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

(b) Amount will be settled and trued up following completion of related activities.

(c) The adoption of GASB 68 required the recognition of the funded status of defined benefit pensions in the statements of net position, with a cumulative effect of adoption recorded as a restatement of beginning net position. The WLSF Commission Board, however, directed the WLSF Commission to recognize this cumulative impact amount as a regulatory asset, which resulted in no restatement to the beginning net position. This recorded amount will change annually based on actuarial values. See Notes 3-J and 5-A for additional information.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-E Capital Assets

Governmental capital asset activity for the year ended December 31, 2015 was as follows:

	Balance 12/31/2014	Additions	Reclass- ifications	Disposals	Balance 12/31/2015
Capital assets not being depreciated:					
Land	\$ 19,094,838	\$ 933,329	\$ -	\$ -	\$ 20,028,167
Construction in progress	1,091,857	1,251,668	-	-	2,343,525
Total capital assets not being depreciated	<u>20,186,695</u>	<u>2,184,997</u>	<u>-</u>	<u>-</u>	<u>22,371,692</u>
Other capital assets:					
Land improvements	28,521,380	330,452	-	-	28,851,832
Buildings	31,000,216	49,657	-	-	31,049,873
Building improvements	3,660,657	156,726	-	-	3,817,383
Vehicles	5,314,494	1,293,984	-	(328,374)	6,280,104
Machinery	10,348,127	1,945,936	1,148,857	(4,799)	13,438,121
Equipment	4,000,949	685,351	(1,188,857)	-	3,497,443
Furniture & fixtures	176,692	-	-	-	176,692
Intangibles	1,121,002	-	40,000	-	1,161,002
Bridge and bridge culvert	8,752,560	-	-	-	8,752,560
Streets and streetscape	97,023,653	-	-	-	97,023,653
Mast arm lighting	264,218	-	-	-	264,218
Total other capital assets	<u>190,183,948</u>	<u>4,462,106</u>	<u>-</u>	<u>(333,173)</u>	<u>194,312,881</u>
Total cost	<u>210,370,643</u>	<u>6,647,103</u>	<u>-</u>	<u>(333,173)</u>	<u>216,684,573</u>
Accumulated depreciation:					
Land improvements	15,227,532	1,266,596	-	-	16,494,128
Buildings	8,571,548	631,187	-	-	9,202,735
Building improvements	1,129,395	168,788	-	-	1,298,183
Vehicles	4,373,305	262,376	-	(328,374)	4,307,307
Machinery	8,819,728	319,920	111,920	(3,159)	9,248,409
Equipment	2,271,079	169,011	(151,920)	-	2,288,170
Furniture & fixtures	158,600	2,520	-	-	161,120
Intangibles	1,069,813	13,261	40,000	-	1,123,074
Bridge and bridge culvert	6,143,668	175,051	-	-	6,318,719
Streets and streetscape	83,699,637	1,024,803	-	-	84,724,440
Mast arm lighting	145,611	13,211	-	-	158,822
Total accumulated depreciation	<u>131,609,916</u>	<u>4,046,724</u>	<u>-</u>	<u>(331,533)</u>	<u>135,325,107</u>
Governmental activities capital assets, net	<u>\$ 78,760,727</u>	<u>\$ 2,600,379</u>	<u>\$ -</u>	<u>\$ (1,640)</u>	<u>\$ 81,359,466</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-E Capital Assets (continued)

Governmental activities depreciation expense

General government	\$	389,996
Judicial		4,480
Public safety		529,201
Public works		1,591,367
Culture and recreation		1,501,933
Health and welfare		29,747
Total governmental activities depreciation expense	\$	<u>4,046,724</u>

Business-type capital asset activity for the year ended December 31, 2015 was as follows:

	Balance at 12/31/14	Additions	Disposals and Reclassifications	Balance at 12/31/15
Capital assets not being depreciated:				
Land	\$ 1,664,722	\$ -	\$ -	\$ 1,664,722
Construction in progress	109,440,000	15,566,000	-	125,006,000
Total capital assets not being depreciated	<u>111,104,722</u>	<u>15,566,000</u>	<u>-</u>	<u>126,670,722</u>
Other capital assets:				
Land improvements	7,819,408	-	-	7,819,408
Buildings	3,692,434	-	-	3,692,434
Building improvements	71,054	-	-	71,054
Vehicles	51,991	-	-	51,991
Machinery	183,296	-	-	183,296
Equipment	2,024,291	212,702	-	2,236,993
Utility plant	1,085,936,000	47,551,000	(2,717,000)	1,130,770,000
Total other capital assets	<u>1,099,778,474</u>	<u>47,763,702</u>	<u>(2,717,000)</u>	<u>1,144,825,176</u>
Total cost	<u>1,210,883,196</u>	<u>63,329,702</u>	<u>(2,717,000)</u>	<u>1,271,495,898</u>
Accumulated depreciation:				
Land improvements	3,896,714	268,327	-	4,165,041
Buildings	1,817,319	79,972	-	1,897,291
Building improvements	66,303	216	-	66,519
Vehicles	39,103	2,416	-	41,519
Machinery	146,621	6,443	-	153,064
Equipment	1,002,720	131,439	-	1,134,159
Utility plant	475,247,000	27,583,000	(2,662,000)	500,168,000
Total accumulated depreciation	<u>482,215,780</u>	<u>28,071,813</u>	<u>(2,662,000)</u>	<u>507,625,593</u>
Nuclear fuel, at amortized cost	<u>20,656,000</u>	<u>319,000</u>	<u>-</u>	<u>20,975,000</u>
Business-type activities capital assets, net	<u>\$ 749,323,416</u>	<u>\$ 35,576,889</u>	<u>\$ (55,000)</u>	<u>\$ 784,845,305</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-F Interfund Balances and Transfers

Interfund balances at December 31, 2015 consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year. Interfund balances at December 31, 2015 consisted of the following:

Payable to:	Payable from:			Total
	General fund	Non-major governmental funds	Non-major enterprise funds	
General fund	\$ -	\$ 504,998	\$ 125	\$ 505,123
Non-major governmental funds	138,771	-	-	138,771
Non-major enterprise funds	63,573	-	-	63,573
Total	<u>\$ 202,344</u>	<u>\$ 504,998</u>	<u>\$ 125</u>	<u>\$ 707,467</u>

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, to segregate money for anticipated capital projects, to provide additional resources for current operations or debt service, and to return money to the fund from which it was originally provided once a project is completed. All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer. Interfund transfers for the year ended December 31, 2015 consisted of the following:

Transfer to:	Transfer from:			Total
	General fund	WLSF Commission fund	Non-major governmental funds	
General fund	\$ -	\$ 10,082,000	\$ 398,978	\$ 10,480,978
Non-major governmental funds	3,336,618	-	-	3,336,618
Non-major enterprise funds	-	-	681,453	681,453
Total	<u>\$ 3,336,618</u>	<u>\$ 10,082,000</u>	<u>\$ 1,080,431</u>	<u>\$ 14,499,049</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-G Compensated Absences

Employees of the City of Dalton are entitled to paid vacations, sick days, and loss leave depending on the length of their service. As of April 1, 1998, employees are entitled to accumulate ten sick days a year up to a maximum of one hundred twenty sick days. Upon retirement, up to sixty days can be added to the length of service for retirement purposes. As of April 1, 1998, employees are entitled to accumulate twelve vacation days a year up to a maximum of forty. When separated from services, employees are entitled to receive payment for accumulated vacation time. Prior to April 1, 1998, employees with sick and vacation days in excess of these amounts capped leave hours as of that date. Therefore, employees hired prior to April 1, 1998 can have leave hours in excess of maximum amounts above.

3-H Operating Leases

The City of Dalton is obligated under several operating leases for office equipment that expire over the next five years. Rent expense for these operating leases for 2015 was approximately \$16,000. The annual minimum lease payments under operating leases as of December 31, 2015 are as follows:

2016	\$	15,064
2017		11,635
2018		8,001
2019		5,853
2020		2,144

3-I Long-term Debt

Notes Payable - On April 8, 2011, the City executed a note with the Dalton Housing Authority for the purpose of purchasing property to be used for the Dalton Community Center. The agreement requires that the Housing Authority's payment in lieu of taxes of \$101,712 be reduced by \$53,000 per year for ten years, through 2019. The implicit interest rate on the agreement is 0%.

Note payable debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Total
2016	\$ 53,000	\$ -	\$ 53,000
2017	53,000	-	53,000
2018	53,000	-	53,000
2019	53,000	-	53,000
	\$ 212,000	\$ -	\$ 212,000
	\$ 212,000	\$ -	\$ 212,000

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-I Long-term Debt (continued)

Building Authority Recovery Zone Economic Development Bonds, dated April 8, 2010, were issued in the amount of \$5,600,000, with an effective interest rate of 5.4%. The bonds have a 45% federal subsidy rebate on the interest expense, reducing the effective interest rate to 3.0%. As these bonds are issued in the name of the City of Dalton Building Authority, they are reflected as a capital lease payable on the government-wide financial statements.

Bond debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Federal Subsidy	Total
2016	\$ 240,000	\$ 251,657	\$ (113,245)	\$ 378,412
2017	250,000	241,337	(108,601)	382,736
2018	255,000	230,087	(103,539)	381,548
2019	260,000	217,592	(97,916)	379,676
2020	270,000	204,228	(91,903)	382,325
2021-2025	1,460,000	792,380	(356,567)	1,895,813
2026-2030	1,715,000	328,747	(147,942)	1,895,805
	<u>\$ 4,450,000</u>	<u>\$ 2,266,028</u>	<u>\$ (1,019,713)</u>	<u>\$ 5,696,315</u>

During 2012, the City became aware that sequestration cuts at the federal level would result in the above federal subsidy being reduced by an unknown amount. The City has not received any formal notification, but the subsidy for 2015 was reduced by \$8,560 (7.3%), from \$117,264 to \$108,704. The federal government has indicated sequestration cuts will continue, but the duration and amount of those cuts is unknown at this time. The City does not believe it will have a material effect on its financial statements.

Building Authority Series 2015 Revenue Bonds, dated August 1, 2015, were issued in the amount of \$26,940,000, with an effective interest rate of 1.297%. The purpose of these bonds was to finance certain SPLOST projects for the City, Whitfield County, Georgia, and other cities within Whitfield County in advance of SPLOST receipts. The City and Whitfield County entered into an intergovernmental contract, also dated August 1, 2015, regarding the allocation of the proceeds of this bond issuance and the related debt repayments. The allocations were based upon the referendum-approved SPLOST projects and each government entities' respective share of the projects. The City received proceeds of \$4,276,043, Whitfield County received proceeds of \$22,331,677, and proceeds of \$332,280 were set aside to pay for bond issuance costs. The City is responsible for repayment of \$8,505,956 and Whitfield County is responsible for repayment of \$18,434,044, each government's allocable share of the funds received, issuance costs shared, and county-wide projects performed by Whitfield County. As these bonds are issued in the name of the City of Dalton Building Authority, they are reflected as a capital lease payable on the government-wide financial statements. Only the City's allocable share of the debt repayment is included in the financial statements. Whitfield County, Georgia will report their allocable share of the debt repayment in their financial statements.

Bond debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Total
2016	\$ 2,081,654	\$ 115,838	\$ 2,197,492
2017	2,113,860	83,323	2,197,183
2018	2,141,329	55,906	2,197,235
2019	2,169,113	28,134	2,197,247
	<u>\$ 8,505,956</u>	<u>\$ 283,201</u>	<u>\$ 8,789,157</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-I Long-term Debt (continued)

On January 25, 2013, the City entered into a capital lease agreement with Leasing 2, Inc. for the purchase of a fire truck valued at \$1,148,857. The lease, along with imputed interest of 1.73%, totals \$1,188,602, and is payable in 5 annual installments beginning January 2013 through January 2017.

Capital lease obligations to maturity are as follows:

Date Due	Payments
2016	\$ 237,720
2017	237,720
Total minimum lease payments	475,440
Less: amounts representing interest	(12,059)
Present value of minimum lease payment	\$ 463,381

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

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

Asset retirement obligations and other costs of removal – The WLSF Commission records asset retirement obligations (“ARO”) for legal obligations associated with the ultimate costs of retiring long-lived assets. The present value of the ultimate costs for an asset’s future retirement must be recorded in the period in which the liability is incurred. The costs must be capitalized as part of the related long-lived asset and depreciated over the asset’s useful life.

Additionally, through 2009, the WLSF Commission accrued for other future retirement costs for long-lived assets that the WLSF Commission does not have a legal obligation to retire through depreciation expense as provided in the rates. Accordingly, the accumulated retirement costs for these obligations are reflected as a regulatory liability in the statement of net position. These other removal costs are included as an offset to regulatory assets in the statement of net position.

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-I Long-term Debt (continued)

Details of the AROs reflected in the statement of net position as of December 31, 2015 are as follows:

ARO balance at December 31, 2014	\$	40,078,000
Accretion		1,678,000
Cash flow revisions		<u>13,885,000</u>
ARO balance at December 31, 2015	\$	<u><u>55,641,000</u></u>

The increase in cash flow revisions in 2015 is primarily related to changes in the asset retirement obligation closure dollar and timing estimates relating to the jointly owned ash ponds associated with the Coal Combustion Residuals from Electric Utilities final rule published by the Environmental Protection Agency (“EPA”) on April 17, 2015 (“CCR Rule”) and revisions to the nuclear decommissioning ARO based on the latest decommissioning study. The cost estimates for ARO related to the CCR Rule are based on information as of December 31, 2015 using various assumptions related to closure and post-closure costs, timing of future cash outlays, inflation and discount rates, and the potential methods for complying with the CCR Rule requirements for closure in place or by other methods. As further analysis is performed, including evaluation of the expected method of compliance, refinement of assumptions underlying the cost estimates, such as the quantities of CCR at each site, and the determination of timing, including the potential for closing ash ponds prior to the end of their currently anticipated useful life, the WLSF Commission expects to continue to periodically update the estimates.

Changes in long-term liabilities - The City’s long-term obligations consisted of the following at December 31, 2015:

	Outstanding 12/31/2014	Additions	Reductions	Outstanding 12/31/2015	Amounts Due in One Year
Governmental activities:					
Capital leases payable	\$ 5,374,179	\$ 8,505,956	\$ (460,798)	\$ 13,419,337	\$ 2,551,358
Notes payable	265,000	-	(53,000)	212,000	53,000
Compensated absences	<u>4,156,072</u>	<u>1,486,370</u>	<u>(1,475,027)</u>	<u>4,167,415</u>	<u>1,500,000</u>
Total governmental activities	<u>\$ 9,795,251</u>	<u>\$ 9,992,326</u>	<u>\$ (1,988,825)</u>	<u>\$ 17,798,752</u>	<u>\$ 4,104,358</u>
Business-type activities					
Unearned revenue - TVA right of use	\$ 217,000	\$ -	\$ (50,000)	\$ 167,000	\$ -
Accrued construction retention	2,934,000	325,000	-	3,259,000	-
Asset retirement obligations	40,078,000	15,563,000	-	55,641,000	-
Compensated absences	<u>91,644</u>	<u>42,562</u>	<u>(36,807)</u>	<u>97,399</u>	<u>19,081</u>
Total business-type activities	<u>\$ 43,320,644</u>	<u>\$ 15,930,562</u>	<u>\$ (86,807)</u>	<u>\$ 59,164,399</u>	<u>\$ 19,081</u>

3-J Pensions

Plan description - The Mayor and Council of the City of Dalton Employee's Pension Plan (“Pension Plan”) was established to provide retirement benefits for eligible employees. The Pension Plan is a defined benefit single employer public employee retirement system. The Pension Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The Pension Plan is subject to the provisions of Section 401(a) and 501(a) of the Internal Revenue Code. The Mayor and Council of the City of Dalton serve as the Pension Plan administrator. The Pension Plan is accounted for in the pension trust fund, financial statements for which are found on pages 33 and 34 of this report. The Pension Plan is audited on a biennial basis and issues stand-alone financial statements in conjunction with those audits. The most recent stand alone financial statement issued by the Pension Plan was for the year ended December 31, 2014, and may be obtained from the City of Dalton Finance Department. The Pension Plan’s fiduciary net position has been determined on the same basis used by the Pension Plan and is equal to the market value of assets calculated under the accrual basis of accounting.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-J Pensions (continued)

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

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

Benefits - Benefits fully vest after ten years of service. Normal retirement benefits are available to employees of any age after thirty years of service. Employees who retire at the normal retirement date are entitled to monthly pension payments for the remainder of their lives equal to .15% of their average monthly compensation, multiplied by their years of credited service for which they were employed by a participating employer of the Pension Plan. These benefit payments are subject to a discretionary annual cost-of-living adjustment as determined and approved on an annual basis by the Mayor and Council of the City of Dalton. The participant's average monthly compensation is equal to the average of the participant's highest 36 consecutive basic monthly earnings during their last 120 months of employment; basic monthly earnings are equal to total compensation for a calendar year, excluding lump sum payments for severance and unused sick and vacation leave, and are deemed to be earned uniformly throughout each calendar year; annual compensation is limited to \$200,000 per year. Monthly pension benefits will be paid as a life annuity to the participant, with ten years guaranteed. Pension Plan provisions include a 55% survivor annuity payable to the participant's surviving spouse, commencing after the ten years of the full benefit amount. The surviving spouse may receive death benefits for life.

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-J Pensions (continued)

Current membership of active and inactive participants as of the most recent Pension Plan valuation date of January 1, 2016 is as follows:

Actively employed participants	268
Average age	48.3 years
Average service	19.5 years
Total annualized compensation for the prior year	\$ 15,150,898
Total expected compensation for the current year	\$ 15,756,935
Participants receiving a benefit	
Service retirees	281
Beneficiaries	65
Inactive participants - deferred; vested	12

Contribution requirements - In accordance with the most recent actuarial report, the Pension Plan's funding policy for employers should be increased from 38.2% (at the last valuation date) to 45.2% of covered payroll to adequately fund the Pension Plan's ongoing costs and an amortization of the unfunded actuarial accrued liability over a 10 year period with level dollar payments. Employees are required to pay 5% of their pensionable earnings to the Pension Plan. The funding policy of the Pension Plan is established and may be amended by the Mayor and the Council.

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

Investment Category	Target Allocation	Expected Long Term Real Return
US large cap stocks	40%	6.00% per annum
US small cap stocks	15%	6.75% per annum
US fixed income	45%	2.00% per annum
 Total or weighted arithmetic average	 100%	 4.31% per annum

For the year ended December 31, 2015, the annual money-weighted rate of return on the Pension Plan's investments, net of Pension Plan investment expense, was 0.24%. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-J Pensions (continued)

Net pension liability of the City – The net pension liability reported by the City is based on the measurement date of December 31, 2015. The components of the net pension liability of the City as of the Pension Plan’s year end were as follows:

Total pension liability	\$	126,422,524
Plan fiduciary net position		84,855,913
City's net pension liability	\$	41,566,611
Plan fiduciary net position as a % of the total pension liability		67%

The following actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2015:

Actuarial Assumptions

Discount rate:	6.81% per annum (2.50% per annum is attributable to long term inflation); this rate was used to discount all future benefit payments.
Salary increases:	4.00% per annum
Cost of living increase:	None assumed
Mortality basis:	Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service for purposes of Internal Revenue Code Section 430; future generational improvements in mortality have not been reflected.
Retirement:	Retirement is assumed to occur at normal retirement age.
Other decrements:	Assumed employment termination is based on age and ranges from 23.00% at age 20 to 4.00% at age 55. Assumed disability is based on age and gender and ranges from 0.04% for males and 0.02% for females at age 20 to 2.24% for males and 1.27% for females at age 65.
Non-investment expenses:	\$50,000 per year
Future contributions:	Contributions from the employer and employees are assumed to be made as legally required.
Changes:	Since the prior measurement date, the discount rate was decreased from 6.96% per annum to 6.81% per annum.

The following represents the net pension liability as of the measurement date and the Pension Plan’s year end, December 31, 2015, calculated using the discount rate of 6.81%, as well as what the net pension liability would be using a discount rate that is 1% lower or 1% higher than the current rate:

	Discount Rate Minus 1.00%	Discount Rate 6.81%	Discount Rate Plus 1.00%
Total pension liability	\$ 140,396,252	\$ 126,422,524	\$ 114,690,678
Plan fiduciary net position	84,855,913	84,855,913	84,855,913
Net pension liability	\$ 55,540,339	\$ 41,566,611	\$ 29,834,765

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-J Pensions (continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended December 31, 2015, the City recognized pension expense of \$4,522,067. At December 31, 2015, 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
Balance as of December 31, 2014	\$ -	\$ 1,069,331
Change due to:		
Amortization payments	(1,549,262)	(566,320)
Investment gain/loss	5,527,933	-
Demographic gain/loss	-	1,273,686
Assumption changes	<u>1,890,054</u>	<u>-</u>
Total change	5,868,725	707,366
Balance as of December 31, 2015	<u>\$ 5,868,725</u>	<u>\$ 1,776,697</u>

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

Year	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 1,549,262	\$ 566,320
2017	1,549,262	566,320
2018	1,549,262	566,319
2019	1,220,939	77,738
2020	-	-

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

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources
Governmental activities	\$ 2,536,449	\$ 17,569,170	\$ 757,027
WLSF Commission	3,047,929	21,810,107	928,831
Municipal golf course	52,527	355,908	15,459
DWRSWMA	<u>231,820</u>	<u>1,831,426</u>	<u>75,380</u>
	<u>\$ 5,868,725</u>	<u>\$ 41,566,611</u>	<u>\$ 1,776,697</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-K Other Post Employment Benefits

Plan description - The City of Dalton OPEB Plan ("OPEB Plan") was established to provide other post employment benefits for eligible retirees and beneficiaries. The OPEB Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10.1). The Mayor and Council of the City of Dalton serve as the OPEB Plan administrator. The Mayor and Council hold the authority to amend or establish benefit provisions and employee and employer contribution rates. The OPEB Plan does not issue separate financial statements.

Summary of significant accounting policies – The OPEB Plan financial statements are prepared on the accrual basis of accounting. Contributions from the City and the City's employees are recognized as revenue in the period that contributions are due. Investment income is recognized as earned by the OPEB Plan. The net appreciation (depreciation) in the fair value of investments held by the OPEB Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the statement of net position. All contributions to the OPEB Plan, less any administrative expenses paid out, are invested in a trust fund with Georgia Municipal Association, and are valued at fair value.

In prior years, the Mayor and Council elected to no longer fund the OPEB Plan. The OPEB Plan fund was to be depleted over time, utilizing assets to fund retiree health care costs until assets were no longer available; at that time benefits would cease. In 2014, the Mayor and Council revised their plans, and decided to continue to operate the OPEB Plan as outlined below. In the 2013 audit, the net OPEB obligation recorded on the statements of net position of \$4,204,500 was based upon a January 1, 2012 valuation and was based upon old information. In 2014, the Mayor and Council obtained a new OPEB Plan valuation, beginning with all new assumptions and taking into account only the actuarial value of assets held in the old plan. Therefore, the following disclosure reports the beginning net OPEB obligation at January 1, 2014 as zero. The change in the net OPEB obligation from the prior year amount of \$4,204,500 to the current year amount of \$1,689,000 was reported in 2014 results on the government-wide statement of activities, as it represented various changes in assumptions related to the OPEB Plan benefits and operation.

The OPEB Plan is a single employer defined benefit healthcare plan, providing both health and life insurance at the same levels afforded to active employees. All full-time employees of a participating employer who were hired prior to September 1, 2007 are eligible to participate in the OPEB Plan. The OPEB Plan covers eligible retirees and beneficiaries of the Mayor and Council, the Public Safety Commission, the Water, Light, and Sinking Fund Commission, the Recreation Commission, the Dalton-Whitfield Convention and Visitors Bureau, the Northwest Georgia Trade and Convention Center Authority, and the Dalton Whitfield Regional Solid Waste Management Authority. All full-time employees become eligible for health insurance coverage based upon the earlier of attaining: (1) age 65 with 5 years of service, (2) age 55 with 10 years of service, (3) age 50 with 15 years of service, or (4) any age with 30 years of service, or become disabled during the course of their full time employment. If a retiree is eligible for health insurance coverage, the OPEB Plan will also provide health insurance coverage for the retiree's spouse and/or dependent children so long as the retiree is covered. Eligible individuals receive subsidized healthcare coverage until age 65 or for no more than five years if hired after May 31, 1998. The OPEB Plan provides life insurance until age 70 in an amount equal to the participant's basic annual compensation in force on the date of retirement, rounded to the next higher \$1,000. The maximum benefit provided is \$25,000.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

3-K Other Post Employment Benefits (continued)

Membership in the OPEB Plan consisted of the following at December 31, 2014:

Current retirees:	
Under age 65	77
Over age 65	3
Active employees:	
Active employees fully eligible for benefits	42
Active employees not yet eligible for benefits	383
Total number of participants	505

Funding policy - The OPEB Plan actuarial valuation was performed in early 2015 and provided actuarial information as of December 31, 2014 and December 31, 2015. The Mayor and Council determine the funding level on an annual basis. Eligible retirees are required to share in the cost of health insurance coverage. Annual contribution rates for 2015 are as follows:

Coverage	Annual Employee/Retiree Premium	Annual Employee/Retiree Premium - Nicotine User
Employee	\$ 1,008	\$ 1,632
Employee + 1	3,024	3,672
Family	4,236	4,908

A schedule of the OPEB Plan's annual required employer contributions is as follows:

Year ended December 31,	Employer Contributions and Interest	Annual Required Contribution	Percentage Contributed	Annual OPEB Cost	Percentage Contributed	NOO at Fiscal Year End
2015	\$ 1,036,000	\$ 2,809,000	37%	\$ 2,677,000	39%	\$ 3,330,000
2014	1,036,000	2,725,000	38%	2,725,000	38%	1,689,000

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. A schedule of the OPEB Plan's funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/2015	\$ 4,587,000	\$ 20,759,000	\$ 16,172,000	22%	\$ 30,873,000	52%

City of Dalton, Georgia
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December 31, 2015

3-K Other Post Employment Benefits (continued)

Annual OPEB cost – The most recent valuation reported the following information as of December 31, 2015. Annual OPEB cost, the net OPEB obligation, and the annual required contribution per the valuation were determined as follows:

<u>Development of the Net OPEB Obligation</u>	
Net OPEB obligation as of December 31, 2014	\$ 1,689,000
Annual OPEB cost for the 2015 plan year	2,677,000
Employer contributions for the 2015 plan year	(1,016,000)
Interest on employer contributions	(20,000)
Net OPEB obligation as of December 31, 2015	<u>\$ 3,330,000</u>
 <u>Development of the Annual OPEB Cost</u>	
Annual required contribution	\$ 2,809,000
Interest on net OPEB obligation	68,000
Annual required contribution adjustment	(200,000)
Annual OPEB cost	<u>\$ 2,677,000</u>
 <u>Development of the Annual Required Contribution</u>	
Employer normal cost	\$ 815,000
Amortization of the unfunded accrued actuarial liability	1,794,000
Amortization of the net OPEB obligation	200,000
Annual required contribution	<u>\$ 2,809,000</u>

Actuarial methods and assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB Plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations, after this initial year, will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant assumptions utilized in the preparation of the actuarial valuation of the OPEB Plan are as follows:

Current valuation date	December 31, 2014
Actuarial cost method	Projected credit unit
Amortization method	10 year open period; level dollar payment
Asset valuation method	Market value
Investment return	4.00%
Inflation rate	2.75%
Healthcare cost trend rates:	
Select rates	8% for 2015 graded to 5.5% for 2020
Ultimate rate	5.00%

City of Dalton, Georgia
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3-L Defined Contribution Plan

Employees with an employment commencement date, including former employees rehired after a severance, on or after July 1, 2002 will not be allowed to participate in the Pension Plan (Note 3-J). Employees hired or re-hired after July 1, 2002 will be covered by the City of Dalton Employee Retirement Plan (the "Retirement Plan"), which is a combined profit sharing/money purchase plan. The Mayor and Council of the City approved the Retirement Plan, maintain it, and are the authority under which the contribution requirements are established or may be amended. The Mayor and Council engaged VALIC to administer the Retirement Plan. All full-time employees who have completed six months of continuous service are eligible to participate in the Retirement Plan. The Retirement Plan is considered a defined contribution plan in which the employer provides \$1.00 for every \$1.00 of deferred compensation the employee makes to the Retirement Plan. The employer will make this match up to the first 5% of the employee's compensation, up to an annual limit of \$200,000. Employees hired on or after December 27, 2014 become vested in the employer's contributions over a three year period. Employees hired prior to December 27, 2014 become vested in employer matching contributions after 1 year of service. Participation is not mandatory; however, non-participating employees will not receive any matching employer contributions. In 2014, the Retirement Plan was revised to include a Roth contribution option. Employees who participate in the Pension Plan are allowed to make contributions to the Retirement Plan up to IRS annual limitations, but do not receive matching employer contributions. For the year 2015, employee contributions totaled \$392,895 and employer contributions totaled \$237,496. For the year 2015, forfeitures of employer matching contributions totaled \$641 and the ending balance in the forfeiture account was \$646.

3-M Net Position

Net investment in capital assets reported on the government-wide statement of net position as of December 31, 2015 is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Cost of capital assets	\$ 216,684,573	\$ 1,292,470,898	\$ 1,509,155,471
Less: accumulated depreciation	<u>135,325,107</u>	<u>507,625,593</u>	<u>642,950,700</u>
Book value	81,359,466	784,845,305	866,204,771
Less: capital related debt	13,631,337	-	13,631,337
Less: asset retirement obligations	-	55,641,000	55,641,000
Less: accrued construction retention	-	3,259,000	3,259,000
Less: deferred inflows of resources - ITS sale	-	5,932,000	5,932,000
Less: accrual for Contractor Settlement Agreement	-	5,360,000	5,360,000
Add: regulatory asset - AROs	-	10,844,000	10,844,000
Net investment in capital assets	<u>\$ 67,728,129</u>	<u>\$ 725,497,305</u>	<u>\$ 793,225,434</u>

City of Dalton, Georgia
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3-N Interutility Sales

The WLSF Commission records sales of electricity, natural gas, water, wastewater, and information technology (at rates charged to customers for similar services) among its utility systems as revenue of the selling utility system and expense of the purchasing utility system. During the year ended December 31, 2015, interutility sales were as follows:

Electric	\$	4,552,000
Natural gas		12,000
Water		212,000
Wastewater		142,000
Information technology		2,428,000
Total	\$	<u>7,346,000</u>

Note 4 - Other Notes

4-A Hotel/Motel Lodging Tax

The City levies a 7% hotel/motel tax in accordance with the provisions of O.C.G.A. 48-13-51(b). A summary of the transactions is as follows:

Hotel/motel tax revenue	\$	<u>1,364,880</u>
Expenditures for promotion of tourism and support:		
Northwest Georgia Trade and Convention Center Authority		487,686
Dalton Area Convention and Visitors Bureau		353,924
Other tourism expenditures		<u>523,270</u>
Total expenditures	\$	<u>1,364,880</u>
Percentage of expenditures to revenue		100.0%

4-B Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The government has transferred risk of loss to commercial insurers for the majority of the risks for which it is exposed, except for workers' compensation, for which it is self-insured. The City pays annual premiums to the workers' compensation fund, and these premiums are used to pay related claims, claim reserves, and administrative costs. In addition, workers' compensation claims in excess of \$500,000 per covered individual are covered through a private insurer. There were no significant reductions in insurance coverage from coverage in the prior year.

City of Dalton, Georgia
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4-B Risk Management (continued)

The workers' compensation internal service fund pays premiums to a private insurance carrier to process and investigate claims. A reserve has been made for estimated claims incurred but not paid at December 31, 2015. The private insurance carrier estimated claims incurred but not paid at December 31, 2015 were \$443,315. Because actual claims estimates depend on such complex factors as inflation, changes in governing laws and standards, and court awards, the process used in computing claims estimates is reevaluated periodically to take into consideration the history, frequency, and severity of recent claims and other economic and social factors. These estimates are computed using actual claims experience amounts and include any specific, incremental claim adjustment expenses and estimated recoveries. Due to the numerous factors affecting when claims are paid, no estimate of claims due within one year is made. For the years ended December 31, 2015, 2014, and 2013 there were no settlements in excess of insurance coverage.

The City of Dalton Board of Education also participates in the workers' compensation fund. Twenty-three percent of the liability is attributable to the City of Dalton Board of Education. The City of Dalton Board of Education is a separate and distinct organization operating under state legislation and is not a component unit of the City.

Year	Beginning of Fiscal Year Liability	Current Year		End of Fiscal Year Liability
		Changes in Estimates	Current Year Claims Payments	
2015	\$ 466,461	\$ 566,260	\$ (589,406)	\$ 443,315
2014	374,290	767,794	(675,623)	466,461
2013	479,306	412,201	(517,217)	374,290

The workers' compensation fund had a decrease in net position for 2015. This change in net position must be allocated among the different functions of the entities that use the workers' compensation internal service fund. The decrease was allocated based on the percentages of claims incurred for the workers' compensation fund. The following table shows the allocation of the net change to each function and activity.

	<u>Net Loss Allocated</u>
Governmental activities:	
General government	\$ (1,509)
Public safety	48,890
Public works	31,166
Culture & recreation	4,329
Total governmental activities	<u>82,876</u>
Business-type activities:	
WLSF Commission	<u>30,568</u>
Total business-type activities	<u>30,568</u>
Decrease in net position	<u>\$ 113,444</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
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4-B Risk Management (continued)

Of the total allocation to the governmental activities public works function, \$11,223 of net income allocated is attributable to the City's DWRSWMA joint venture. Of the total allocation to the governmental activities culture and recreation function, \$5,243 of net income allocated is attributable to the City's Northwest Georgia Trade and Convention Center Authority joint venture.

The WLSF Commission has transferred risk of loss to commercial insurers for the majority of the risks for which it is exposed, except for any potential environmental liabilities, as disclosed in Note 4-C. The WLSF Commission maintains private insurance through its participation with GPC and agreements of indemnity with the NRC to cover third-party liability arising from a nuclear incident which might occur at the nuclear plants in which the WLSF Commission has an interest. In the event a public liability loss arising from a nuclear incident at a facility currently covered by government indemnification exceeds \$375,000,000, under the current provisions of the Price-Anderson Act, the owners of a nuclear power plant could be assessed a deferred assessment of up to \$127,317,750 per incident for each licensed reactor operated by it, but not more than \$18,963,000 per reactor per incident to be paid in a calendar year. The WLSF Commission is liable for its share of any such deferred assessment, based on its ownership percentage in nuclear plants as set forth in Note 1.

GPC, on behalf of all co-owners of Plants Hatch and Vogtle, is a member of Nuclear Electric Insurance Limited ("NEIL"). NEIL is a mutual insurer established to provide insurance coverage against property damage to its members' nuclear generating facilities. In the event that losses exceed accumulated reserve funds, the members are subject to retroactive premium assessments in proportion to their participation in the mutual insurer. The WLSF Commission's maximum annual assessment would be \$2,456,430 under current policies.

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

4-C Commitments and Contingent Liabilities

Vogtle Units 3 & 4 nuclear development – The WLSF Commission is participating with GPC and the other joint owners of the Vogtle plant in the construction of two additional nuclear units at the site. The revised estimated certified cost for the WLSF Commission's 1.6% of the total cost was \$184.5 million as of February 28, 2016. The sources of construction funds for the WLSF Commission's portion of Vogtle Units 3 and 4 will be from a combination of internally generated funds, investment funds restricted for renewals and extensions, and a possible future debt financing. Through December 31, 2015, the WLSF Commission has spent \$123.5 million on the new nuclear units under construction, all of which is included in construction in progress in Note 3-E.

In April 2008, GPC, acting as agent for GPC, Oglethorpe Power Corporation, the Municipal Electric Authority of Georgia, and the WLSF Commission (collectively, the "Owners"), and a consortium consisting of Westinghouse Electric Company LLC ("Westinghouse") and Stone & Webster, Inc. (collectively, the "Contractor") entered into an engineering procurement and construction agreement to design, engineer, procure, construct, and test two AP1000 nuclear units with electric generating capacity of approximately 1,100 MWs each and related facilities, structures, and improvements at Plant Vogtle ("Vogtle 3 & 4 Agreement").

The Vogtle 3 & 4 Agreement is an arrangement whereby the Contractor supplies and constructs the entire facility with the exception of certain items provided by the Owners. Under the terms of the Vogtle 3 & 4 Agreement, the Owners agreed to pay a purchase price that is subject to certain price escalations and adjustments, including fixed escalation amounts and certain index-based adjustments, as well as adjustments for change orders, and performance bonuses for early completion and unit performance. Each Owner is severally (and not jointly) liable for its proportionate share, based on its ownership interest, of all amounts owed to the Contractor under the Vogtle 3 & 4 Agreement.

City of Dalton, Georgia
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4-C Commitments and Contingent Liabilities (continued)

On December 31, 2015, Westinghouse acquired Stone & Webster, Inc. from CB&I (“Acquisition”). In connection with the Acquisition, Stone & Webster, Inc. changed its name to WECTEC Global Project Services, Inc. (“WECTEC”). Certain obligations of Westinghouse and Stone & Webster, Inc. have been guaranteed by Toshiba Corporation, Westinghouse’s parent company, and CB&I’s The Shaw Group, Inc., respectively. On February 1, 2016, in connection with the Acquisition and pursuant to the settlement agreement described below, the guarantee of The Shaw Group, Inc. was terminated. The guarantee of Toshiba Corporation remains in place. In the event of certain credit rating downgrades of any Vogtle Owner, such Vogtle Owner will be required to provide a letter of credit or other credit enhancement. Additionally, on January 13, 2016, as a result of recent credit rating downgrades of Toshiba Corporation, Westinghouse provided the Vogtle Owners with letters of credit in an aggregate amount of \$900 million in accordance with the terms of the Vogtle 3 and 4 Agreement.

The Owners may terminate the Vogtle 3 & 4 Agreement at any time for their convenience, provided that the Owners will be required to pay certain termination costs and, at certain stages of the work, cancellation fees to the Contractor. The Contractor may terminate the Vogtle 3 & 4 Agreement under certain circumstances, including delays in the receipt of the combined construction and operating license (“COL”), or delivery of full notice to proceed, certain Owner suspension or delays of work, action by a governmental authority to permanently stop work, certain breaches of the Vogtle 3 & 4 Agreement by the Owners, Owner insolvency, and certain events. The COLs were received on February 10, 2012. Receipt of the COLs allowed full construction to begin on Vogtle Units 3 and 4.

GPC, on behalf of the Owners, is required to file semi-annual Vogtle Construction Monitoring (“VCM”) reports with the Georgia Public Service Commission (“GPSC”) by February 28 and August 31 each year. The GPSC has approved thirteen VCM reports covering the periods through June 30, 2015, including construction capital costs incurred, which through that date totaled \$3.1 billion. On February 26, 2016, GPC filed the fourteenth VCM report with the GPSC covering the period from July 1 through December 31, 2015. The fourteenth VCM report does not include a requested amendment to the certified cost of Plant Vogtle Units 3 and 4. The updated in-service capital cost forecast for the WLSF Commission’s ownership share is \$190.5 million and includes costs related to the Contractor Settlement Agreement discussed below.

In 2012, the Owners and the Contractor commenced litigation regarding the costs associated with design changes to the design control document (“DCD”) and the delays in the timing of approval of the DCD and the issuance the COLs, including the assertion by the Contractor that the Owners are responsible for these costs under the terms of the Vogtle 3 and 4 Agreement. The Contractor also asserted that it was entitled to extensions of the guaranteed substantial completion dates of April 2016 and April 2017 for Plant Vogtle Units 3 and 4, respectively. In May 2014, the Contractor filed an amended claim alleging that (i) the design changes to the DCD imposed by the NRC delayed module production and the impacts to the Contractor are recoverable by the Contractor under the Vogtle 3 and 4 Agreement and (ii) the changes to the basemat rebar design required by the NRC caused additional costs and delays recoverable by the Contractor under the Vogtle 3 and 4 Agreement. In June 2015, the Contractor updated its estimated damages to an aggregate (based on the WLSF Commission's ownership interest) of approximately \$25 million (in 2015 dollars). The case was pending in the U.S. District Court for the Southern District of Georgia (Vogtle Construction Litigation).

City of Dalton, Georgia
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4-C Commitments and Contingent Liabilities (continued)

On December 31, 2015, Westinghouse and the Owners entered into a definitive settlement agreement (“Contractor Settlement Agreement”) to resolve disputes between the Owners and the Contractor under the Vogtle 3 and 4 Agreement, including the Vogtle Construction Litigation. Effective December 31, 2015, GPC, acting for itself and as agent for the other Owners, and the Contractor entered into an amendment to the Vogtle 3 and 4 Agreement to implement the Contractor Settlement Agreement. The Contractor Settlement Agreement and the related amendment to the Vogtle 3 and 4 Agreement (i) restrict the Contractor’s ability to seek further increases in the contract price by clarifying and limiting the circumstances that constitute nuclear regulatory changes in law; (ii) provide for enhanced dispute resolution procedures; (iii) revise the guaranteed substantial completion dates to match the current estimated in-service dates of June 30, 2019 for Unit 3 and June 30, 2020 for Unit 4; (iv) provide that delay liquidated damages will now commence from the current estimated nuclear fuel loading date for each unit, which is December 31, 2018 for Unit 3 and December 31, 2019 for Unit 4, rather than the original guaranteed substantial completion dates under the Vogtle 3 and 4 Agreement; and (v) provide that the WLSF Commission, based on its ownership interest, will pay the Contractor (via the Owners) and capitalize to the project cost approximately \$12 million. As a result of the Contractor Settlement Agreement, the WLSF Commission has accrued approximately \$5.3 million as of December 31, 2015, to record costs associated with the settlement that have been incurred through the end of 2015. In addition, the Contractor Settlement Agreement provides for the resolution of other open existing items relating to the scope of the project under the Vogtle 3 and 4 Agreement, including cyber security. Further, as part of the settlement and in connection with the Acquisition: (i) Westinghouse has engaged Fluor Enterprises, Inc., a subsidiary of Fluor Corporation, as a new construction subcontractor; and (ii) the Owners, CB&I, and The Shaw Group, Inc. have entered into mutual releases of any and all claims against each other arising out of the construction of Plant Vogtle Units 3 and 4. On January 5, 2016, the Vogtle Construction Litigation was dismissed with prejudice.

On January 21, 2016, GPC, on its behalf and as agent for the Owners, submitted the Contractor Settlement Agreement and the related amendment to the Vogtle 3 and 4 Agreement to the GPSC for its review. In accordance with the GPSC’s subsequent order, on April 5, 2016, GPC filed supplemental information in support of the Contractor Settlement Agreement and GPC’s position that all construction costs incurred to date have been prudently incurred and that the current estimated in-service capital cost and schedule are reasonable. During the six-months following the filing under the Order, the GPSC Staff (“Staff”) will conduct a review of all costs related to Plant Vogtle Units 3 and 4, the schedule for completion of Plant Vogtle Units 3 and 4, and the Contractor Settlement Agreement and the Staff is authorized to engage in related settlement discussions with GPC and any interveners.

The Order provides that the Staff is required to report to the GPSC by October 5, 2016 with respect to the status of its review and any settlement related negotiations. If a settlement with the Staff is reached with respect to costs of Plant Vogtle 3 and 4, the GPSC will then conduct a hearing to consider whether to approve this settlement. If a settlement with the Staff is not reached, the GPSC will determine how to proceed, including the possibility of (i) modifying the 2013 Stipulation, (ii) directing GPC, on its behalf and as agent for the Owners, to file a request for an amendment to the certificate for Plant Vogtle Units 3 and 4, (iii) issuing a scheduling order to address remaining disputed issues, or (iv) taking any other option within the authority of the GPSC.

There have been technical and procedural challenges to the construction and licensing of Plant Vogtle Units 3 and 4, at the federal and state level, and additional challenges may arise as construction proceeds. Processes are in place that are designed to assure compliance with the requirements specified in the DCD and the COLs, including inspections by Southern Nuclear (an affiliate company of GPC, acting in its capacity as agent for the Owners) and the NRC that occur throughout construction. As a result of such compliance processes, certain license amendment requests have been filed and approved or are pending before the NRC. Various design and other licensing-based compliance issues may arise as construction proceeds, which may result in additional license amendment or require other resolution. If any license amendment requests or other licensing-based compliance issues are not resolved in a timely manner, there may be delays in the project schedule that could result in increased costs either to the Owners or the Contractor or both.

City of Dalton, Georgia
Notes to the Basic Financial Statements
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4-C Commitments and Contingent Liabilities (continued)

As construction continues, the risk remains that challenges with Contractor performance including fabrication, assembly, delivery, and installation of the shield building and structural modules, delays in the receipt of the remaining permits necessary for the operation of Plant Vogtle Units 3 and 4, or other issues could arise and may further impact project schedule and cost.

Future claims by the Contractor or GPC (on behalf of the Owners) could arise throughout construction. These claims may be resolved through formal and informal dispute resolution procedures under the Vogtle 3 and 4 Agreement and, under the enhanced dispute resolution procedures, may be resolved through litigation after the completion of nuclear fuel load for both units.

The ultimate outcome of these matters cannot be determined at this time.

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

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

New Source Review Actions - On October 20, 2005, the EPA published a proposed rule clarifying the test for determining when an emissions increase is subject to the New Source Review (“NSR”) requirements. The EPA is alleging that GPC violated the NSR provisions of the Clean Air Act and related state laws at certain coal-fired generating facilities. The WLSF Commission, through its joint ownership of Plant Wansley coal-fired units 1 and 2 and Plant Scherer coal-fired units 1 and 2 may be subject to its proportionate share of any penalties or required capital expenditures related to these plants. However, the joint owners believe they complied with applicable laws and EPA regulations and interpretations in effect at the time in question by the EPA. The ultimate outcome of this matter cannot be determined at this time.

Five-year permit for wastewater treatment - During 1997, the WLSF Commission was issued a five-year permit for its wastewater treatment systems by the Environmental Protection Division (“EPD”) of the Georgia Department of Natural Resources. The permit was contingent upon the undertaking by the WLSF Commission to make certain improvements to its wastewater treatment systems and included a compliance schedule for those improvements. The WLSF Commission completed all improvements required under the 1997 permit. In March 2002, the WLSF Commission requested and received a two-year extension of the permit to allow time for a full watershed assessment to be performed. The assessment was completed on December 24, 2003 and a permit renewal application was submitted in accordance with the requirements of the existing permit. The existing five year permit was issued March 26, 2007, and expired March 25, 2012. On March 23, 2012, the WLSF Commission was granted an indefinite extension by the EPD on its existing permit while its application for a reissuance of the five year permit is evaluated. On March 23, 2015, a new permit was received by the WLSF Commission, effective April 1, 2015.

Fuel commitments - The WLSF Commission has entered into various long-term commitments for the procurement and delivery of natural gas and electricity to consumers, which are not recognized on the statement of net position. In 2015, the WLSF Commission incurred purchased gas expense of \$13,800,000 and purchased electricity expense of \$42,500,000, the majority of which was purchased under long-term commitments. The WLSF Commission expects that a substantial amount of its future gas and purchased electricity needs will continue to be purchased under long-term commitments.

City of Dalton, Georgia
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4-D Joint Ventures

The City participates with Whitfield County in the Dalton-Whitfield Regional Solid Waste Management Authority. All budgetary and financial records are maintained by the City of Dalton. The DWRSWMA issued separate audited financial statements dated June 17, 2016.

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

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

Landfill sites:	Westside	Old Dixie II, IV & V	Old Dixie VI Sites I & II	Old Dixie VI Sites III & IV	Balefill	Total
Estimated future costs:						
Closure	Completed	Completed	\$ 3,210,000	\$ 2,220,000	\$ 1,770,000	\$ 7,200,000
Post-closure	<u>\$ 625,000</u>	<u>\$ 1,530,000</u>	<u>2,170,000</u>	<u>1,490,000</u>	<u>1,240,000</u>	<u>7,055,000</u>
	625,000	1,530,000	5,380,000	3,710,000	3,010,000	14,255,000
Percentage of total landfill capacity used as of						
December 31, 2015	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>55.7%</u>	<u>61.5%</u>	
	625,000	1,530,000	5,380,000	2,065,000	1,850,000	11,450,000
Land acquisition	<u>50,000</u>	-	-	-	-	<u>50,000</u>
Accrual at 12/31/15	<u>\$ 675,000</u>	<u>\$ 1,530,000</u>	<u>\$ 5,380,000</u>	<u>\$ 2,065,000</u>	<u>\$ 1,850,000</u>	<u>\$ 11,500,000</u>

The DWRSWMA will record the remaining estimated cost of closure and post-closure care costs of \$2,755,000 as the remaining capacity is filled. Estimated remaining landfill life is more than 30 years. The above estimates are based on what it would cost to perform all closure and post-closure care in 2015. Actual costs when incurred may be higher due to inflation, changes in technology, or changes in laws and regulations.

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

City of Dalton, Georgia
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4-D Joint Ventures (continued)

According to the latest inspection reports issued by the Georgia Department of Natural Resources, dated July 15, 2015, the DWRSWMA was in compliance for closure and post-closure care financial assurance requirements for the 2014 year.

Condensed audited financial statements for the DWRSWMA at December 31, 2015 are as follows:

Statement of Net Position

Assets	
Current assets	\$ 18,093,003
Capital assets-net	18,625,040
Total assets	<u>36,718,043</u>
Deferred outflows of resources	<u>231,820</u>
Total assets and deferred outflows	<u>\$ 36,949,863</u>
Liabilities	
Current liabilities	\$ 440,127
Non-current liabilities	13,649,043
Total liabilities	<u>14,089,170</u>
Deferred inflows of resources	<u>75,380</u>
Net position	<u>22,785,313</u>
Total liabilities, deferred inflows, and net position	<u>\$ 36,949,863</u>

Statement of Revenues, Expenses, and Fund Net Position

Operating revenues	\$ 6,334,076
Operating expenses	3,876,054
Depreciation	<u>1,509,896</u>
Operating income (loss)	948,126
Non-operating revenues (expenses)	<u>(161,347)</u>
Change in net position	786,779
Beginning net position, restated	<u>21,998,534</u>
Ending net position	<u>\$ 22,785,313</u>

City of Dalton, Georgia
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4-D Joint Ventures (continued)

The City participates with Whitfield County in the Northwest Georgia Trade and Convention Center Authority. All budgetary and financial records are maintained by the City of Dalton. The Trade Center issued separate audited financial statements dated May 31, 2016.

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

Condensed audited financial statements for the Trade Center at December 31, 2015 are as follows:

Statement of Net Position

Assets	
Current assets	\$ 478,029
Capital assets-net	10,093,690
Total assets	<u>\$ 10,571,719</u>
Current liabilities	<u>\$ 714,562</u>
Net position	<u>9,857,157</u>
Total liabilities and net position	<u>\$ 10,571,719</u>

Statement of Revenues, Expenses, and Changes in Fund Net Position

Operating revenues	\$ 1,166,993
Operating expenses	1,789,229
Depreciation	<u>489,141</u>
Operating income (loss)	(1,111,377)
Non-operating revenues (expenses)	<u>974,543</u>
Change in net position	(136,834)
Beginning net position	<u>9,993,991</u>
Ending net position	<u>\$ 9,857,157</u>

The City participates with Whitfield County in the Dalton-Whitfield Joint Development Authority and the Dalton-Whitfield Economic Development Authority, which are reported as one entity as disclosed in Note 1. All budgetary and financial records are maintained by the JDA, which is housed at the Dalton-Whitfield Chamber of Commerce. The JDA issued separate audited financial statements dated March 11, 2016.

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

4-D Joint Ventures (continued)

Condensed audited financial statements for the JDA at December 31, 2015 are as follows:

<u>Statement of Net Position</u>	
Assets	
Current assets	\$ 210,913
Capital assets-net	7,192
Total assets	<u>\$ 218,105</u>
Current liabilities	<u>\$ 55,907</u>
Net position	<u>162,198</u>
Total liabilities and net position	<u>\$ 218,105</u>
<u>Statement of Activities</u>	
Program revenues	\$ 882,010
Intergovernmental revenues	362,527
Economic development	<u>1,194,181</u>
Change in net position	50,356
Beginning net position	<u>111,842</u>
Ending net position	<u>\$ 162,198</u>

4-E Component Unit

The City of Dalton Building Authority is a legally separate entity and has been included as a discretely presented component unit in the accompanying financial statements. It is reported as a separate column in the government-wide statements to emphasize that it is legally separate from the City. The City of Dalton Board of Education, Whitfield County, Georgia and the City of Dalton, Georgia each have outstanding debt in the Building Authority's name, as discussed in Note 3-I. All debt proceeds and payments related to Building Authority issued debt flow through the Building Authority. The entity reports inflows from the City of Dalton Board of Education, Whitfield County, and the City as transfers in and reports the related outflows of principal, interest, and sinking fund payments as debt service expenditures, as the entity is primarily a conduit for the respective governmental entities. Transfers in for payment of interest and principal on outstanding debt totaled \$1,111,136 for the year ended December 31, 2015. Transfers in for payments into debt sinking funds totaled \$4,666,869 for the year ended December 31, 2015. The Building Authority holds various cash balances from proceeds from debt on behalf of the City or of the Board of Education. Amounts held in the Building Authority's cash account are reported as a receivable or payable in the financials.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

4-F Debt Contingency

The City of Dalton Building Authority issued qualified zone academy bonds dated May 1, 2003 in the amount of \$2,000,000 to finance capital improvements within the City of Dalton for the benefit of the school system. The amount of the bonds outstanding as of December 31, 2015 is \$2,000,000. The payments on the qualified zone academy bonds are made annually to a sinking fund and will be used to retire the debt in 2018. The total held in the sinking fund as of December 31, 2015 is \$1,754,871.

The City of Dalton Building Authority issued revenue bonds during 2015 to finance SPLOST projects within Whitfield County. Based on an intergovernmental agreement, the City is responsible for repayment of \$8,505,956 and Whitfield County is responsible for repayment of \$18,434,044, as disclosed in Note 3-I. The amount of the bonds outstanding as of December 31, 2015 is \$26,940,000. Prepayments of 2016 principal amounts due have been made to a sinking fund. Those prepayments total \$4,481,105 as of December 31, 2015.

5 Restatements

5A Restatement of Net Position Due to Implementation of New Standards

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), during 2015. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability. The effect of implementing GASB 68 has been determined and presented as of the beginning of calendar year 2014. This restatement does not affect governmental funds, but only affects proprietary funds and the government-wide presentation of governmental activities and business-type activities. The effects of the restatements to beginning net position as of January 1, 2014 are as follows:

	2014 Originally Reported	2014 Adjusted	Increase/ (Decrease)
Governmental Activities:			
Beginning net position	\$ 89,584,361	\$ 72,417,433	\$ (17,166,928)
Net pension obligation	970,246	-	(970,246)
Net pension liability	-	16,452,492	16,452,492
Deferred inflows	1,014,220	1,465,525	451,305
Change in net position	2,072,730	3,306,107	1,233,377
Ending net position	91,657,091	75,723,540	(15,933,551)
Business-type Activities:			
Beginning net position	\$ 812,128,913	\$ 812,110,333	\$ (18,580)
Net pension obligation	1,301,500	-	(1,301,500)
Net pension liability	-	1,197,465	1,197,465
Deferred inflows	-	32,847	32,847
Change in net position	19,998,829	20,088,597	89,768
Ending net position	832,127,742	832,198,930	71,188
Nonmajor Enterprise Funds:			
Beginning net position	\$ 27,482,182	\$ 26,162,102	\$ (1,320,080)
Net pension liability	-	1,197,465	1,197,465
Deferred inflows	-	32,547	32,547
Change in net position	(472,991)	(383,223)	89,768
Ending net position	27,009,191	25,778,879	(1,230,312)

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2015

5A Restatement of Net Position Due to Implementation of New Standards (continued)

	2014 Originally Reported	2014 Adjusted	Increase/ (Decrease)
Municipal Golf Course:			
Beginning net position	\$ 1,566,645	\$ 1,199,788	\$ (366,857)
Net pension liability	-	332,782	332,782
Deferred inflows	-	9,128	9,128
Change in net position	18,573	43,520	24,947
Ending net position	1,585,218	1,243,308	(341,910)
DWRSWMA (City's 50% interest only):			
Beginning net position	\$ 11,994,839	\$ 11,041,615	\$ (953,224)
Net pension liability	-	864,683	864,683
Deferred inflows	-	23,719	23,719
Change in net position	(247,003)	(182,181)	64,822
Ending net position	11,747,836	10,859,434	(888,402)

The WLSF Commission also implemented GASB 68 during 2015. They determined that restatement of all prior periods was not practical, and the cumulative effect of applying GASB 68 was deferred in accordance with regulatory accounting practices. The amount deferred at December 31, 2015 is \$20,100,000 and, therefore, there is no restatement to beginning net position for the WLSF Commission. See Note 3-D for additional information.

PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

City of Dalton, Georgia
Required Supplementary Information
Schedule of Changes in the Net Pension Liability
December 31, 2015

	<u>2015</u>
Total pension liability:	
Service cost	\$ 1,743,901
Expected interest growth	8,238,500
Demographic experience	(1,273,686)
Benefit payments and refunds	(6,513,876)
Assumption changes	<u>1,890,054</u>
Net change in total pension liability	4,084,893
Total pension liability - beginning	<u>122,337,631</u>
Total pension liability - ending (a)	<u>\$ 126,422,524</u>
Plan fiduciary net position:	
Employer contributions	\$ 7,099,703
Employee contributions	784,870
Benefit payments and refunds	(6,513,876)
Administrative expenses	(61,883)
Expected interest growth	5,720,289
Unexpected investment income	<u>(5,527,933)</u>
Net change in plan fiduciary net position	1,501,170
Plan fiduciary net position - beginning	<u>83,354,743</u>
Plan fiduciary net position - ending (b)	<u>\$ 84,855,913</u>
Net pension liability - ending (a) - (b)	<u>\$ 41,566,611</u>
Pension Plan's fiduciary net position as a percentage of total pension liability	67%
Covered employee payroll	\$ 16,758,095
Net pension liability as a percentage of covered employee payroll	248%

Note: 2015 is the first year that data has been measured in accordance with GASB 68.

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

City of Dalton, Georgia
Required Supplementary Information
Schedule of Funding Progress
December 31, 2015

Measurement Date	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Funded Percentage	Covered Payroll	Net Pension Liability as a % of Covered Payroll
1/1/2008	\$ 80,326,128	\$ 61,278,178	\$ 19,047,950	76%	\$ 24,817,638	77%
1/1/2009	74,982,215	50,049,875	24,932,340	67%	23,258,581	107%
1/1/2010	90,051,325	55,261,296	34,790,029	61%	21,418,412	162%
1/1/2011	94,177,910	60,426,552	33,751,358	64%	21,461,361	157%
1/1/2012	96,181,160	61,883,573	34,297,587	64%	19,632,308	175%
1/1/2013	103,250,126	66,758,929	36,491,197	65%	17,874,717	204%
12/31/2013	118,614,630	75,640,022	42,974,608	64%	17,324,713	248%
12/31/2014	122,337,631	83,354,743	38,982,888	68%	17,324,713	225%
12/31/2015	126,422,524	84,855,913	41,566,611	67%	16,758,095	248%

Note: 2015 is the first year that data has been measured in accordance with GASB 68.

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

City of Dalton, Georgia
Required Supplementary Information
Schedule of Actuarially Determined Contributions
December 31, 2015

Year End	Actuarially Determined Contribution (1)	Contributions Recognized by the Plan (2)	Difference Between (1) and (2)	Covered Payroll	Contributions as a % of Covered Payroll
12/31/2006	\$ 2,633,109	\$ 2,633,109	\$ -	Not available	Not available
12/31/2007	2,717,142	2,717,142	-	Not available	Not available
12/31/2008	2,624,838	2,624,838	-	24,817,638	11%
12/31/2009	3,214,925	3,214,925	-	23,258,581	14%
12/31/2010	3,657,993	3,657,993	-	21,418,412	17%
12/31/2011	3,977,435	3,977,435	-	21,461,361	19%
12/31/2012	4,220,538	4,220,538	-	19,632,308	21%
12/31/2013	4,374,373	4,374,373	-	17,874,717	24%
12/31/2014	6,789,929	6,789,929	-	17,324,713	39%
12/31/2015	7,099,703	7,099,703	-	16,758,095	42%

Note: 2015 is the first year that data has been measured in accordance with GASB 68.

City of Dalton, Georgia
Required Supplementary Information
Schedule of Annual Money-Weighted Rates of Return and Notes to Required Supplementary Information
December 31, 2015

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

December 31, 2015 0.24%

Notes to the Required Supplementary Information:

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

Employers reporting date: December 31, 2015

Measurement date: December 31, 2015

Actuarial valuation date: January 1, 2015

Actuarial cost method: Projected unit credit cost method. Under this actuarial cost method, the actuarial accrued liability is equal to the accumulated benefits earned to the valuation date for all participants, but adjusted to reflect expected increases in each participant's final average compensation. The normal cost is equal to one additional year's benefit accrual for all active participants on the same basis.

Amortization method: The unfunded actuarial accrued liability is amortized over a 10 year period with level dollar payments.

Asset method: The actuarial value of assets is equal to the market value of assets.

Interest (discount) rate: 7.00% per annum

Salary increases: Pension Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual Pension Plan compensation is known for a prior Pension Plan year.

No significant Pension Plan changes have been adopted since the completion of the previous valuation.

Note: 2015 is the first year that data has been measured in accordance with GASB 68.

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

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

City of Dalton, Georgia
Combining Balance Sheet - By Fund Type
Nonmajor Governmental Funds
December 31, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 95,921	\$ 493	\$ -	\$ 96,414
Receivables:				
Accounts	97,167	-	1,184	98,351
Intergovernmental - federal	259,122	-	-	259,122
Intergovernmental - state	9,683	-	-	9,683
Intergovernmental - local	-	125,828	8,082,143	8,207,971
Interfund	-	-	138,771	138,771
Total Assets	<u>\$ 461,893</u>	<u>\$ 126,321</u>	<u>\$ 8,222,098</u>	<u>\$ 8,810,312</u>
Liabilities				
Accounts payable	\$ 52,622	\$ -	\$ 152,410	\$ 205,032
Accrued interest payable	-	125,828	-	125,828
Interfund payable	333,153	-	171,845	504,998
Total Liabilities	<u>385,775</u>	<u>125,828</u>	<u>324,255</u>	<u>835,858</u>
Fund Balances				
Restricted for:				
Public safety	76,116	-	-	76,116
Housing and development	2	-	-	2
Debt service	-	493	-	493
Capital projects	-	-	7,897,843	7,897,843
Total Fund Balances	<u>76,118</u>	<u>493</u>	<u>7,897,843</u>	<u>7,974,454</u>
Total Liabilities and Fund Balances	<u>\$ 461,893</u>	<u>\$ 126,321</u>	<u>\$ 8,222,098</u>	<u>\$ 8,810,312</u>

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - By Fund Type
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Hotel/motel tax	\$ 1,364,880	\$ -	\$ -	\$ 1,364,880
Intergovernmental - federal	1,467,941	-	-	1,467,941
Intergovernmental - state	33,753	-	-	33,753
Intergovernmental - local	-	53,000	2,527,968	2,580,968
Fines and forfeitures	31,292	-	-	31,292
Investment earnings	190	108,828	3,491	112,509
Miscellaneous	1,205	-	-	1,205
Total Revenues	<u>2,899,261</u>	<u>161,828</u>	<u>2,531,459</u>	<u>5,592,548</u>
Expenditures				
Current:				
General government	90,658	-	41,470	132,128
Judicial	-	-	11,105	11,105
Public safety	54,159	-	130,695	184,854
Public works	-	-	23,830	23,830
Health and welfare	76,747	-	-	76,747
Culture and recreation	420,455	-	200,669	621,124
Housing and development	126,165	-	-	126,165
Capital Outlay				
General government	894,092	-	599,915	1,494,007
Public safety	-	-	2,506,798	2,506,798
Public works	-	-	1,520,648	1,520,648
Culture and recreation	472,358	-	339,734	812,092
Debt Service:				
Principal retirement	-	513,798	-	513,798
Interest and fiscal charges	-	270,543	-	270,543
Issuance costs/fiscal fees	-	-	165,356	165,356
Total Expenditures	<u>2,134,634</u>	<u>784,341</u>	<u>5,540,220</u>	<u>8,459,195</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>764,627</u>	<u>(622,513)</u>	<u>(3,008,761)</u>	<u>(2,866,647)</u>
Other Financing Sources (Uses)				
Issuance of debt	-	-	8,505,956	8,505,956
Transfers in	119,483	622,720	2,594,415	3,336,618
Transfers out	(886,664)	-	(193,767)	(1,080,431)
Total Other Financing Sources (Uses)	<u>(767,181)</u>	<u>622,720</u>	<u>10,906,604</u>	<u>10,762,143</u>
Net Change in Fund Balances	(2,554)	207	7,897,843	7,895,496
Fund Balances Beginning of Year	<u>78,672</u>	<u>286</u>	<u>-</u>	<u>78,958</u>
Fund Balances End of Year	<u>\$ 76,118</u>	<u>\$ 493</u>	<u>\$ 7,897,843</u>	<u>\$ 7,974,454</u>

GENERAL FUND

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

City of Dalton, Georgia
General Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents	\$ 20,058,350	\$ 20,802,563
Investments	458,911	473,486
Receivables:		
Accounts	1,407,677	1,444,921
Taxes	981,203	1,155,182
Intergovernmental - federal	-	9,528
Intergovernmental - state	-	339
Intergovernmental - local	207,132	98,587
Interfund	505,123	239,933
Inventory	155,735	179,324
Prepaid items	121	356
Total Assets	<u>\$ 23,774,252</u>	<u>\$ 24,404,219</u>
Liabilities		
Accounts payable	347,543	551,163
Accrued expenditures	549,742	434,425
Unearned revenue	129,045	138,780
Interfund payable	202,344	31,450
Total Liabilities	<u>1,228,674</u>	<u>1,155,818</u>
Deferred Inflows of Resources		
Unavailable revenue - property taxes	<u>714,264</u>	<u>875,440</u>
Fund Balances		
Nonspendable:		
Inventory	155,735	179,324
Prepaid items	121	356
Restricted:		
Public works (cemetery chapel renovation)	91,029	91,029
Culture and recreation (Mill Creek Park)	5,000	-
Culture and recreation (train car)	-	5,000
Unrestricted:		
Committed:		
Public works (paving contract)	108,436	-
Assigned:		
Culture and recreation (Lakeshore project)	203,690	-
Grant funds (transportation enhancement and airport grants)	55,000	97,500
Unassigned	21,212,303	21,999,752
Total Fund Balances	<u>21,831,314</u>	<u>22,372,961</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,774,252</u>	<u>\$ 24,404,219</u>

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Taxes					
Real and personal property tax	\$ 7,922,000	\$ 7,922,000	\$ 8,429,259	\$ 507,259	\$ 8,371,150
Vehicle tax	275,000	275,000	198,387	(76,613)	265,892
Title ad valorem tax	929,000	929,000	1,051,533	122,533	878,807
Sales tax	5,530,000	5,530,000	5,409,374	(120,626)	5,555,468
Insurance premium tax	1,785,000	1,907,000	1,907,409	409	1,787,075
Recording intangibles	30,000	30,000	62,132	32,132	38,217
Franchise tax	522,000	522,000	521,624	(376)	529,407
Real estate transfer tax	17,000	17,000	21,036	4,036	15,604
Beer tax	550,000	550,000	532,655	(17,345)	554,246
Wine tax	71,000	71,000	75,415	4,415	74,875
Liquor tax	78,000	78,000	88,446	10,446	79,766
Mixed drink tax	62,000	62,000	64,981	2,981	64,251
Total taxes	17,771,000	17,893,000	18,362,251	469,251	18,214,758
Licenses and permits:					
Alcohol beverage licenses	230,400	230,400	239,083	8,683	230,521
Occupation tax	735,000	734,500	717,620	(16,880)	737,962
Other permits	-	400	400	-	400
Total licenses and permits	965,400	965,300	957,103	(8,197)	968,883
Intergovernmental:					
Whitfield County	158,945	159,430	159,427	(3)	361,550
Housing Authority	48,700	48,700	48,712	12	48,712
Federal grants and contracts	-	8,235	14,492	6,257	9,528
State grants and contracts	267,000	267,000	272,064	5,064	272,630
Total intergovernmental	474,645	483,365	494,695	11,330	692,420
Charges for services:					
Senior center	82,500	56,255	47,783	(8,472)	51,710
Program admission and fees	124,000	124,175	117,421	(6,754)	98,186
Concession revenue	273,300	273,300	253,213	(20,087)	270,675
Garbage and recycling revenue	3,200	5,500	4,335	(1,165)	51,756
Public works fees	59,000	72,000	77,475	5,475	73,812
Municipal court fees	798,000	776,075	689,686	(86,389)	884,819
Public safety fees	32,000	32,100	34,712	2,612	30,703
Cemetery fees	32,000	32,000	52,574	20,574	35,440
Total charges for services	1,404,000	1,371,405	1,277,199	(94,206)	1,497,101
Fines and forfeitures	455,000	455,000	374,274	(80,726)	481,099
Investment earnings	115,050	115,050	109,390	(5,660)	106,465

(Continued)

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Miscellaneous:					
Penalties, fines, and interest	66,100	72,550	122,922	50,372	74,273
Rental income	229,500	229,500	228,001	(1,499)	253,175
Donations	14,500	20,100	20,891	791	22,836
Sale of property	-	31,650	11,116	(20,534)	140,820
Reimbursements	140,000	145,495	140,619	(4,876)	136,734
Miscellaneous	77,500	77,445	66,300	(11,145)	103,255
Total miscellaneous	<u>527,600</u>	<u>576,740</u>	<u>589,849</u>	<u>13,109</u>	<u>731,093</u>
 Total revenues	 <u>\$ 21,712,695</u>	 <u>\$ 21,859,860</u>	 <u>\$ 22,164,761</u>	 <u>\$ 304,901</u>	 <u>\$ 22,691,819</u>

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Current:					
General Government:					
Legislative					
Personal services and benefits	\$ 70,395	\$ 72,065	\$ 72,067	\$ (2)	\$ 62,710
Other	<u>78,125</u>	<u>77,355</u>	<u>77,349</u>	<u>6</u>	<u>88,136</u>
Total	<u>148,520</u>	<u>149,420</u>	<u>149,416</u>	<u>4</u>	<u>150,846</u>
Administrative					
Personal services and benefits	272,740	246,685	171,049	75,636	171,880
Other	<u>197,955</u>	<u>222,580</u>	<u>219,946</u>	<u>2,634</u>	<u>149,553</u>
Total	<u>470,695</u>	<u>469,265</u>	<u>390,995</u>	<u>78,270</u>	<u>321,433</u>
City Clerk					
Personal services and benefits	210,855	221,545	221,528	17	215,310
Other	45,245	38,980	38,930	50	34,003
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,374</u>
Total	<u>256,100</u>	<u>260,525</u>	<u>260,458</u>	<u>67</u>	<u>256,687</u>
Elections					
Other	<u>25,000</u>	<u>25,000</u>	<u>6,450</u>	<u>18,550</u>	<u>5,572</u>
Total	<u>25,000</u>	<u>25,000</u>	<u>6,450</u>	<u>18,550</u>	<u>5,572</u>
Finance					
Personal services and benefits	322,780	315,775	307,953	7,822	302,097
Other	<u>301,530</u>	<u>310,330</u>	<u>294,540</u>	<u>15,790</u>	<u>270,185</u>
Total	<u>624,310</u>	<u>626,105</u>	<u>602,493</u>	<u>23,612</u>	<u>572,282</u>
Human Resources					
Personal services and benefits	270,420	267,100	266,994	106	267,189
Other	<u>70,420</u>	<u>77,090</u>	<u>58,737</u>	<u>18,353</u>	<u>49,220</u>
Total	<u>340,840</u>	<u>344,190</u>	<u>325,731</u>	<u>18,459</u>	<u>316,409</u>
Technology					
Personal services and benefits	127,945	134,980	134,843	137	99,393
Other	196,855	190,485	171,892	18,593	151,968
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,564</u>
Total	<u>324,800</u>	<u>325,465</u>	<u>306,735</u>	<u>18,730</u>	<u>272,925</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Buildings and Grounds					
Other	213,550	213,550	213,279	271	201,616
Capital outlay	-	99,210	99,207	3	-
Total	<u>213,550</u>	<u>312,760</u>	<u>312,486</u>	<u>274</u>	<u>201,616</u>
Infrastructure					
Other	-	11,867	11,867	-	-
Capital outlay	-	58,443	44,237	14,206	187,449
Total	<u>-</u>	<u>70,310</u>	<u>56,104</u>	<u>14,206</u>	<u>187,449</u>
Total General Government	<u>2,403,815</u>	<u>2,583,040</u>	<u>2,410,868</u>	<u>172,172</u>	<u>2,285,219</u>
Judicial:					
Municipal Court					
Personal services and benefits	239,560	240,710	229,737	10,973	225,941
Other	224,690	224,690	196,456	28,234	188,062
Total	<u>464,250</u>	<u>465,400</u>	<u>426,193</u>	<u>39,207</u>	<u>414,003</u>
Total Judicial	<u>464,250</u>	<u>465,400</u>	<u>426,193</u>	<u>39,207</u>	<u>414,003</u>
Public Safety:					
Fire Department					
Personal services and benefits	6,994,120	7,003,550	6,859,139	144,411	6,434,248
Other	969,090	1,026,095	960,606	65,489	971,974
Capital outlay	40,500	19,675	19,675	-	9,450
Total	<u>8,003,710</u>	<u>8,049,320</u>	<u>7,839,420</u>	<u>209,900</u>	<u>7,415,672</u>
Police Department					
Personal services and benefits	6,386,140	6,405,400	6,281,113	124,287	6,177,269
Other	1,337,880	1,349,575	1,105,655	243,920	1,289,183
Capital outlay	12,120	12,120	12,120	-	28,636
Total	<u>7,736,140</u>	<u>7,767,095</u>	<u>7,398,888</u>	<u>368,207</u>	<u>7,495,088</u>
Total Public Safety	<u>15,739,850</u>	<u>15,816,415</u>	<u>15,238,308</u>	<u>578,107</u>	<u>14,910,760</u>
Public Works:					
Public Works					
Personal services and benefits	4,391,230	4,416,055	4,148,828	267,227	3,949,543
Other	2,769,020	2,792,175	2,621,849	170,326	2,383,721
Capital outlay	-	8,670	8,669	1	87,850
Total	<u>7,160,250</u>	<u>7,216,900</u>	<u>6,779,346</u>	<u>437,554</u>	<u>6,421,114</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Infrastructure					
Other	998,320	1,030,995	842,018	188,977	957,833
Capital outlay	-	124,170	53,370	70,800	-
Total	<u>998,320</u>	<u>1,155,165</u>	<u>895,388</u>	<u>259,777</u>	<u>957,833</u>
Total Public Works	<u>8,158,570</u>	<u>8,372,065</u>	<u>7,674,734</u>	<u>697,331</u>	<u>7,378,947</u>
Health and Welfare:					
Senior Center					
Personal services and benefits	254,630	257,675	257,650	25	251,574
Other	159,165	131,605	122,884	8,721	133,944
Total	<u>413,795</u>	<u>389,280</u>	<u>380,534</u>	<u>8,746</u>	<u>385,518</u>
Special Projects					
Other	30,990	51,200	50,208	992	30,984
Total	<u>30,990</u>	<u>51,200</u>	<u>50,208</u>	<u>992</u>	<u>30,984</u>
Total Health and Welfare	<u>444,785</u>	<u>440,480</u>	<u>430,742</u>	<u>9,738</u>	<u>416,502</u>
Culture and Recreation:					
Recreation Department					
Personal services and benefits	1,917,080	1,959,365	1,826,886	132,479	1,898,386
Other	1,255,245	1,230,010	1,162,947	67,063	1,110,466
Capital outlay	-	-	-	-	13,564
Total	<u>3,172,325</u>	<u>3,189,375</u>	<u>2,989,833</u>	<u>199,542</u>	<u>3,022,416</u>
Special Projects					
Other	281,810	281,810	281,810	-	284,310
Total	<u>281,810</u>	<u>281,810</u>	<u>281,810</u>	<u>-</u>	<u>284,310</u>
Infrastructure					
Capital outlay	-	214,715	76,280	138,435	-
Total	<u>-</u>	<u>214,715</u>	<u>76,280</u>	<u>138,435</u>	<u>-</u>
Total Culture and Recreation	<u>3,454,135</u>	<u>3,685,900</u>	<u>3,347,923</u>	<u>337,977</u>	<u>3,306,726</u>
Housing and Development:					
Special Projects					
Other	292,000	322,000	322,000	-	321,750
Total	<u>292,000</u>	<u>322,000</u>	<u>322,000</u>	<u>-</u>	<u>321,750</u>
Total Housing and Development	<u>292,000</u>	<u>322,000</u>	<u>322,000</u>	<u>-</u>	<u>321,750</u>
Total expenditures	<u>\$ 30,957,405</u>	<u>\$ 31,685,300</u>	<u>\$ 29,850,768</u>	<u>\$ 1,834,532</u>	<u>\$ 29,033,907</u>

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Police Department					
Administration					
Personal services and benefits	\$ 584,100	\$ 635,775	\$ 635,754	21	\$ 580,844
Other	418,830	407,775	384,706	23,069	396,995
Total	<u>1,002,930</u>	<u>1,043,550</u>	<u>1,020,460</u>	<u>23,090</u>	<u>977,839</u>
Patrol					
Personal services and benefits	3,915,320	3,834,650	3,774,842	59,808	3,736,265
Other	589,530	586,275	410,936	175,339	569,300
Capital outlay	6,525	6,525	6,525	-	10,181
Total	<u>4,511,375</u>	<u>4,427,450</u>	<u>4,192,303</u>	<u>235,147</u>	<u>4,315,746</u>
Criminal Investigation Division					
Personal services and benefits	1,153,160	1,139,690	1,075,973	63,717	1,152,838
Other	151,195	151,670	111,016	40,654	141,498
Capital outlay	5,595	5,595	5,595	-	7,067
Total	<u>1,309,950</u>	<u>1,296,955</u>	<u>1,192,584</u>	<u>104,371</u>	<u>1,301,403</u>
Support Services					
Personal services and benefits	733,560	795,285	794,544	741	707,322
Other	178,325	203,855	198,997	4,858	181,390
Capital outlay	-	-	-	-	11,388
Total	<u>911,885</u>	<u>999,140</u>	<u>993,541</u>	<u>5,599</u>	<u>900,100</u>
Total Police Department	<u>\$ 7,736,140</u>	<u>\$ 7,767,095</u>	<u>\$ 7,398,888</u>	<u>\$ 368,207</u>	<u>\$ 7,495,088</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Public Works Department					
Administration					
Personal services and benefits	\$ 506,990	\$ 500,385	\$ 436,219	\$ 64,166	\$ 430,578
Other	<u>724,225</u>	<u>698,545</u>	<u>671,984</u>	<u>26,561</u>	<u>665,974</u>
Total	<u>1,231,215</u>	<u>1,198,930</u>	<u>1,108,203</u>	<u>90,727</u>	<u>1,096,552</u>
Street					
Personal services and benefits	787,535	799,990	745,245	54,745	748,724
Other	218,000	241,495	239,239	2,256	246,366
Capital outlay	-	-	-	-	58,018
Total	<u>1,005,535</u>	<u>1,041,485</u>	<u>984,484</u>	<u>57,001</u>	<u>1,053,108</u>
Sanitation					
Personal services and benefits	1,664,500	1,631,130	1,565,075	66,055	1,585,183
Other	344,075	372,165	370,160	2,005	300,668
Capital outlay	-	-	-	-	4,970
Total	<u>2,008,575</u>	<u>2,003,295</u>	<u>1,935,235</u>	<u>68,060</u>	<u>1,890,821</u>
Shop					
Personal services and benefits	481,600	485,175	477,741	7,434	461,887
Other	<u>802,720</u>	<u>831,030</u>	<u>721,999</u>	<u>109,031</u>	<u>834,859</u>
Total	<u>1,284,320</u>	<u>1,316,205</u>	<u>1,199,740</u>	<u>116,465</u>	<u>1,296,746</u>
Traffic engineer					
Personal services and benefits	391,410	394,150	392,342	1,808	376,570
Other	103,650	111,615	108,708	2,907	122,691
Capital outlay	-	-	-	-	17,893
Total	<u>495,060</u>	<u>505,765</u>	<u>501,050</u>	<u>4,715</u>	<u>517,154</u>
Landscaping					
Personal services and benefits	357,280	353,910	306,146	47,764	346,601
Other	283,155	245,230	227,285	17,945	213,163
Capital outlay	-	-	-	-	6,969
Total	<u>640,435</u>	<u>599,140</u>	<u>533,431</u>	<u>65,709</u>	<u>566,733</u>
Stormwater					
Personal services and benefits	201,915	251,315	226,060	25,255	-
Other	293,195	292,095	282,474	9,621	-
Capital outlay	-	8,670	8,669	1	-
Total	<u>495,110</u>	<u>552,080</u>	<u>517,203</u>	<u>34,877</u>	<u>-</u>
Total Public Works	<u>\$ 7,160,250</u>	<u>\$ 7,216,900</u>	<u>\$ 6,779,346</u>	<u>\$ 437,554</u>	<u>\$ 6,421,114</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Recreation Department					
Administration					
Personal services and benefits	\$ 824,835	\$ 829,490	\$ 757,811	\$ 71,679	\$ 803,763
Other	<u>142,595</u>	<u>152,430</u>	<u>144,172</u>	<u>8,258</u>	<u>139,552</u>
Total	<u>967,430</u>	<u>981,920</u>	<u>901,983</u>	<u>79,937</u>	<u>943,315</u>
Programs					
Personal services and benefits	266,370	303,590	295,489	8,101	306,847
Other	<u>443,400</u>	<u>412,940</u>	<u>386,400</u>	<u>26,540</u>	<u>402,992</u>
Total	<u>709,770</u>	<u>716,530</u>	<u>681,889</u>	<u>34,641</u>	<u>709,839</u>
Parks					
Personal services and benefits	825,875	826,285	773,586	52,699	787,776
Other	669,250	664,640	632,375	32,265	567,922
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,564</u>
Total	<u>1,495,125</u>	<u>1,490,925</u>	<u>1,405,961</u>	<u>84,964</u>	<u>1,369,262</u>
Total Recreation Department	<u>\$ 3,172,325</u>	<u>\$ 3,189,375</u>	<u>\$ 2,989,833</u>	<u>\$ 199,542</u>	<u>\$ 3,022,416</u>

NONMAJOR SPECIAL REVENUE FUNDS

Hotel Motel Tax – Established to account for the collection of excise tax on charges for hotel/motel accommodations in the City. Prior to August 2010, the rate imposed was 6%. Subsequently, the rate imposed is 7%. The levy is used to promote tourism, trade shows, and other related purposes.

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

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

Community HOME Investment Program Grant – Established to account for grant proceeds from the Department of Housing and Urban Development for the operations of the City's home improvement program. The program provides assistance to low and very low income families for home improvements.

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

Grants – Established to account for general grant proceeds and their related expenditure.

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	<u>Hotel Motel Tax</u>	<u>Confiscated Assets</u>	<u>Community Development Block Grant</u>	<u>Community HOME Invest. Program Grant</u>	<u>Airport Improvement Grant</u>	<u>Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets							
Cash and cash equivalents	\$ -	\$ 95,919	\$ 1	\$ 1	\$ -	\$ -	\$ 95,921
Receivables:							
Accounts	97,167	-	-	-	-	-	97,167
Intergovernmental - federal	-	-	45,753	-	213,369	-	259,122
Intergovernmental - state	-	-	-	-	9,683	-	9,683
Total Assets	<u>\$ 97,167</u>	<u>\$ 95,919</u>	<u>\$ 45,754</u>	<u>\$ 1</u>	<u>\$ 223,052</u>	<u>\$ -</u>	<u>\$ 461,893</u>
Liabilities							
Accounts payable	\$ 20,184	\$ 725	\$ 31,713	\$ -	\$ -	\$ -	\$ 52,622
Interfund payable	76,983	19,078	14,040	-	223,052	-	333,153
Total Liabilities	<u>97,167</u>	<u>19,803</u>	<u>45,753</u>	<u>-</u>	<u>223,052</u>	<u>-</u>	<u>385,775</u>
Fund Balances							
Restricted for:							
Public safety	-	76,116	-	-	-	-	76,116
Housing and development	-	-	1	1	-	-	2
Total Fund Balances	<u>-</u>	<u>76,116</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>76,118</u>
Total Liabilities and Fund Balances	<u>\$ 97,167</u>	<u>\$ 95,919</u>	<u>\$ 45,754</u>	<u>\$ 1</u>	<u>\$ 223,052</u>	<u>\$ -</u>	<u>\$ 461,893</u>

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015

	<u>Hotel Motel Tax</u>	<u>Confiscated Assets</u>	<u>Community Development Block Grant</u>	<u>Community HOME Invest. Program Grant</u>	<u>Airport Improvement Grant</u>	<u>Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues							
Hotel/motel taxes	\$ 1,364,880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,364,880
Intergovernmental - federal	-	20,123	522,217	-	844,601	81,000	1,467,941
Intergovernmental - state	-	-	-	-	33,753	-	33,753
Fines & forfeitures	-	31,292	-	-	-	-	31,292
Investment earnings	-	190	-	-	-	-	190
Miscellaneous	1,205	-	-	-	-	-	1,205
Total Revenues	<u>1,366,085</u>	<u>51,605</u>	<u>522,217</u>	<u>-</u>	<u>878,354</u>	<u>81,000</u>	<u>2,899,261</u>
Expenditures							
Current:							
General government	-	-	87,601	-	3,057	-	90,658
Public safety	-	54,159	-	-	-	-	54,159
Health and welfare	-	-	76,747	-	-	-	76,747
Culture and recreation	420,455	-	-	-	-	-	420,455
Housing and development	-	-	124,356	1,809	-	-	126,165
Total Current	<u>420,455</u>	<u>54,159</u>	<u>288,704</u>	<u>1,809</u>	<u>3,057</u>	<u>-</u>	<u>768,184</u>
Capital Outlay:							
General government	-	-	-	-	894,092	-	894,092
Culture and recreation	58,966	-	233,513	-	-	179,879	472,358
Total Capital Outlay	<u>58,966</u>	<u>-</u>	<u>233,513</u>	<u>-</u>	<u>894,092</u>	<u>179,879</u>	<u>1,366,450</u>
Total Expenditures	<u>479,421</u>	<u>54,159</u>	<u>522,217</u>	<u>1,809</u>	<u>897,149</u>	<u>179,879</u>	<u>2,134,634</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	886,664	(2,554)	-	(1,809)	(18,795)	(98,879)	764,627
Other Financing Sources (Uses)							
Transfers in (out)	(886,664)	-	-	1,809	18,795	98,879	(767,181)
Net Change in Fund Balances	-	(2,554)	-	-	-	-	(2,554)
Fund Balances Beginning of Year	-	78,670	1	1	-	-	78,672
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 76,116</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,118</u>

City of Dalton, Georgia
Hotel/Motel Tax Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Accounts receivable	\$ 97,167	\$ 95,120
Total Assets	<u>\$ 97,167</u>	<u>\$ 95,120</u>
Liabilities		
Accounts payable	\$ 20,184	\$ 33,346
Interfund payable	76,983	61,774
Total Liabilities	<u>\$ 97,167</u>	<u>\$ 95,120</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Hotel/Motel Tax Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Hotel/motel taxes	\$ 1,199,000	\$ 1,364,890	\$ 1,364,880	\$ (10)	\$ 1,235,285
Miscellaneous	-	1,200	1,205	5	1,157
Total Revenues	<u>1,199,000</u>	<u>1,366,090</u>	<u>1,366,085</u>	<u>(5)</u>	<u>1,236,442</u>
Expenditures					
Current:					
Culture and recreation:					
Other	648,495	424,100	420,455	3,645	417,778
Capital Outlay:					
Culture and recreation:					
Capital outlay	5,000	58,965	58,966	(1)	68,633
Total Expenditures	<u>653,495</u>	<u>483,065</u>	<u>479,421</u>	<u>3,644</u>	<u>486,411</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	545,505	883,025	886,664	3,639	750,031
Other Financing (Uses)					
Transfers out	(545,505)	(886,670)	(886,664)	6	(750,031)
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (3,645)</u>	-	<u>\$ 3,645</u>	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			<u>\$ -</u>		<u>\$ -</u>

**City of Dalton, Georgia
Confiscated Assets Fund
Comparative Balance Sheet
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Assets		
Cash	\$ 95,919	\$ 78,638
Interfund receivable	-	1,057
Total Assets	<u>\$ 95,919</u>	<u>\$ 79,695</u>
Liabilities		
Accounts payable	\$ 725	\$ 1,025
Interfund payable	19,078	-
Total Liabilities	<u>19,803</u>	<u>1,025</u>
Fund Balances		
Restricted - public safety	<u>76,116</u>	<u>78,670</u>
Total Fund Balances	<u>76,116</u>	<u>78,670</u>
Total Liabilities and Fund Balances	<u>\$ 95,919</u>	<u>\$ 79,695</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Confiscated Assets Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	\$ 60,000	\$ 60,000	\$ 20,123	\$ (39,877)	\$ 62,335
Fines & forfeitures	25,000	25,000	31,292	6,292	68,132
Investment earnings	<u>210</u>	<u>210</u>	<u>190</u>	<u>(20)</u>	<u>257</u>
Total Revenues	<u>85,210</u>	<u>85,210</u>	<u>51,605</u>	<u>(33,605)</u>	<u>130,724</u>
Expenditures					
Current:					
Public Safety:					
Other	80,450	80,450	54,159	26,291	102,089
Capital Outlay:					
Public Safety:					
Capital outlay	-	-	-	-	71,709
Total Expenditures	<u>80,450</u>	<u>80,450</u>	<u>54,159</u>	<u>26,291</u>	<u>173,798</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 4,760</u>	<u>\$ 4,760</u>	(2,554)	<u>\$ (7,314)</u>	(43,074)
Fund Balances Beginning of Year			<u>78,670</u>		<u>121,744</u>
Fund Balances End of Year			<u>\$ 76,116</u>		<u>\$ 78,670</u>

City of Dalton, Georgia
Community Development Block Grant Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash	\$ 1	\$ 1
Intergovernmental receivable - federal	45,753	12,621
Total Assets	<u>\$ 45,754</u>	<u>\$ 12,622</u>
Liabilities		
Accounts payable	\$ 31,713	\$ 7,562
Interfund payable	14,040	5,059
Total Liabilities	<u>45,753</u>	<u>12,621</u>
Fund Balances		
Restricted - housing and development	<u>1</u>	<u>1</u>
Total Fund Balances	<u>1</u>	<u>1</u>
Total Liabilities and Fund Balances	<u>\$ 45,754</u>	<u>\$ 12,622</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CDBG Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	\$ 379,000	\$ 595,000	\$ 522,217	\$ (72,783)	\$ 344,211
Total Revenues	<u>379,000</u>	<u>595,000</u>	<u>522,217</u>	<u>(72,783)</u>	<u>344,211</u>
Expenditures					
Current:					
General Government:					
Other	75,800	96,370	87,601	8,769	53,556
Health and Welfare:					
Other	72,350	87,575	76,747	10,828	63,313
Culture and Recreation:					
Other	-	-	-	-	1,050
Housing and Development:					
Other	230,850	177,540	124,356	53,184	141,582
Capital outlay:					
General Government:					
Capital outlay	-	-	-	-	99,770
Culture and Recreation:					
Capital outlay	-	233,515	233,513	2	8,000
Total Expenditures	<u>379,000</u>	<u>595,000</u>	<u>522,217</u>	<u>72,783</u>	<u>367,271</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	(23,060)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	23,060
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balances Beginning of Year			<u>1</u>		<u>1</u>
Fund Balances End of Year			<u>\$ 1</u>		<u>\$ 1</u>

City of Dalton, Georgia
Community HOME Investment Program Grant
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash	\$ 1	\$ 1
Total Assets	<u>\$ 1</u>	<u>\$ 1</u>
Fund Balances		
Restricted - housing and development	\$ 1	\$ 1
Total Fund Balances	<u>\$ 1</u>	<u>\$ 1</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CHIP Grant
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)	\$ -
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>
Expenditures					
Current:					
Housing and Development:					
Other	105,000	105,000	1,809	103,191	-
Total Expenditures	<u>105,000</u>	<u>105,000</u>	<u>1,809</u>	<u>103,191</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(5,000)	(1,809)	3,191	-
Other Financing Sources					
Transfers in	5,000	5,000	1,809	(3,191)	-
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balances Beginning of Year			<u>1</u>		<u>1</u>
Fund Balances End of Year			<u>\$ 1</u>		<u>\$ 1</u>

City of Dalton, Georgia
Airport Improvement Grant Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Receivables:		
Intergovernmental - federal	\$ 213,369	\$ 46,412
Intergovernmental - state	<u>9,683</u>	<u>2,578</u>
Total Assets	<u>\$ 223,052</u>	<u>\$ 48,990</u>
Liabilities		
Accounts payable	\$ -	\$ 35,216
Interfund payable	<u>223,052</u>	<u>13,774</u>
Total Liabilities	<u>\$ 223,052</u>	<u>\$ 48,990</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Airport Improvement Grant Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	<u>2015</u>				<u>2014</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Revenues					
Intergovernmental - federal	\$ 950,000	\$ 950,000	\$ 844,601	\$ (105,399)	\$ 138,735
Intergovernmental - state	<u>52,500</u>	<u>52,500</u>	<u>33,753</u>	<u>(18,747)</u>	<u>7,134</u>
Total Revenues	<u>1,002,500</u>	<u>1,002,500</u>	<u>878,354</u>	<u>(124,146)</u>	<u>145,869</u>
Expenditures					
Current:					
General Government:					
Other	-	3,060	3,057	3	23,980
Capital outlay:					
General Government:					
Capital outlay	<u>1,055,000</u>	<u>1,051,940</u>	<u>894,092</u>	<u>157,848</u>	<u>124,597</u>
Total Expenditures	<u>1,055,000</u>	<u>1,055,000</u>	<u>897,149</u>	<u>157,851</u>	<u>148,577</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,500)	(52,500)	(18,795)	33,705	(2,708)
Other Financing Sources					
Transfers in	<u>52,500</u>	<u>52,500</u>	<u>18,795</u>	<u>(33,705)</u>	<u>2,708</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			<u>\$ -</u>		<u>\$ -</u>

City of Dalton, Georgia
Grants Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Receivables:		
Interfund	\$ -	\$ -
Total Assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities		
Accounts payable	\$ -	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual - Grants Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	<u>2015</u>				<u>2014</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Revenues					
Intergovernmental - federal	\$ 500,000	\$ 581,000	81,000	\$ (500,000)	\$ -
Total Revenues	<u>500,000</u>	<u>581,000</u>	<u>81,000</u>	<u>(500,000)</u>	<u>-</u>
Expenditures					
Capital Outlay:					
Culture and Recreation:					
Capital outlay	540,000	719,880	179,879	540,001	5,809
Total Expenditures	<u>540,000</u>	<u>719,880</u>	<u>179,879</u>	<u>540,001</u>	<u>5,809</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,000)	(138,880)	(98,879)	40,001	(5,809)
Other Financing Sources					
Transfers in	40,000	138,880	98,879	(40,001)	5,809
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			<u>\$ -</u>		<u>\$ -</u>

NONMAJOR DEBT SERVICE FUND

**City of Dalton, Georgia
Comparative Balance Sheet
Debt Service Fund
December 31, 2015 and 2014**

	2015	2014
Assets		
Cash and cash equivalents	\$ 493	\$ 286
Receivables:		
Intergovernmental - local	<u> 125,828</u>	<u> 130,293</u>
Total Assets	<u><u>\$ 126,321</u></u>	<u><u>\$ 130,579</u></u>
 Liabilities		
Accrued interest payable	<u> 125,828</u>	<u> 130,293</u>
Total Liabilities	<u> 125,828</u>	<u> 130,293</u>
 Fund Balances		
Restricted - debt service	<u> 493</u>	<u> 286</u>
Total Fund Balances	<u> 493</u>	<u> 286</u>
 Total Liabilities and Fund Balances	<u><u>\$ 126,321</u></u>	<u><u>\$ 130,579</u></u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - local	\$ 53,000	\$ 53,000	\$ 53,000	\$ -	\$ 53,000
Investment earnings	<u>106,945</u>	<u>106,945</u>	<u>108,828</u>	<u>1,883</u>	<u>112,504</u>
Total Revenues	<u>159,945</u>	<u>159,945</u>	<u>161,828</u>	<u>1,883</u>	<u>165,504</u>
Expenditures					
Debt Service:					
Principal retirement	513,800	513,800	513,798	2	509,958
Interest and fiscal charges	<u>271,045</u>	<u>271,045</u>	<u>270,543</u>	<u>502</u>	<u>281,844</u>
Total Expenditures	<u>784,845</u>	<u>784,845</u>	<u>784,341</u>	<u>504</u>	<u>791,802</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(624,900)</u>	<u>(624,900)</u>	<u>(622,513)</u>	<u>2,387</u>	<u>(626,298)</u>
Other Financing Sources (Uses)					
Transfers in	<u>624,900</u>	<u>624,900</u>	<u>622,720</u>	<u>(2,180)</u>	<u>619,142</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	207	<u>\$ 207</u>	(7,156)
Fund Balances Beginning of Year			<u>286</u>		<u>7,442</u>
Fund Balances End of Year			<u>\$ 493</u>		<u>\$ 286</u>

NONMAJOR CAPITAL PROJECTS FUNDS

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

2015 SPLOST Bonded Debt Capital Projects Fund – Established to account for a portion of 2015 SPLOST proceeds and related current and capital expenditures of those proceeds. The Building Authority issued debt during 2015 to prefund certain City and county-wide SPLOST projects, and the repayment of that debt with SPLOST revenues collected will be accounted for and reported in this fund. Further, all SPLOST projects that were not prefunded by the debt issuance will be accounted for and reported in this fund.

2007 SPLOST Capital Projects Fund – Established to account for all 2007 SPLOST proceeds and related current and capital expenditures of those proceeds.

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

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2015

	SPLOST 2015 Capital Projects Fund	SPLOST 2015 Bonded Debt Capital Projects Fund	SPLOST 2007 Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Assets					
Receivables:					
Accounts	\$ 1,184	\$ -	\$ -	\$ -	\$ 1,184
Intergovernmental - local	6,091,510	1,890,462	100,171	-	8,082,143
Interfund	-	-	-	138,771	138,771
Total Assets	<u>\$ 6,092,694</u>	<u>\$ 1,890,462</u>	<u>\$ 100,171</u>	<u>\$ 138,771</u>	<u>\$ 8,222,098</u>
Liabilities					
Accounts payable	\$ 4,984	\$ 8,300	\$ 355	\$ 138,771	\$ 152,410
Interfund payable	3,158	68,871	99,816	-	171,845
Total Liabilities	<u>8,142</u>	<u>77,171</u>	<u>100,171</u>	<u>138,771</u>	<u>324,255</u>
Fund Balances					
Restricted for:					
Capital projects	6,084,552	1,813,291	-	-	7,897,843
Total Fund Balances	<u>6,084,552</u>	<u>1,813,291</u>	<u>-</u>	<u>-</u>	<u>7,897,843</u>
Total Liabilities and Fund Balances	<u>\$ 6,092,694</u>	<u>\$ 1,890,462</u>	<u>\$ 100,171</u>	<u>\$ 138,771</u>	<u>\$ 8,222,098</u>

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2015

	SPLOST 2015 Capital Projects Fund	SPLOST 2015 Bonded Debt Capital Projects Fund	SPLOST 2007 Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Revenues					
Intergovernmental - local	\$ -	\$ 1,890,462	\$ 637,506	\$ -	\$ 2,527,968
Investment earnings	3,491	-	-	-	3,491
Total Revenues	<u>3,491</u>	<u>1,890,462</u>	<u>637,506</u>	<u>-</u>	<u>2,531,459</u>
Expenditures					
Current:					
General government	-	8,860	-	32,610	41,470
Judicial	-	-	-	11,105	11,105
Public safety	-	-	-	130,695	130,695
Public works	-	-	-	23,830	23,830
Culture and recreation	82,454	-	-	118,215	200,669
Total Current	<u>82,454</u>	<u>8,860</u>	<u>-</u>	<u>316,455</u>	<u>407,769</u>
Capital Outlay:					
General government	468,147	-	-	131,768	599,915
Public safety	1,675,660	68,311	-	762,827	2,506,798
Public works	-	-	637,506	883,142	1,520,648
Culture and recreation	33,278	-	-	306,456	339,734
Total Capital Outlay	<u>2,177,085</u>	<u>68,311</u>	<u>637,506</u>	<u>2,084,193</u>	<u>4,967,095</u>
Debt Service:					
Issuance costs/fiscal fees	165,356	-	-	-	165,356
Total Debt Service	<u>165,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,356</u>
Total Expenditures	<u>2,424,895</u>	<u>77,171</u>	<u>637,506</u>	<u>2,400,648</u>	<u>5,540,220</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,421,404)	1,813,291	-	(2,400,648)	(3,008,761)
Other Financing Sources (Uses)					
Issuance of debt	8,505,956	-	-	-	8,505,956
Transfers in	-	-	-	2,594,415	2,594,415
Transfers out	-	-	-	(193,767)	(193,767)
Total Other Financing Sources (Uses)	<u>8,505,956</u>	<u>-</u>	<u>-</u>	<u>2,400,648</u>	<u>10,906,604</u>
Net Change in Fund Balances	6,084,552	1,813,291	-	-	7,897,843
Fund Balances Beginning of Year	-	-	-	-	-
Fund Balances End of Year	<u>\$ 6,084,552</u>	<u>\$ 1,813,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,897,843</u>

City of Dalton, Georgia
SPLOST 2015 Capital Projects Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Accounts receivable	\$ 1,184	\$ -
Intergovernmental receivable - local	6,091,510	-
Total Assets	<u>\$ 6,092,694</u>	<u>\$ -</u>
Liabilities		
Accounts payable	\$ 4,984	\$ -
Interfund payable	3,158	-
Total Liabilities	<u>8,142</u>	<u>-</u>
Fund Balances		
Restricted - capital projects	6,084,552	-
Total Fund Balances	<u>6,084,552</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 6,092,694</u>	<u>\$ -</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - SPLOST 2015 Capital Projects Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Investment earnings	\$ -	\$ -	\$ 3,491	\$ 3,491	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>3,491</u>	<u>3,491</u>	<u>-</u>
Expenditures					
Current:					
Culture and Recreation:					
Other	350,000	350,000	82,454	267,546	-
Total Current	<u>350,000</u>	<u>350,000</u>	<u>82,454</u>	<u>267,546</u>	<u>-</u>
Capital Outlay:					
General Government:					
Library	162,551	162,551	-	162,551	-
Communication project	3,901,222	3,901,222	468,147	3,433,075	-
Public Safety:					
Fire Department vehicles	1,600,000	1,600,000	1,254,421	345,579	-
Police Department vehicles	476,043	476,043	421,239	54,804	-
Culture and Recreation:					
Tennis courts	1,815,000	1,815,000			
Brookwood Bridge	35,000	35,000	33,278	1,722	-
Total Capital Outlay	<u>7,989,816</u>	<u>7,989,816</u>	<u>2,177,085</u>	<u>3,997,731</u>	<u>-</u>
Debt Service:					
Issuance costs/fiscal fees	166,140	166,140	165,356	784	-
Total Debt Service	<u>166,140</u>	<u>166,140</u>	<u>165,356</u>	<u>784</u>	<u>-</u>
Total Expenditures	<u>8,505,956</u>	<u>8,505,956</u>	<u>2,424,895</u>	<u>4,266,061</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,505,956)</u>	<u>(8,505,956)</u>	<u>(2,421,404)</u>	<u>4,269,552</u>	<u>-</u>
Other Financing Sources (Uses)					
Issuance of debt	8,505,956	8,505,956	8,505,956	-	-
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>6,084,552</u>	<u>\$ 4,269,552</u>	<u>-</u>
Fund Balances Beginning of Year			<u>-</u>		<u>-</u>
Fund Balances End of Year			<u>\$ 6,084,552</u>		<u>\$ -</u>

Note: This capital projects fund is project based, and therefore the budget presented above represents anticipated expenditures over multiple years. A project to date column will be presented in future years.

City of Dalton, Georgia
SPLOST 2015 Bonded Debt Capital Projects Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Intergovernmental receivable - local	\$ 1,890,462	\$ -
Total Assets	<u>\$ 1,890,462</u>	<u>\$ -</u>
Liabilities		
Accounts payable	\$ 8,300	\$ -
Interfund payable	<u>68,871</u>	<u>-</u>
Total Liabilities	<u>77,171</u>	<u>-</u>
Fund Balances		
Restricted - capital projects	<u>1,813,291</u>	<u>-</u>
Total Fund Balances	<u>1,813,291</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,890,462</u>	<u>\$ -</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -
SPLOST 2015 Bonded Debt Capital Projects Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - local	\$ 16,123,957	\$ 24,913,115	\$ 1,890,462	\$ (23,022,653)	-
Total Revenues	<u>16,123,957</u>	<u>24,913,115</u>	<u>1,890,462</u>	<u>(23,022,653)</u>	<u>-</u>
Expenditures					
Current:					
General Government:					
Other	308,860	308,860	8,860	300,000	-
Total Current	<u>308,860</u>	<u>308,860</u>	<u>8,860</u>	<u>300,000</u>	<u>-</u>
Capital Outlay:					
General Government:					
Construction projects	14,691,140	14,691,140	-	14,691,140	-
Public Safety:					
Police Department vehicles	1,123,957	1,123,957	68,311	1,055,646	-
Total Capital Outlay	<u>15,815,097</u>	<u>15,815,097</u>	<u>68,311</u>	<u>15,746,786</u>	<u>-</u>
Debt Service:					
Principal retirement	-	8,505,956	-	8,505,956	-
Interest and fiscal charges	-	283,202	-	283,202	-
Total Debt Service	<u>-</u>	<u>8,789,158</u>	<u>-</u>	<u>8,789,158</u>	<u>-</u>
Total Expenditures	<u>16,123,957</u>	<u>24,913,115</u>	<u>77,171</u>	<u>24,835,944</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,813,291</u>	<u>\$ 1,813,291</u>	<u>-</u>
Fund Balances Beginning of Year			<u>-</u>		<u>-</u>
Fund Balances End of Year			<u>\$ 1,813,291</u>		<u>\$ -</u>

Note: This capital projects fund is project based, and therefore the budget presented above represents anticipated expenditures over multiple years. A project to date column will be presented in future years.

City of Dalton, Georgia
SPLOST 2007 Capital Projects Fund
Comparative Balance Sheet
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Intergovernmental receivable - local	\$ 100,171	\$ 110,710
Total Assets	<u>\$ 100,171</u>	<u>\$ 110,710</u>
Liabilities		
Accounts payable	\$ 355	\$ 6,178
Interfund payable	99,816	104,532
Total Liabilities	<u>\$ 100,171</u>	<u>\$ 110,710</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - SPLOST 2007 Capital Projects Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - local	\$ 1,500,000	\$ 1,500,000	\$ 637,506	\$ (862,494)	\$ 1,023,106
Total Revenues	<u>1,500,000</u>	<u>1,500,000</u>	<u>637,506</u>	<u>(862,494)</u>	<u>1,023,106</u>
Expenditures					
Capital Outlay:					
Public Works:					
Road projects	1,500,000	1,500,000	637,506	862,494	1,023,106
Total Expenditures	<u>1,500,000</u>	<u>1,500,000</u>	<u>637,506</u>	<u>862,494</u>	<u>1,023,106</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			<u>\$ -</u>		<u>\$ -</u>

**City of Dalton, Georgia
Capital Acquisition Fund
Comparative Balance Sheet
December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Assets		
Interfund receivable	\$ 138,771	\$ 11,704
Total Assets	<u>\$ 138,771</u>	<u>\$ 11,704</u>
Liabilities		
Accounts payable	\$ 138,771	\$ 11,704
Total Liabilities	<u>\$ 138,771</u>	<u>\$ 11,704</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Acquisition Fund
For the Year Ended December 31, 2015
(With Actual Amounts for the Year Ended December 31, 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Variance	Actual
Expenditures					
Current:					
General Government:					
Other	\$ -	\$ 32,650	\$ 32,610	\$ 40	\$ -
Judicial:					
Other	-	20,000	11,105	8,895	-
Public Safety:					
Other	-	422,743	130,695	292,048	42,250
Public Works:					
Other	-	136,858	23,830	113,028	3,376
Culture and Recreation:					
Other	-	338,694	118,215	220,479	-
Total Current	<u>-</u>	<u>950,945</u>	<u>316,455</u>	<u>634,490</u>	<u>45,626</u>
Capital Outlay:					
General Government:					
Equipment	153,000	146,800	131,768	15,032	240,282
Public Safety:					
Equipment and vehicles	-	762,827	762,827	-	491,190
Public Works:					
Equipment and vehicles	535,000	883,142	883,142	-	376,483
Culture and Recreation:					
Equipment	-	306,456	306,456	-	151,977
Total Capital Outlay	<u>688,000</u>	<u>2,099,225</u>	<u>2,084,193</u>	<u>15,032</u>	<u>1,259,932</u>
Total Expenditures	<u>688,000</u>	<u>3,050,170</u>	<u>2,400,648</u>	<u>649,522</u>	<u>1,305,558</u>
Other Financing Sources (Uses)					
Transfers in	688,000	3,244,440	2,594,415	(650,025)	1,305,558
Transfers out	-	(194,270)	(193,767)	503	-
Total Other Financing Sources (Uses)	<u>688,000</u>	<u>3,050,170</u>	<u>2,400,648</u>	<u>(649,522)</u>	<u>1,305,558</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balances Beginning of Year			<u>-</u>		<u>-</u>
Fund Balances End of Year			<u>\$ -</u>		<u>\$ -</u>

NONMAJOR PROPRIETARY FUNDS

Enterprise Funds

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

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

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

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

City of Dalton, Georgia
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2015

	Municipal Golf Course	Municipal Airport	Northwest Georgia Trade and Convention Center Authority	Dalton/Whitfield Regional Solid Waste Mgt Authority	Total Non-major Enterprise Funds
Assets					
Current Assets:					
Cash and cash equivalents	\$ 321,460	\$ 100	\$ -	\$ -	\$ 321,560
Receivables:					
Accounts	-	470	-	-	470
Interfund	-	63,573	-	-	63,573
Inventory	19,955	14,901	-	-	34,856
Total Current Assets	<u>341,415</u>	<u>79,044</u>	<u>-</u>	<u>-</u>	<u>420,459</u>
Noncurrent Assets:					
Capital Assets:					
Land	739,352	925,370	-	-	1,664,722
Depreciable capital assets, net	567,846	6,029,737	-	-	6,597,583
Other Assets:					
Investment in joint ventures	-	-	6,430,500	11,392,657	17,823,157
Total Noncurrent Assets	<u>1,307,198</u>	<u>6,955,107</u>	<u>6,430,500</u>	<u>11,392,657</u>	<u>26,085,462</u>
Total Assets	<u>1,648,613</u>	<u>7,034,151</u>	<u>6,430,500</u>	<u>11,392,657</u>	<u>26,505,921</u>
Deferred Outflows of Resources	<u>52,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,527</u>
Total Assets and Deferred Outflows	<u>\$ 1,701,140</u>	<u>\$ 7,034,151</u>	<u>\$ 6,430,500</u>	<u>\$ 11,392,657</u>	<u>\$ 26,558,448</u>
Liabilities					
Current Liabilities:					
Accounts payable	5,149	5,879	-	-	11,028
Accrued expenses	13,276	4,015	-	-	17,291
Unearned revenue	14,671	4,410	-	-	19,081
Interfund payable	125	-	-	-	125
Compensated absences payable	32,400	2,825	-	-	35,225
Total Current Liabilities	<u>65,621</u>	<u>17,129</u>	<u>-</u>	<u>-</u>	<u>82,750</u>
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	61,674	500	-	-	62,174
Net pension liability	355,908	-	-	-	355,908
Total Long-Term Liabilities	<u>417,582</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>418,082</u>
Total Liabilities	<u>483,203</u>	<u>17,629</u>	<u>-</u>	<u>-</u>	<u>500,832</u>
Deferred Inflows of Resources	<u>15,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,459</u>
Net Position					
Net investment in capital assets	1,307,198	6,955,107	-	-	8,262,305
Unrestricted	(104,720)	61,415	6,430,500	11,392,657	17,779,852
Total Net Position	<u>1,202,478</u>	<u>7,016,522</u>	<u>6,430,500</u>	<u>11,392,657</u>	<u>26,042,157</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 1,701,140</u>	<u>\$ 7,034,151</u>	<u>\$ 6,430,500</u>	<u>\$ 11,392,657</u>	<u>\$ 26,558,448</u>

City of Dalton, Georgia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2015

	<u>Municipal Golf Course</u>	<u>Municipal Airport</u>	<u>Northwest Georgia Trade and Convention Center</u>	<u>Dalton/Whitfield Regional Solid Waste Mgt Authority</u>	<u>Total Non-major Enterprise Funds</u>
Operating Revenues					
Charges for services	\$ 649,292	\$ 454,727	\$ -	\$ -	\$ 1,104,019
Merchandise sales	82,805	-	-	-	82,805
Tournaments	73,507	-	-	-	73,507
Concessions	59,330	-	-	-	59,330
Miscellaneous	3,895	1,064	-	-	4,959
Total Operating Revenues	<u>868,829</u>	<u>455,791</u>	<u>-</u>	<u>-</u>	<u>1,324,620</u>
Operating Expenses					
Cost of sales and services	378,206	316,282	-	-	694,488
Personal services and benefits	428,583	108,811	-	-	537,394
Depreciation	103,649	385,163	-	-	488,812
Total Operating Expenses	<u>910,438</u>	<u>810,256</u>	<u>-</u>	<u>-</u>	<u>1,720,694</u>
Operating Income (Loss)	<u>(41,609)</u>	<u>(354,465)</u>	<u>-</u>	<u>-</u>	<u>(396,074)</u>
Non-Operating Revenues					
Investment earnings	779	-	-	-	779
Income (loss) from joint venture	-	-	(556,103)	533,223	(22,880)
Total Non-Operating Revenues	<u>779</u>	<u>-</u>	<u>(556,103)</u>	<u>533,223</u>	<u>(22,101)</u>
Income (Loss) Before Transfers In	<u>(40,830)</u>	<u>(354,465)</u>	<u>(556,103)</u>	<u>533,223</u>	<u>(418,175)</u>
Transfers in	-	193,767	487,686	-	681,453
Change in Net Position	<u>(40,830)</u>	<u>(160,698)</u>	<u>(68,417)</u>	<u>533,223</u>	<u>263,278</u>
Net Position Beginning of Year, Restated	<u>1,243,308</u>	<u>7,177,220</u>	<u>6,498,917</u>	<u>10,859,434</u>	<u>25,778,879</u>
Net Position End of Year	<u>\$ 1,202,478</u>	<u>\$ 7,016,522</u>	<u>\$ 6,430,500</u>	<u>\$ 11,392,657</u>	<u>\$ 26,042,157</u>

City of Dalton, Georgia
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2015

	Municipal Golf Course	Municipal Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	\$ 868,552	\$ 453,312	\$ 1,321,864
Cash payments for personnel services and benefits	(445,525)	(107,492)	(553,017)
Cash payments for goods and services	(368,411)	(345,820)	(714,231)
Net Cash Provided by (Used in) Operating Activities	<u>54,616</u>	<u>-</u>	<u>54,616</u>
Cash Flows from Investing Activities			
Investment earnings	<u>779</u>	<u>-</u>	<u>779</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(18,934)	(193,767)	(212,701)
Payments on interfund loan	(54,669)	-	(54,669)
Proceeds from interfund transfer	-	193,767	193,767
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(73,603)</u>	<u>-</u>	<u>(73,603)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(18,208)	-	(18,208)
Cash and Cash Equivalents Beginning of Year	<u>339,668</u>	<u>100</u>	<u>339,768</u>
Cash and Cash Equivalents End of Year	<u>\$ 321,460</u>	<u>\$ 100</u>	<u>\$ 321,560</u>
Reconciliation of Operating Income (Loss) to Net Cash (Used in) Operating Activities			
Operating Income (Loss)	\$ (41,609)	\$ (354,465)	\$ (396,074)
Adjustments:			
Depreciation	103,649	385,163	488,812
Pension contributions in excess of payments	(23,070)	-	(23,070)
(Increase) Decrease in Assets:			
Accounts receivable	-	(190)	(190)
Interfund receivable	-	(44,884)	(44,884)
Inventory	13,593	9,959	23,552
Increase (Decrease) in Liabilities:			
Accounts payable	(3,798)	5,387	1,589
Unearned revenue	(277)	(2,289)	(2,566)
Accrued expenses	3,028	(1,336)	1,692
Compensated absences payable	3,100	2,655	5,755
Net Cash Provided by (Used in) Operating Activities	<u>\$ 54,616</u>	<u>\$ -</u>	<u>\$ 54,616</u>

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2015

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Assets						
Current Assets:						
Cash and cash equivalents	\$ 2,698,000	\$ 457,000	\$ 457,000	\$ 503,000	\$ 458,000	\$ 4,573,000
Short-term investments	148,000	25,000	25,000	28,000	25,000	251,000
Accounts receivable	8,357,000	1,312,000	1,431,000	1,431,000	397,000	12,928,000
Unbilled revenues	3,979,000	1,263,000	1,303,000	853,000	-	7,398,000
Interest receivable	167,000	2,000	17,000	18,000	10,000	214,000
Fuel stocks	2,286,000	1,386,000	-	-	-	3,672,000
Inventory	11,317,000	353,000	752,000	71,000	980,000	13,473,000
Deposits and prepaid expenses	415,000	74,000	41,000	46,000	49,000	625,000
Restricted customer deposit fund	1,954,000	331,000	361,000	361,000	-	3,007,000
Total Current Assets	<u>31,321,000</u>	<u>5,203,000</u>	<u>4,387,000</u>	<u>3,311,000</u>	<u>1,919,000</u>	<u>46,141,000</u>
Noncurrent Assets:						
Construction in progress	125,006,000	-	-	-	-	125,006,000
Nuclear fuel, at amortized cost	20,975,000	-	-	-	-	20,975,000
Depreciable capital assets, net	235,564,000	14,241,000	164,564,000	156,329,000	59,904,000	630,602,000
Restricted combined utilities renewals/extensions fund	13,739,000	670,000	7,037,000	7,707,000	4,356,000	33,509,000
Restricted nuclear decommissioning fund	62,546,000	-	-	-	-	62,546,000
Regulatory asset, net	17,142,000	2,964,000	5,840,000	3,109,000	1,873,000	30,928,000
Total Noncurrent Assets	<u>474,972,000</u>	<u>17,875,000</u>	<u>177,441,000</u>	<u>167,145,000</u>	<u>66,133,000</u>	<u>903,566,000</u>
Total Assets	<u>506,293,000</u>	<u>23,078,000</u>	<u>181,828,000</u>	<u>170,456,000</u>	<u>68,052,000</u>	<u>949,707,000</u>
Deferred Outflows of Resources	<u>956,000</u>	<u>450,000</u>	<u>886,000</u>	<u>472,000</u>	<u>284,000</u>	<u>3,048,000</u>
Total Assets and Deferred Outflows	<u>\$ 507,249,000</u>	<u>\$ 23,528,000</u>	<u>\$ 182,714,000</u>	<u>\$ 170,928,000</u>	<u>\$ 68,336,000</u>	<u>\$ 952,755,000</u>

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2015

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Liabilities						
Current Liabilities:						
Accounts payable and accrued expenses	14,373,000	2,164,000	1,565,000	2,034,000	5,798,000	25,934,000
Customer deposits	<u>2,266,000</u>	<u>384,000</u>	<u>419,000</u>	<u>419,000</u>	<u>-</u>	<u>3,488,000</u>
Total Current Liabilities	<u>16,639,000</u>	<u>2,548,000</u>	<u>1,984,000</u>	<u>2,453,000</u>	<u>5,798,000</u>	<u>29,422,000</u>
Long-Term Liabilities:						
Unearned revenue - TVA right of use	167,000	-	-	-	-	167,000
Accrued construction retention	3,259,000	-	-	-	-	3,259,000
Net pension liability	6,719,000	3,162,000	6,231,000	3,317,000	1,997,000	21,426,000
Asset retirement obligations	<u>55,641,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,641,000</u>
Total Long-Term Liabilities	<u>65,786,000</u>	<u>3,162,000</u>	<u>6,231,000</u>	<u>3,317,000</u>	<u>1,997,000</u>	<u>80,493,000</u>
Total Liabilities	<u>82,425,000</u>	<u>5,710,000</u>	<u>8,215,000</u>	<u>5,770,000</u>	<u>7,795,000</u>	<u>109,915,000</u>
Deferred Inflows of Resources	<u>6,047,000</u>	<u>54,000</u>	<u>107,000</u>	<u>57,000</u>	<u>34,000</u>	<u>6,299,000</u>
Net Position						
Net investment in capital assets	322,197,000	14,241,000	164,564,000	156,329,000	59,904,000	717,235,000
Restricted for:						
Capital projects	13,739,000	670,000	7,037,000	7,707,000	4,356,000	33,509,000
Nuclear decommissioning	62,546,000	-	-	-	-	62,546,000
Pension	420,000	198,000	388,000	207,000	126,000	1,339,000
Unrestricted	<u>19,875,000</u>	<u>2,655,000</u>	<u>2,403,000</u>	<u>858,000</u>	<u>(3,879,000)</u>	<u>21,912,000</u>
Total Net Position	<u>418,777,000</u>	<u>17,764,000</u>	<u>174,392,000</u>	<u>165,101,000</u>	<u>60,507,000</u>	<u>836,541,000</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 507,249,000</u>	<u>\$ 23,528,000</u>	<u>\$ 182,714,000</u>	<u>\$ 170,928,000</u>	<u>\$ 68,336,000</u>	<u>\$ 952,755,000</u>

City of Dalton, Georgia
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
Water, Light, and Sinking Commission Fund
For the Year Ended December 31, 2015

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Operating Revenues						
Electric	\$ 116,972,000	\$ -	\$ -	\$ -	\$ -	\$ 116,972,000
Parity income	2,624,000	-	-	-	-	2,624,000
Natural gas	-	19,963,000	-	-	-	19,963,000
Water	-	-	20,491,000	-	-	20,491,000
Sewer	-	-	-	21,863,000	-	21,863,000
Information technology	-	-	-	-	20,148,000	20,148,000
Total Operating Revenues	<u>119,596,000</u>	<u>19,963,000</u>	<u>20,491,000</u>	<u>21,863,000</u>	<u>20,148,000</u>	<u>202,061,000</u>
Operating Expenses						
Production	27,260,000	-	3,992,000	9,511,000	-	40,763,000
Purchased electricity	42,463,000	-	-	-	-	42,463,000
Purchased natural gas	-	13,789,000	-	-	-	13,789,000
Distribution	6,829,000	1,700,000	3,721,000	1,514,000	10,631,000	24,395,000
Depreciation and amortization	8,357,000	718,000	5,519,000	6,432,000	7,428,000	28,454,000
General administration	5,007,000	2,357,000	4,643,000	2,472,000	1,488,000	15,967,000
Total Operating Expenses	<u>89,916,000</u>	<u>18,564,000</u>	<u>17,875,000</u>	<u>19,929,000</u>	<u>19,547,000</u>	<u>165,831,000</u>
Operating Income (Loss)	<u>29,680,000</u>	<u>1,399,000</u>	<u>2,616,000</u>	<u>1,934,000</u>	<u>601,000</u>	<u>36,230,000</u>
Non-Operating Revenues (Expenses)						
Interest income	1,189,000	53,000	54,000	58,000	54,000	1,408,000
Net increase (decrease) in fair value of investments and derivatives	213,000	23,000	24,000	25,000	22,000	307,000
Miscellaneous income (expense)	89,000	15,000	15,000	17,000	14,000	150,000
Total Non-Operating Revenues (Expenses)	<u>1,491,000</u>	<u>91,000</u>	<u>93,000</u>	<u>100,000</u>	<u>90,000</u>	<u>1,865,000</u>
Income Before Contributions and Transfers	<u>31,171,000</u>	<u>1,490,000</u>	<u>2,709,000</u>	<u>2,034,000</u>	<u>691,000</u>	<u>38,095,000</u>
Contributions and Transfers						
Reallocations	10,671,000	709,000	(2,586,000)	(3,291,000)	(5,503,000)	-
Transfers out	(5,965,000)	(997,000)	(1,023,000)	(1,091,000)	(1,006,000)	(10,082,000)
Total Contributions and Transfers	<u>4,706,000</u>	<u>(288,000)</u>	<u>(3,609,000)</u>	<u>(4,382,000)</u>	<u>(6,509,000)</u>	<u>(10,082,000)</u>
Change in Net Position	35,877,000	1,202,000	(900,000)	(2,348,000)	(5,818,000)	28,013,000
Net Position Beginning of Year	<u>382,900,000</u>	<u>16,562,000</u>	<u>175,292,000</u>	<u>167,449,000</u>	<u>66,325,000</u>	<u>808,528,000</u>
Net Position End of Year	<u>\$ 418,777,000</u>	<u>\$ 17,764,000</u>	<u>\$ 174,392,000</u>	<u>\$ 165,101,000</u>	<u>\$ 60,507,000</u>	<u>\$ 836,541,000</u>

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	2015	Restated 2014
Assets		
Current Assets:		
Cash and cash equivalents	\$ 321,460	\$ 339,668
Inventory	19,955	33,548
Total Current Assets	<u>341,415</u>	<u>373,216</u>
Noncurrent Assets:		
Capital Assets:		
Land	739,352	739,352
Depreciable capital assets, net	567,846	652,561
Total Noncurrent Assets	<u>1,307,198</u>	<u>1,391,913</u>
Total Assets	<u>1,648,613</u>	<u>1,765,129</u>
Deferred Outflows of Resources	<u>52,527</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$ 1,701,140</u>	<u>\$ 1,765,129</u>
Liabilities		
Current Liabilities:		
Accounts payable	5,149	8,947
Accrued expenses	13,276	10,248
Unearned revenue	14,671	14,948
Interfund payable	125	54,794
Compensated absences payable	32,400	22,700
Total Current Liabilities	<u>65,621</u>	<u>111,637</u>
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	61,674	68,274
Net pension liability	355,908	332,782
Total Long-Term Liabilities	<u>417,582</u>	<u>401,056</u>
Total Liabilities	<u>483,203</u>	<u>512,693</u>
Deferred Inflows of Resources	<u>15,459</u>	<u>9,128</u>
Net Position		
Net investment in capital assets	1,307,198	1,391,913
Unrestricted	(104,720)	(148,605)
Total Net Position	<u>1,202,478</u>	<u>1,243,308</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 1,701,140</u>	<u>\$ 1,765,129</u>

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2015 and 2014

	2015	Restated 2014
Operating Revenues		
Charges for services	\$ 649,292	\$ 691,159
Merchandise sales	82,805	71,996
Tournaments	73,507	87,036
Concessions	59,330	61,603
Miscellaneous	3,895	3,476
Total Operating Revenues	<u>868,829</u>	<u>915,270</u>
Operating Expenses		
Cost of sales and services	378,206	350,080
Personal services and benefits	428,583	422,550
Depreciation	103,649	100,085
Total Operating Expenses	<u>910,438</u>	<u>872,715</u>
Operating Income (Loss)	<u>(41,609)</u>	<u>42,555</u>
Non-Operating Revenues		
Investment earnings	<u>779</u>	<u>965</u>
Change in Net Position	(40,830)	43,520
Net Position Beginning of Year, Restated	<u>1,243,308</u>	<u>1,199,788</u>
Net Position End of Year	<u>\$ 1,202,478</u>	<u>\$ 1,243,308</u>

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets:		
Cash	\$ 100	\$ 100
Receivables:		
Accounts	470	280
Interfund	63,573	18,689
Inventory	<u>14,901</u>	<u>24,860</u>
Total Current Assets	<u>79,044</u>	<u>43,929</u>
Noncurrent Assets:		
Capital Assets:		
Land	925,370	925,370
Depreciable capital assets, net	<u>6,029,737</u>	<u>6,221,133</u>
Total Noncurrent Assets	<u>6,955,107</u>	<u>7,146,503</u>
Total Assets	<u>\$ 7,034,151</u>	<u>\$ 7,190,432</u>
Liabilities		
Current Liabilities:		
Accounts payable	5,879	492
Accrued expenses	4,015	5,351
Unearned revenue	4,410	6,699
Compensated absences payable	<u>2,825</u>	<u>170</u>
Total Current Liabilities	<u>17,129</u>	<u>12,712</u>
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	<u>500</u>	<u>500</u>
Total Liabilities	<u>17,629</u>	<u>13,212</u>
Net Position		
Net investment in capital assets	6,955,107	7,146,503
Unrestricted	<u>61,415</u>	<u>30,717</u>
Total Net Position	<u>7,016,522</u>	<u>7,177,220</u>
Total Liabilities and Net Position	<u>\$ 7,034,151</u>	<u>\$ 7,190,432</u>

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Charges for services	\$ 454,727	\$ 558,007
Miscellaneous	1,064	546
Total Operating Revenues	<u>455,791</u>	<u>558,553</u>
Operating Expenses		
Cost of sales and services	316,282	431,303
Personal services and benefits	108,811	87,746
Depreciation	385,163	384,760
Total Operating Expenses	<u>810,256</u>	<u>903,809</u>
Income (Loss) Before Transfers In	<u>(354,465)</u>	<u>(345,256)</u>
Transfers In/(Out)		
Transfers in	<u>193,767</u>	<u>-</u>
Change in Net Position	(160,698)	(345,256)
Net Position Beginning of Year	<u>7,177,220</u>	<u>7,522,476</u>
Net Position End of Year	<u>\$ 7,016,522</u>	<u>\$ 7,177,220</u>

INTERNAL SERVICE FUNDS

Internal Service Funds

Workers' Compensation Fund – This fund is used to account for the financing of workers' compensation insurance provided to other departments of the City on a cost reimbursement basis.

City of Dalton, Georgia
Workers' Compensation Fund
Comparative Statement of Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 934,864	\$ 1,180,002
Accounts receivable	1,128	-
Prepaid expenses	141,171	-
Total Assets	<u>\$ 1,077,163</u>	<u>\$ 1,180,002</u>
Liabilities		
Current Liabilities:		
Accounts payable	43,560	9,809
Claims payable	443,315	466,461
Total Liabilities	<u>486,875</u>	<u>476,270</u>
Net Position		
Unrestricted	<u>590,288</u>	<u>703,732</u>
Total Net Position	<u>590,288</u>	<u>703,732</u>
Total Liabilities and Net Position	<u>\$ 1,077,163</u>	<u>\$ 1,180,002</u>

City of Dalton, Georgia
Workers' Compensation Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Charges for services	\$ 555,240	\$ 600,075
Operating Expenses		
Claims	369,922	596,083
Premiums and administrative fees	301,549	283,805
Total Operating Expenses	<u>671,471</u>	<u>879,888</u>
Operating Income (Loss)	<u>(116,231)</u>	<u>(279,813)</u>
Non-Operating Revenues and Expenses		
Investment earnings	<u>2,787</u>	<u>3,098</u>
Change in Net Position	(113,444)	(276,715)
Net Position Beginning of Year	<u>703,732</u>	<u>980,447</u>
Net Position End of Year	<u>\$ 590,288</u>	<u>\$ 703,732</u>

City of Dalton, Georgia
Workers' Compensation Fund
Statement of Cash Flows
For the Year Ended December 31, 2015

	Workers Compensation
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash received from interfund services provided	\$ 554,112
Cash payments for claims and fees	(802,037)
Net Cash Provided by (Used in) Operating Activities	(247,925)
Cash Flows from Investing Activities	
Investment earnings	2,787
Net Increase (Decrease) in Cash and Cash Equivalents	(245,138)
Cash and Cash Equivalents Beginning of Year	1,180,002
Cash and Cash Equivalents End of Year	\$ 934,864
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Income (Loss)	\$ (116,231)
(Increase) Decrease in Assets:	
Accounts receivable	(1,128)
Prepaid expenses	(141,171)
Increase (Decrease) in Liabilities:	
Accounts payable	33,751
Claims payable	(23,146)
Net Cash Provided by (Used in) Operating Activities	\$ (247,925)

FIDUCIARY FUND

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

Municipal Court Fund – Established to account for funds collected by the City court on behalf of individuals and other governmental entities.

City of Dalton, Georgia
Municipal Court Agency Fund
Statement of Changes in Assets and Liabilities - Fiduciary Funds
For The Years Ended December 31, 2015 and 2014

	<u>2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>2015</u>
Assets				
Cash and cash equivalents	\$ 64,568	\$ 1,497,830	\$ (1,516,038)	\$ 46,360
Liabilities				
Accounts payable	33,269	294,782	(312,750)	15,301
Interfund payable	-	1,461,902	(1,461,902)	-
Other liabilities	31,299	1,711,823	(1,712,063)	31,059
Total Liabilities	<u>\$ 64,568</u>	<u>\$ 3,468,507</u>	<u>\$ (3,486,715)</u>	<u>\$ 46,360</u>

DISCRETELY PRESENTED COMPONENT UNIT

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

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

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Net Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 24,930,986	\$ 1,699,400
Capital leases receivable	<u>6,833,000</u>	<u>845,000</u>
Total Current Assets	<u>31,763,986</u>	<u>2,544,400</u>
Noncurrent Assets:		
Capital leases receivable	<u>26,557,000</u>	<u>6,450,000</u>
Total Assets	<u>\$ 58,320,986</u>	<u>\$ 8,994,400</u>
Liabilities		
Current Liabilities:		
Accounts payable	24,930,986	1,699,400
Revenue bonds payable	6,593,000	610,000
Recovery zone economic development bonds payable	<u>240,000</u>	<u>235,000</u>
Total Current Liabilities	<u>31,763,986</u>	<u>2,544,400</u>
Long-Term Liabilities:		
Revenue bonds payable	20,347,000	-
Recovery zone economic development bonds payable	4,210,000	4,450,000
QZAB bonds payable	<u>2,000,000</u>	<u>2,000,000</u>
Total Long-Term Liabilities	<u>26,557,000</u>	<u>6,450,000</u>
Total Liabilities	<u>\$ 58,320,986</u>	<u>\$ 8,994,400</u>

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2015 and 2014

	2015	2014
Expenditures		
Debt Service:		
Principal payments of capital debt	\$ 845,000	\$ 825,000
Interest and fiscal charges	266,136	294,457
SPLOST 2015 sinking fund payment on behalf of City of Dalton and Whitfield County	4,481,105	-
QZAB sinking fund payment on behalf of City of Dalton Board of Education	185,764	193,907
Total Debt Service	5,778,005	1,313,364
Transfers In (Out)		
Transfers in (inflows from the City of Dalton, City of Dalton Board of Education, and Whitfield County)	5,778,005	1,313,364
Change in Net Position	\$ -	\$ -

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Cash Flows
For The Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Capital and Related Financing Activities		
Proceeds from issuance of debt	\$ 26,940,000	\$ -
Payments to City of Dalton and Whitfield County for capital use of debt proceeds	(8,370,819)	-
Receipts from City of Dalton, City of Dalton Board of Education, and Whitfield County for sinking fund payments	4,666,870	193,907
Receipts from City of Dalton, City of Dalton Board of Education, and Whitfield County for payment of debt and interest	1,111,135	1,119,457
Principal paid on capital debt	(845,000)	(825,000)
Interest paid on capital debt	(270,600)	(294,457)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>23,231,586</u>	<u>193,907</u>
Net Increase (Decrease) in Cash and Cash Equivalents	23,231,586	193,907
Cash and Cash Equivalents Beginning of Year	<u>1,699,400</u>	<u>1,505,493</u>
Cash and Cash Equivalents End of Year	<u>\$ 24,930,986</u>	<u>\$ 1,699,400</u>

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Net investment in capital assets	\$ 75,019,657	\$ 76,036,989	\$ 77,111,490	\$ 68,155,502	\$ 69,252,168	\$ 70,314,771	\$ 72,911,193	\$ 73,764,869	\$ 73,121,548	\$ 67,728,129
Restricted	1,284,713	1,260,953	1,117,309	2,637,360	5,617,799	577,427	240,347	251,557	262,248	8,151,582
Unrestricted	<u>14,174,179</u>	<u>15,545,677</u>	<u>13,406,176</u>	<u>14,118,540</u>	<u>10,953,991</u>	<u>15,469,318</u>	<u>15,011,536</u>	<u>15,567,935</u>	<u>18,273,295</u>	<u>2,830,865</u>
Total governmental activities	\$ <u>90,478,549</u>	\$ <u>92,843,619</u>	\$ <u>91,634,975</u>	\$ <u>84,911,402</u>	\$ <u>85,823,958</u>	\$ <u>86,361,516</u>	\$ <u>88,163,076</u>	\$ <u>89,584,361</u>	\$ <u>91,657,091</u>	\$ <u>78,710,576</u>
Business-type activities										
Net investment in capital assets	\$ 520,340,969	\$ 562,000,483	\$ 586,400,998	\$ 612,348,335	\$ 649,134,503	\$ 679,345,721	\$ 687,108,798	\$ 698,090,762	\$ 710,531,416	\$ 725,497,305
Restricted	158,172,000	129,344,000	113,054,000	96,992,000	90,783,000	77,948,000	75,034,000	73,322,000	86,089,000	97,394,000
Unrestricted	<u>32,788,986</u>	<u>37,168,370</u>	<u>39,386,246</u>	<u>36,253,969</u>	<u>30,672,743</u>	<u>31,802,060</u>	<u>43,307,413</u>	<u>40,716,151</u>	<u>35,507,326</u>	<u>36,613,661</u>
Total business-type activities	\$ <u>711,301,955</u>	\$ <u>728,512,853</u>	\$ <u>738,841,244</u>	\$ <u>745,594,304</u>	\$ <u>770,590,246</u>	\$ <u>789,095,781</u>	\$ <u>805,450,211</u>	\$ <u>812,128,913</u>	\$ <u>832,127,742</u>	\$ <u>859,504,966</u>
Primary government										
Net investment in capital assets	\$ 595,360,626	\$ 638,037,472	\$ 663,512,488	\$ 680,503,837	\$ 718,386,671	\$ 749,660,492	\$ 760,019,991	\$ 771,855,631	\$ 783,652,964	\$ 793,225,434
Restricted	159,456,713	130,604,953	114,171,309	99,629,360	96,400,799	78,525,427	75,274,347	73,573,557	86,351,248	105,545,582
Unrestricted	<u>46,963,165</u>	<u>52,714,047</u>	<u>52,792,422</u>	<u>50,372,509</u>	<u>41,626,734</u>	<u>47,271,378</u>	<u>58,318,949</u>	<u>56,284,086</u>	<u>53,780,621</u>	<u>39,444,526</u>
Total primary government	\$ <u>801,780,504</u>	\$ <u>821,356,472</u>	\$ <u>830,476,219</u>	\$ <u>830,505,706</u>	\$ <u>856,414,204</u>	\$ <u>875,457,297</u>	\$ <u>893,613,287</u>	\$ <u>901,713,274</u>	\$ <u>923,784,833</u>	\$ <u>938,215,542</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses										
Governmental activities										
General government	\$ 2,933,500	\$ 2,839,767	\$ 4,270,206	\$ 2,530,960	\$ 2,612,956	\$ 3,312,603	\$ 3,302,093	\$ 2,633,853	\$ 2,579,345	\$ 2,971,036
Judicial	-	-	704,747	683,158	647,196	488,815	369,253	397,765	371,645	437,044
Public safety	13,631,626	15,145,033	14,903,803	14,587,205	14,539,913	14,459,706	13,990,949	15,095,340	15,070,993	15,703,840
Public works	10,762,882	12,790,923	10,136,329	7,934,126	9,265,438	7,841,578	9,010,672	8,447,680	8,252,341	9,170,285
Health and welfare	-	-	679,018	895,475	611,320	634,598	488,545	487,293	508,735	522,072
Culture and recreation	5,425,002	5,692,834	4,749,408	4,149,087	4,301,151	4,641,686	4,967,978	5,088,564	4,989,858	5,390,895
Housing and development	72,898	152,264	1,279,210	756,136	596,388	312,225	379,694	389,213	396,836	454,327
Education	27,450,015	29,237,233	240,061	-	-	-	-	-	-	-
Interest on long-term debt	584,478	272,296	226,898	178,413	325,111	354,337	459,985	274,506	281,844	270,543
Total governmental activities expenses	<u>60,860,401</u>	<u>66,130,350</u>	<u>37,189,680</u>	<u>31,714,560</u>	<u>32,899,473</u>	<u>32,045,548</u>	<u>32,969,169</u>	<u>32,814,214</u>	<u>32,451,597</u>	<u>34,920,042</u>
Business-type activities										
Electric system	77,704,298	75,149,652	73,614,065	79,230,193	85,200,911	87,423,887	80,988,971	87,048,375	95,797,217	90,044,256
Gas system	25,565,385	23,620,508	25,082,808	21,810,937	20,770,369	18,319,278	15,924,970	18,785,179	23,036,534	18,640,407
Water system	20,238,893	21,580,197	21,625,495	21,291,524	18,527,773	17,740,827	16,929,002	17,926,588	17,745,718	18,085,121
Wastewater system	19,497,405	20,367,610	19,532,011	21,271,307	20,783,836	19,242,572	19,170,608	20,623,351	19,796,633	20,152,765
Information technology system	14,261,918	16,463,005	19,156,275	17,814,163	17,948,994	18,585,143	19,276,365	20,223,612	19,076,834	19,738,019
Landfill	-	1,013,513	-	223,566	64,727	302,599	365,350	439,487	189,472	(448,366)
Trade Center	608,332	682,020	673,926	749,552	745,787	717,958	547,930	557,720	499,660	593,614
Municipal golf course	1,081,389	1,191,672	1,219,530	888,328	939,516	788,790	858,544	981,056	814,233	925,758
Municipal airport	-	-	-	459,636	482,586	503,145	518,119	604,497	904,203	813,242
Total business-type activities expenses	<u>158,957,620</u>	<u>160,068,177</u>	<u>160,904,110</u>	<u>163,739,206</u>	<u>165,464,499</u>	<u>163,624,199</u>	<u>154,579,859</u>	<u>167,189,865</u>	<u>177,860,504</u>	<u>168,544,816</u>
Total primary government expenses	<u>\$ 219,818,021</u>	<u>\$ 226,198,527</u>	<u>\$ 198,093,790</u>	<u>\$ 195,453,766</u>	<u>\$ 198,363,972</u>	<u>\$ 195,669,747</u>	<u>\$ 187,549,028</u>	<u>\$ 200,004,079</u>	<u>\$ 210,312,101</u>	<u>\$ 203,464,858</u>

(continued)

Note: In 2008, a change occurred in the presentation and classification of expenses. Certain expenses were reclassified to other functions, and three new functional categories were implemented.

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 3,021,900	\$ 3,653,811	\$ 1,335,624	\$ 1,152,739	\$ 964,306	\$ 983,375	\$ 986,862	\$ 982,441	\$ 968,883	\$ 957,103
Judicial	-	-	1,585,097	1,098,525	1,066,062	739,273	767,234	751,680	884,819	689,686
Public safety	1,117,906	1,040,320	1,009,892	972,303	632,724	572,989	604,417	657,613	711,717	440,278
Public works	1,202,851	420,417	395,118	193,246	100,749	136,400	142,808	157,151	181,188	173,184
Health and welfare	-	-	207,792	54,500	68,581	56,612	46,253	54,355	51,710	47,783
Culture and recreation	683,328	781,469	485,980	361,532	322,813	223,093	324,948	395,533	373,946	374,869
Housing and development	-	-	-	-	215,308	-	-	-	-	-
Education	122,796	97,600	142,000	-	-	-	-	-	-	-
Operating grants and contributions	6,122,681	3,233,969	1,508,234	1,782,722	2,065,115	1,383,138	2,258,686	657,771	1,003,133	2,681,730
Capital grants and contributions	-	1,619,714	1,600,048	2,301,508	2,801,087	2,353,880	1,182,154	2,669,259	1,317,808	1,895,627
Total governmental activities										
program revenues	<u>12,271,462</u>	<u>10,847,300</u>	<u>8,269,785</u>	<u>7,917,075</u>	<u>8,236,745</u>	<u>6,448,760</u>	<u>6,313,362</u>	<u>6,325,803</u>	<u>5,493,204</u>	<u>7,260,260</u>

(continued)

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Business-type activities										
Charges for services										
Electric system	71,339,000	89,490,000	89,918,000	96,890,000	106,911,000	105,347,000	102,836,000	106,843,000	112,194,000	119,596,000
Gas system	26,227,000	24,155,000	25,694,000	17,787,000	21,001,000	19,701,000	15,938,000	20,828,000	26,159,000	19,963,000
Water system	19,595,000	20,438,000	18,216,000	18,302,000	20,170,000	20,039,000	19,449,000	19,119,000	20,127,000	20,491,000
Wastewater system	23,385,000	23,245,000	19,244,000	20,424,000	22,134,000	20,814,000	19,438,000	19,204,000	20,772,000	21,863,000
Information technology system	11,241,000	14,530,000	17,186,000	18,574,000	19,314,000	18,989,000	19,281,000	19,620,000	20,065,000	20,148,000
Joint ventures - Landfill & Trade Center	439,970	-	207,977	-	-	-	-	-	-	-
Municipal golf course	1,023,875	1,078,337	961,943	788,503	825,777	905,637	1,033,346	927,834	915,270	868,829
Municipal airport	-	-	-	90,848	91,349	103,407	117,765	211,314	558,553	455,791
Capital grants and contributions	180,300	124,000	112,000	332,856	-	-	597,000	-	-	-
Total business-type activities program revenues	<u>153,431,145</u>	<u>173,060,337</u>	<u>171,539,920</u>	<u>173,189,207</u>	<u>190,447,126</u>	<u>185,899,044</u>	<u>178,690,111</u>	<u>186,753,148</u>	<u>200,790,823</u>	<u>203,385,620</u>
Total primary government program revenues	<u>\$ 165,702,607</u>	<u>\$ 183,907,637</u>	<u>\$ 179,809,705</u>	<u>\$ 181,106,282</u>	<u>\$ 198,683,871</u>	<u>\$ 192,347,804</u>	<u>\$ 185,003,473</u>	<u>\$ 193,078,951</u>	<u>\$ 206,284,027</u>	<u>\$ 210,645,880</u>
Net revenues (expenses)										
Governmental activities	\$ (48,588,939)	\$ (55,283,050)	\$ (28,919,895)	\$ (23,797,485)	\$ (24,662,728)	\$ (25,596,788)	\$ (26,655,807)	\$ (26,488,411)	\$ (26,958,393)	\$ (27,659,782)
Business-type activities	<u>(5,526,475)</u>	<u>12,992,160</u>	<u>10,635,810</u>	<u>9,450,001</u>	<u>24,982,627</u>	<u>22,274,845</u>	<u>24,110,252</u>	<u>19,563,283</u>	<u>22,930,319</u>	<u>34,840,804</u>
Total primary government net revenue (expense)	<u>\$ (54,115,414)</u>	<u>\$ (42,290,890)</u>	<u>\$ (18,284,085)</u>	<u>\$ (14,347,484)</u>	<u>\$ 319,899</u>	<u>\$ (3,321,943)</u>	<u>\$ (2,545,555)</u>	<u>\$ (6,925,128)</u>	<u>\$ (4,028,074)</u>	<u>\$ 7,181,022</u>

(continued)

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for										
General purposes	\$ 6,781,633	\$ 6,995,308	\$ 6,782,866	\$ 9,937,794	\$ 9,006,423	\$ 8,757,658	\$ 9,303,685	\$ 7,876,135	\$ 8,371,150	\$ 9,143,523
Education	27,136,687	29,093,305	-	-	-	-	-	-	-	-
Debt service	326,782	342,916	346,686	356,958	33,115	4,718	4,683	-	-	-
Recreation	3,054,139	3,362,499	3,454,864	465,090	58,150	-	-	-	-	-
Selective taxes	7,374,626	7,534,604	6,164,971	5,560,754	5,686,337	5,858,375	6,103,688	9,380,518	9,843,608	9,932,992
Hotel/motel taxes	742,003	771,984	714,896	692,065	862,298	1,060,665	1,093,798	1,170,315	1,235,285	1,364,880
Unrestricted payments from housing authority	101,712	101,712	-	-	-	-	-	-	-	-
Investment earnings	593,781	725,851	393,570	149,895	122,113	227,288	253,696	241,177	222,324	224,686
Donations	107,309	2,000	604,488	90,309	192,349	584,123	1,820,028	346,807	63,476	20,891
Miscellaneous	453,877	985,769	557,910	283,120	436,717	495,556	596,278	514,289	465,825	559,299
Transfers	7,647,460	7,719,000	8,691,000	(677,381)	9,177,782	9,145,963	9,281,511	8,380,455	8,829,455	9,400,547
Total governmental activities general revenues and other changes in net position	<u>54,320,009</u>	<u>57,634,948</u>	<u>27,711,251</u>	<u>16,858,604</u>	<u>25,575,284</u>	<u>26,134,346</u>	<u>28,457,367</u>	<u>27,909,696</u>	<u>29,031,123</u>	<u>30,646,818</u>
Business-type activities										
Investment earnings	2,699,302	11,247,738	7,887,581	(4,056,322)	7,389,350	3,945,453	1,192,689	(4,695,126)	5,663,965	1,715,779
Miscellaneous	1,381,000	690,000	496,000	682,000	1,801,747	1,431,200	333,000	191,000	234,000	150,000
Transfers	(7,647,460)	(7,719,000)	(8,691,000)	677,381	(9,177,782)	(9,145,963)	(9,281,511)	(8,380,455)	(8,829,455)	(9,400,547)
Total business-type activities general revenues and other changes in net position	<u>(3,567,158)</u>	<u>4,218,738</u>	<u>(307,419)</u>	<u>(2,696,941)</u>	<u>13,315</u>	<u>(3,769,310)</u>	<u>(7,755,822)</u>	<u>(12,884,581)</u>	<u>(2,931,490)</u>	<u>(7,534,768)</u>
Total primary government general revenues and other changes in net position	<u>\$ 50,752,851</u>	<u>\$ 61,853,686</u>	<u>\$ 27,403,832</u>	<u>\$ 14,161,663</u>	<u>\$ 25,588,599</u>	<u>\$ 22,365,036</u>	<u>\$ 20,701,545</u>	<u>\$ 15,025,115</u>	<u>\$ 26,099,633</u>	<u>\$ 23,112,050</u>

(continued)

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Change in net position										
Governmental activities	\$ 5,731,070	\$ 2,351,898	\$ (1,208,644)	\$ (6,938,881)	\$ 912,556	\$ 537,558	\$ 1,801,560	\$ 1,421,285	\$ 2,072,730	\$ 2,987,036
Business-type activities	<u>(9,093,633)</u>	<u>17,210,898</u>	<u>10,328,391</u>	<u>6,753,060</u>	<u>24,995,942</u>	<u>18,505,535</u>	<u>16,354,430</u>	<u>6,678,702</u>	<u>19,998,829</u>	<u>27,306,036</u>
Total primary government change	<u>\$ (3,362,563)</u>	<u>\$ 19,562,796</u>	<u>\$ 9,119,747</u>	<u>\$ (185,821)</u>	<u>\$ 25,908,498</u>	<u>\$ 19,043,093</u>	<u>\$ 18,155,990</u>	<u>\$ 8,099,987</u>	<u>\$ 22,071,559</u>	<u>\$ 30,293,072</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund										
Nonspendable	\$ 38,012	\$ 27,658	\$ 34,820	\$ 138,532	\$ 97,011	\$ 185,083	\$ 207,539	\$ 212,643	\$ 179,680	\$ 155,856
Restricted	105,500	105,500	105,500	102,316	91,959	91,959	91,029	91,029	96,029	96,029
Unrestricted	<u>13,170,670</u>	<u>14,801,938</u>	<u>13,395,178</u>	<u>17,145,924</u>	<u>17,568,683</u>	<u>16,928,666</u>	<u>19,548,598</u>	<u>20,788,168</u>	<u>22,097,252</u>	<u>21,579,429</u>
Total general fund	<u>\$ 13,314,182</u>	<u>\$ 14,935,096</u>	<u>\$ 13,535,498</u>	<u>\$ 17,386,772</u>	<u>\$ 17,757,653</u>	<u>\$ 17,205,708</u>	<u>\$ 19,847,166</u>	<u>\$ 21,091,840</u>	<u>\$ 22,372,961</u>	<u>\$ 21,831,314</u>
Nonmajor governmental funds										
Nonspendable	\$ 5,599	\$ 5,526	\$ 15,837	\$ 17,936	\$ 8,897	\$ 750	\$ -	\$ -	\$ -	\$ -
Restricted	<u>4,465,388</u>	<u>4,480,394</u>	<u>4,700,249</u>	<u>2,495,831</u>	<u>5,493,273</u>	<u>378,447</u>	<u>99,366</u>	<u>129,188</u>	<u>78,958</u>	<u>7,974,454</u>
Total nonmajor governmental funds	<u>\$ 4,470,987</u>	<u>\$ 4,485,920</u>	<u>\$ 4,716,086</u>	<u>\$ 2,513,767</u>	<u>\$ 5,502,170</u>	<u>\$ 379,197</u>	<u>\$ 99,366</u>	<u>\$ 129,188</u>	<u>\$ 78,958</u>	<u>\$ 7,974,454</u>

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues										
Taxes	\$ 45,415,870	\$ 48,100,616	\$ 17,464,283	\$ 17,012,661	\$ 15,646,323	\$ 15,681,416	\$ 16,505,854	\$ 18,426,968	\$ 19,450,043	\$ 19,727,131
Licenses and permits	1,752,849	2,029,227	1,335,624	1,152,739	964,306	983,375	986,862	982,441	968,883	957,103
Intergovernmental revenues	6,224,393	4,955,395	3,108,282	4,084,230	4,866,202	3,729,380	3,440,782	3,327,030	2,320,941	4,577,357
Charges for services	2,778,049	2,355,614	2,331,802	1,633,223	1,572,660	1,140,030	1,263,013	1,336,866	1,476,461	1,277,199
Fines and forfeitures	1,117,906	1,040,320	964,673	840,251	506,110	462,225	453,345	484,730	549,231	405,566
Investment income	521,582	686,626	371,002	140,959	117,557	231,567	250,949	238,043	219,226	221,899
Miscellaneous	561,186	987,769	1,437,982	682,326	943,058	1,162,138	2,558,705	994,634	752,890	591,054
Total Revenues	<u>58,371,835</u>	<u>60,155,567</u>	<u>27,013,648</u>	<u>25,546,389</u>	<u>24,616,216</u>	<u>23,390,131</u>	<u>25,459,510</u>	<u>25,790,712</u>	<u>25,737,675</u>	<u>27,757,309</u>
Expenditures										
General government	3,268,927	3,729,484	2,404,601	1,911,892	2,022,594	2,081,391	2,139,627	2,219,861	2,146,368	2,399,552
Judicial	-	-	686,788	698,354	654,770	486,374	362,015	381,534	414,003	437,298
Public safety	13,629,246	14,458,606	14,231,734	14,133,661	13,732,562	13,883,732	13,445,167	13,965,925	15,017,013	15,391,367
Public works	11,398,450	12,209,967	8,092,435	6,149,832	7,419,974	6,120,255	7,236,418	6,746,059	7,294,473	7,636,525
Health and welfare	-	-	595,669	891,226	607,982	637,408	463,605	447,700	479,815	507,489
Culture and recreation	4,530,155	5,115,500	3,741,273	2,988,772	3,047,410	3,501,267	3,501,067	3,542,935	3,711,990	3,892,767
Housing and development	86,070	142,500	1,163,681	926,360	589,742	386,679	322,625	370,981	463,332	448,165
Education	27,136,687	29,093,305	-	-	-	-	-	-	-	-
Capital outlay	1,046,339	139,473	4,605,673	3,119,404	4,960,817	8,038,782	6,656,062	5,492,823	3,017,443	6,647,103
Debt service:										
Principal retirement	4,832,929	1,100,051	1,147,790	1,196,099	1,298,247	1,568,034	598,561	603,204	509,958	513,798
Interest and fiscal charges	562,016	249,834	204,436	155,951	477,827	333,806	293,792	274,506	281,844	270,543
Debt issuance costs	-	-	-	-	-	-	-	-	-	165,356
Total Expenditures	<u>66,490,819</u>	<u>66,238,720</u>	<u>36,874,080</u>	<u>32,171,551</u>	<u>34,811,925</u>	<u>37,037,728</u>	<u>35,018,939</u>	<u>34,045,528</u>	<u>33,336,239</u>	<u>38,309,963</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,118,984)</u>	<u>(6,083,153)</u>	<u>(9,860,432)</u>	<u>(6,625,162)</u>	<u>(10,195,709)</u>	<u>(13,647,597)</u>	<u>(9,559,429)</u>	<u>(8,254,816)</u>	<u>(7,598,564)</u>	<u>(10,552,654)</u>

(continued)

Note: In 2008, a change occurred in the presentation and classification of expenses. Certain expenses were reclassified to other functions, and three new functional categories were implemented.

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Other Financing Sources (Uses)										
Issuance of debt	\$ -	\$ -	\$ -	\$ -	\$ 6,130,000	\$ -	\$ -	\$ 1,148,857	\$ -	\$ 8,505,956
Transfers in	11,127,203	9,306,268	9,996,811	9,947,366	15,230,728	11,188,924	13,521,540	11,547,319	11,535,763	13,817,596
Transfers out	<u>(3,479,743)</u>	<u>(1,587,268)</u>	<u>(1,305,811)</u>	<u>(1,673,249)</u>	<u>(6,052,946)</u>	<u>(2,042,961)</u>	<u>(4,526,557)</u>	<u>(3,166,864)</u>	<u>(2,706,308)</u>	<u>(4,417,049)</u>
Total Other Financing Sources (Uses)	<u>7,647,460</u>	<u>7,719,000</u>	<u>8,691,000</u>	<u>8,274,117</u>	<u>15,307,782</u>	<u>9,145,963</u>	<u>8,994,983</u>	<u>9,529,312</u>	<u>8,829,455</u>	<u>17,906,503</u>
Net Change in Fund Balance	<u>\$ (471,524)</u>	<u>\$ 1,635,847</u>	<u>\$ (1,169,432)</u>	<u>\$ 1,648,955</u>	<u>\$ 5,112,073</u>	<u>\$ (4,501,634)</u>	<u>\$ (564,446)</u>	<u>\$ 1,274,496</u>	<u>\$ 1,230,891</u>	<u>\$ 7,353,849</u>
Debt service as a % of noncapital expenditures	9.0%	2.1%	4.4%	4.9%	6.3%	7.0%	3.2%	3.2%	2.7%	2.6%

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

Fiscal Year	Real Property	Personal Property	Public Utilities	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2006	\$ 1,954,445,189	\$ 1,537,856,776	\$ 41,566,765	\$ 145,206,625	\$ 3,388,662,105	3.721
2007	2,139,401,407	1,590,117,669	42,578,173	161,443,322	3,610,653,927	3.606
2008	2,288,433,413	1,608,962,174	39,531,613	166,913,529	3,770,013,671	3.002
2009	2,261,143,928	1,562,971,156	38,765,258	173,595,248	3,689,285,094	2.974
2010	2,179,604,008	1,404,109,825	35,274,050	263,376,173	3,355,611,710	2.875
2011	2,123,448,963	1,433,785,109	32,304,213	276,731,830	3,312,806,455	2.780
2012	2,084,647,818	1,551,656,253	28,039,843	298,161,930	3,366,181,984	2.697
2013	2,056,904,020	1,543,923,211	20,583,698	297,794,168	3,323,616,761	2.616
2014	2,052,246,308	1,674,478,338	26,323,418	318,453,929	3,434,594,135	2.537
2015	2,082,112,700	1,652,510,636	26,322,153	325,665,644	3,435,279,845	2.511

Source: Whitfield County Board of Tax Assessors

Note: Real property includes commercial and residential property. All property is assessed at 100% of estimated actual value. For this reason, assessed value is equal to estimated actual value. A reappraisal of residential and agricultural property was completed in 2008. Tax rates are per \$1,000 of assessed value.

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

Fiscal Year	Operating Millage	Debt Service Millage	Recreation Millage	Total City Millage	Dalton Public Schools Millage	Special Districts Millage	Whitfield County Millage	Total Direct and Overlapping Rates
2006	2.621	0.100	1.000	3.721	8.393	3.000	5.466	20.580
2007	2.506	0.100	1.000	3.606	8.134	3.000	5.242	19.982
2008	1.902	0.100	1.000	3.002	7.845	2.250	5.061	18.158
2009	2.874	0.100	0.000	2.974	7.845	1.000	5.061	16.880
2010	2.875	0.000	0.000	2.875	7.845	0.950	5.061	16.731
2011	2.780	0.000	0.000	2.780	7.845	0.950	5.061	16.636
2012	2.697	0.000	0.000	2.697	7.845	0.950	6.061	17.553
2013	2.616	0.000	0.000	2.616	7.845	0.950	6.061	17.472
2014	2.537	0.000	0.000	2.537	8.200	0.950	6.061	17.748
2015	2.511	0.000	0.000	2.511	8.200	0.950	6.061	17.722

Source: Whitfield County Board of Tax Assessors

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

Note: The debt service tax revenue was historically reported in the debt service fund. The recreation tax revenue was historically reported in the recreation special revenue fund.

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

Taxpayer	2015			2006		
	Taxable		Percentage of Total	Taxable		Percentage of Total
	Assessed Value	Rank	City Taxable Assessed Value	Assessed Value	Rank	City Taxable Assessed Value
Shaw Industries, Inc.	\$ 643,943,072	1	18.7%	\$ 512,444,607	1	15.1%
Mohawk Industries, Inc.	112,638,141	2	3.3%	140,093,395	2	4.1%
Beaulieu of America, Inc.	95,864,102	3	2.8%	117,527,584	3	3.5%
J & J Industries, Inc.	76,692,074	4	2.2%	63,513,607	4	1.9%
TANDUS Group (formerly Collins & Aikman)	66,990,042	5	2.0%	-	NA	0.0%
Shiroki Georgia, LLC	35,984,653	8	1.0%	-	NA	0.0%
Lexmark Carpet Mills, Inc.	32,396,110	6	0.9%	-	NA	0.0%
CBL & Associates	26,686,931	7	0.8%	19,423,845	9	0.6%
The Peoples Group	19,510,321	9	0.6%	25,120,045	7	0.7%
Windstream (formerly Alltel)	18,816,901	10	0.5%	46,662,742	5	1.4%
Thomas Industries, LLC	-	NA	0.0%	31,533,765	6	0.9%
SWM Georgia, LLC	-	NA	0.0%	23,500,000	8	0.7%
S.I. Corporation	-	NA	0.0%	17,286,885	10	0.5%

Source: Whitfield County Tax Commissioner

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

Fiscal Year	Taxes Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 39,066,393	\$ 32,976,187	84.4%	\$ 6,089,364	\$ 39,065,551	100.0%
2007	40,451,745	35,995,374	89.0%	4,455,345	40,450,719	100.0%
2008	10,717,290	4,315,761	40.3%	6,393,473	10,709,234	99.9%
2009	10,439,104	4,091,977	39.2%	6,339,659	10,431,636	99.9%
2010	9,208,612	6,935,407	75.3%	2,271,613	9,207,020	100.0%
2011	8,714,014	7,444,424	85.4%	1,267,137	8,711,561	100.0%
2012	8,597,292	7,595,137	88.3%	998,089	8,593,226	100.0%
2013	8,278,776	7,339,021	88.6%	914,899	8,253,920	99.7%
2014	8,325,685	7,348,018	88.3%	905,853	8,253,871	99.1%
2015	8,335,862	7,466,921	89.6%	-	7,466,921	89.6%

Source: Whitfield County Board of Tax Assessors

Note: Effective 11/08, the City no longer received real and personal property taxes on behalf of the Dalton Public School System or the Downtown Dalton Development Authority.

Note: 2008 property tax bills were mailed late and not considered delinquent until 1/07/09.

Note: 2009 property tax bills were mailed late and not considered delinquent until 1/11/10.

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Notes Payable	Revenue Bonds				
2006	\$ 4,595,000	\$ -	\$ 1,787,266	\$ 101,556,000	\$ 107,938,266	12.0%	\$ 3,358	
2007	3,745,000	-	1,537,215	86,635,000	91,917,215	9.5%	2,782	
2008	2,860,000	-	1,274,425	71,033,000	75,167,425	7.8%	2,250	
2009	1,940,000	-	998,326	54,593,000	57,531,326	6.1%	1,712	
2010	-	6,585,000	1,185,079	29,973,000	37,743,079	4.1%	1,139	
2011	-	5,375,000	827,045	11,820,000	18,022,045	2.5%	539	
2012	-	5,150,000	453,484	-	5,603,484	0.6%	168	
2013	-	5,831,137	318,000	-	6,149,137	0.6%	184	
2014	-	5,374,179	265,000	-	5,639,179	0.8%	168	
2015	-	13,419,337	212,000	-	13,631,337	NA	NA	

NA Not yet available

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

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2006	\$ 4,595,000	0.1%	143
2007	3,745,000	0.1%	113
2008	2,860,000	0.1%	86
2009	1,940,000	0.1%	58
2010	-	0.0%	-
2011	-	0.0%	-
2012	-	0.0%	-
2013	-	0.0%	-
2014	-	0.0%	-
2015	-	0.0%	-

NA Not yet available

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

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

City of Dalton, Georgia
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Applicable Percentage</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with revenues other than property taxes:			
Dalton Public School System agreement with Building Authority - Qualified Zone Academy Bonds	\$ 2,000,000	100.0%	\$ 2,000,000
Whitfield County agreement with Building Authority - Series 2015 SPLOST Bonds	18,434,044	32.0%	<u>5,897,926</u>
Total overlapping debt			7,897,926
City direct debt			<u>13,631,337</u>
Total direct and overlapping debt			<u>\$ 21,529,263</u>

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

Note: For debt repaid with Special Purpose Local Option Sales Tax, the allocation of Whitfield County debt to City residents is based upon the proportion of City population to Whitfield County population from the 2010 census.

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

	For the year ending December 31,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 353,386,873	\$ 377,209,725	\$ 360,474,151	\$ 386,288,034	\$ 361,898,788	\$ 358,953,829	\$ 366,434,391	\$ 362,141,093	\$ 375,304,806	\$ 376,094,549
Total net debt applicable to limit	<u>3,415,787</u>	<u>2,592,954</u>	<u>1,853,236</u>	<u>1,052,832</u>	-	-	-	-	-	-
Legal debt margin	<u>\$ 349,971,086</u>	<u>\$ 374,616,771</u>	<u>\$ 358,620,915</u>	<u>\$ 385,235,202</u>	<u>\$ 361,898,788</u>	<u>\$ 358,953,829</u>	<u>\$ 366,434,391</u>	<u>\$ 362,141,093</u>	<u>\$ 375,304,806</u>	<u>\$ 376,094,549</u>
Total net debt applicable to limit as a % of debt limit	1.0%	0.7%	0.5%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 3,435,279,845
Add: exempt real property	<u>325,665,644</u>
Total assessed value	3,760,945,489
	10.0%
Debt limit (10% of assessed value)	<u>\$ 376,094,549</u>
Debt applicable to limit	
Total general obligation debt	<u>\$ -</u>
Legal debt margin	<u>\$ 376,094,549</u>

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

Fiscal Year	Utility Revenue Bonds						Coverage
	Utility Service Charges	Utility Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2006	\$ 140,546,000	\$ 114,373,000	\$ 26,173,000	\$ 14,700,000	\$ 5,595,000	1.3	
2007	155,356,000	112,203,000	43,153,000	15,430,000	4,867,000	2.1	
2008	150,273,000	111,552,000	38,721,000	16,305,000	3,995,000	1.9	
2009	150,470,000	115,284,000	35,186,000	17,170,000	3,127,000	1.7	
2010	167,388,000	120,981,000	46,407,000	18,105,000	2,191,000	2.3	
2011	162,948,000	120,490,000	42,458,000	11,820,000	702,000	3.4	
2012	155,141,000	111,896,000	43,245,000	-	-	-	
2013	163,817,000	121,327,000	42,490,000	-	-	-	
2014	177,119,000	135,820,000	41,299,000	-	-	-	
2015	179,289,000	125,258,000	54,031,000	-	-	-	

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

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

Fiscal Year	Estimated Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate	School Enrollment
2006	32,140	\$ 900,981	\$ 28,033	4.1%	6,448
2007	33,045	963,229	29,149	4.5%	6,583
2008	33,401	965,590	28,909	5.7%	6,694
2009	33,604	941,819	28,027	12.5%	6,729
2010	33,128	910,059	27,471	12.4%	6,840
2011	33,413	716,041	21,430	12.1%	6,974
2012	33,413	953,874	28,548	11.4%	7,225
2013	33,414	983,407	29,431	9.2%	7,518
2014	33,529	676,615	20,180	7.2%	7,703
2015	NA	NA	NA	5.9%	7,966

NA

Not yet available

Source:

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

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

Taxpayer	2015			2006		
	Employees (1)	Rank	Percentage of Total City Employees	Employees	Rank	Percentage of Total City Employees
Shaw Industries, Inc.	4,660	1	13.9%	10,493	1	32.6%
Mohawk Industries, Inc.	2,155	2	6.4%	6,015	2	18.7%
Beaulieu of America, Inc.	1,151	3	3.4%	2,606	3	8.1%
Hamilton Medical Center	1,243	4	3.7%	1,075	4	3.3%
Dalton Public School System	971	5	2.9%	-	NA	0.0%
TANDUS Group (formerly Collins & Aikman)	839	6	2.5%	914	5	2.8%
J & J Industries, Inc.	695	7	2.1%	738	7	2.3%
City of Dalton, Georgia	687	8	2.0%	741	6	2.3%
Columbia Recycling Corp.	472	9	1.4%	-	NA	0.0%
Shiroki Georgia, LLC	352	10	1.0%	-	NA	0.0%
Wal-Mart	-	NA	0.0%	700	8	2.2%
Brown Industries	-	NA	0.0%	557	9	1.7%
Pilgrim's Pride Corporation	-	NA	0.0%	495	10	1.5%

NA Information not available

(1) Includes City of Dalton only

Source: Dalton-Whitfield Chamber of Commerce and City occupation tax data

Note: The above figures for the City of Dalton include Dalton Utilities and employees leased to joint ventures.

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

Function/Program	For the year ending December 31,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Administration and elected officials	11	10	7	7	7	7	7	7	7	7
Human Resources	4	4	4	3	3	3	3	3	3	3
City Clerk	2	3	3	3	3	3	3	3	3	3
IT	-	1	1	1	1	1	1	1	2	2
Finance	5	4	5	4	4	4	4	4	5	5
Building Inspection	5	5	5	5	-	-	-	-	-	-
Municipal Court	9	9	10	9	8	4	4	4	5	5
Public Safety										
Police										
Officers	92	95	98	86	81	82	79	81	82	83
Civilians	11	11	12	14	15	13	15	14	15	15
Fire										
Firefighters and officers	89	89	91	87	85	88	83	89	88	93
Civilians	2	1	-	-	-	1	1	2	3	3
Streets and Sanitation										
Refuse collection	32	32	32	32	31	31	31	31	30	29
Streets	15	32	10	10	10	11	11	11	11	11
Other	54	31	23	23	23	24	27	25	25	30
DWRSWMA (Landfill)	38	38	38	38	38	38	37	36	36	36
WLSF (Dalton Utilities)	322	320	309	310	402	307	301	304	310	308
Culture and Recreation										
Recreation	38	37	37	24	25	25	28	29	27	27
Golf Course	11	11	11	9	9	7	6	6	6	8
Senior Center	4	4	4	5	5	4	4	4	4	4
Trade Center	21	18	16	-	-	-	5	12	15	15

Source: City of Dalton and WLSF Commission payroll departments

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

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

Note: The Building Inspection department was part of the City until September 2009, when it merged with Whitfield County government.

Note: The Northwest Georgia Trade and Convention Center Authority management and employees were outsourced from 2009 through 2011.

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

Function/Program	For the year ending December 31,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Building permits issued	459	424	298	160	-	-	-	-	-	-
Public Safety										
Police										
Physical arrests	4,080	8,048	2,852	2,647	3,221	3,868	4,212	4,682	4,109	4,014
Traffic citations and warnings	16,331	17,473	19,140	11,727	9,384	12,621	10,831	11,375	12,943	11,174
Fire										
Calls answered	1,608	1,460	1,323	1,323	1,517	2,766	2,744	2,537	2,663	2,896
Inspections conducted	478	275	170	616	469	468	220	610	598	259
Culture and Recreation										
Youth athletic enrollment	2,306	2,571	2,725	2,850	3,098	3,575	2,698	4,258	4,273	4,500
Adult athletic enrollment	2,510	2,380	2,390	2,390	2,441	2,398	2,292	2,089	2,001	1,950
Special events	9,830	9,860	10,500	12,000	20,000	25,000	25,120	20,000	26,452	29,000
Tournaments	10,856	16,664	17,200	16,000	18,225	21,655	22,868	24,268	25,267	25,398

(continued)

(1) In millions of gallons

(2) Includes Whitfield County

Source: Various City departments

Note: Building Inspection absorbed by Whitfield County.

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

Function/Program	For the year ending December 31,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
WLSF (Dalton Utilities) (1) (2)										
Electric System										
Number of service connections	15,612	15,858	15,904	15,691	15,532	15,500	15,625	16,512	16,664	16,882
Daily average consumption	3,997	3,725	4,164	4,005	4,178	3,977	3,976	4,236	4,485	4,762
Maximum daily peak (MW's)	264	262	262	262	262	262	243	237	256	267
Natural Gas System										
Number of service connections	8,374	8,255	8,031	8,013	7,789	7,602	7,623	7,594	7,813	7,554
Daily average consumption	5,925	5,840	5,532	5,170	6,305	5,679	4,798	5,819	7,840	7,295
Maximum daily peak (Dkthms)	14,992	15,380	17,868	19,154	19,055	16,487	17,217	18,163	23,440	24,166
Sewer system										
Number of service connections	12,185	12,490	12,466	12,393	12,323	12,317	12,450	12,616	12,773	12,884
Daily average treatment	34	30	24	24	21	21	20	22	20	21
Maximum daily capacity (Mil/gallons)	40	40	67	67	67	67	67	67	67	67
Water system										
Number of service connections	35,218	35,513	32,457	35,790	35,559	35,501	35,674	35,236	35,423	35,532
Daily average consumption (Mil/gallons)	38	32	24	21	21	1	22	23	25	27
Maximum daily capacity (Mil/gallons)	59	59	66	66	66	66	66	66	66	66
Optilink (Telecom) System										
Number of service connections	8,163	10,334	11,650	11,930	11,776	11,827	12,033	12,234	12,502	12,934

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

Function/Program	For the year ending December 31,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	58	58	58	57	58	58	58	58	63	63
Fire										
Number of stations	5	5	5	5	5	5	5	5	5	5
Streets and Sanitation										
Miles of streets	169	169	169	173	173	174	174	178	180	180
Streetlights	4,052	4,420	4,435	4,472	4,485	4,505	4,525	4,545	4,610	4,615
Culture and Recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Parks	11	11	11	11	12	12	13	13	13	13
Park acreage	459	459	459	459	644	644	719	719	719	719
Golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	1	1	2	2	2	2
Tennis courts	14	18	18	16	22	22	22	22	22	22
WLSF (Dalton Utilities)										
Electric System										
Miles of distribution	195	197	197	199	204	206	301	310	317	334
Number of substations	9	9	9	9	9	9	9	10	10	11
Natural gas system										
Miles of distribution	251	255	255	256	276	277	324	279	285	292
Sewer system										
Miles of sewer	260	284	278	284	298	299	319	323	323	324
Number of treatment plants	4	4	5	5	5	5	5	5	5	5
Water system										
Miles of water mains	1,390	1,291	1,288	1,285	1,259	1,259	1,249	1,248	1,250	1,251
Number of fire hydrants	4,297	4,950	5,299	5,190	5,230	5,004	5,004	5,008	5,010	5,029
Optilink (Telecom) System										
Miles of fiber optics	321	570	578	586	592	601	601	626	827	1,096

Source: Various City departments

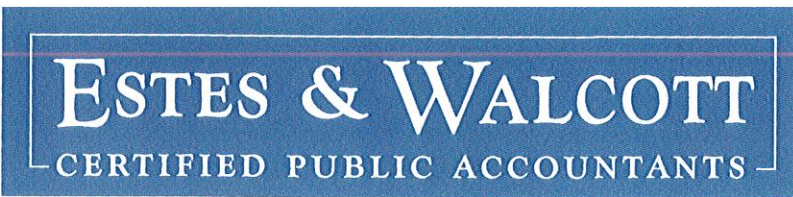
Note: Dalton Utilities figures include Whitfield County

City of Dalton, Georgia
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax
For the Year Ended December 31, 2015

Project Name	Original Estimated Project Cost	Revised Estimated SPLOST Funds	Prior Years	Current Year	Total	Estimated Percentage Complete
SPLOST 2015:						
County-wide communications project	\$ 3,901,000	\$ 3,901,000	\$ -	\$ 468,147	\$ 468,147	12%
County-wide library project	163,000	163,000	-	-	-	0%
Lakeshore Park recreation project	2,200,000	2,200,000	-	115,732	115,732	5%
Public safety vehicles	3,200,000	3,200,000	-	1,743,971	1,743,971	54%
Haig Mill reservoir recreation project	5,000,000	5,000,000	-	8,860	8,860	0%
Streets, bridges, and stormwater projects	10,000,000	10,000,000	-	-	-	0%
	<u>\$ 24,464,000</u>	<u>\$ 24,464,000</u>	<u>\$ -</u>	<u>\$ 2,336,710</u>	<u>\$ 2,336,710</u>	10%
SPLOST 2008:						
Road Projects	<u>\$ 30,384,359</u>	<u>\$ 11,710,215</u>	<u>\$ 6,017,374</u>	<u>\$ 637,506</u>	<u>\$ 6,654,880</u>	57%
Total	<u><u>\$ 54,848,359</u></u>	<u><u>\$ 36,174,215</u></u>	<u><u>\$ 6,017,374</u></u>	<u><u>\$ 2,974,216</u></u>	<u><u>\$ 8,991,590</u></u>	

Note: This schedule is presented on the modified accrual basis of accounting.

Note: Expenditures presented on this schedule are \$165,356 less than those presented on the combining statement of revenues, expenditures, and changes in fund balances for SPLOST nonmajor capital projects funds. That variance is due to \$165,356 in current year expenditures in SPLOST capital projects funds for debt issuance costs, which are not SPLOST expenditures, and were funded by proceeds from the issuance of debt during the current year.



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

Honorable Mayor, Members of the City Council,
City Administrator, and Finance Director
City of Dalton, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Dalton, Georgia's basic financial statements and have issued our report thereon dated June 22, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2015-001)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dalton, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

City of Dalton, Georgia's Response to Findings

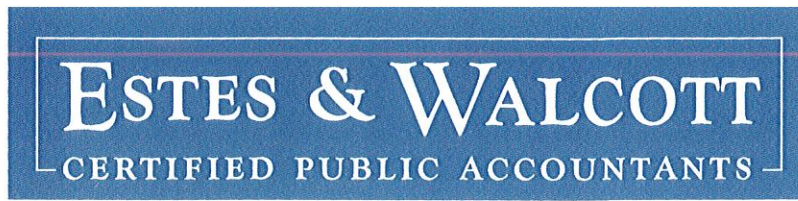
The City of Dalton, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Dalton, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Estes & Walcott

Dalton, Georgia
June 22, 2016



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor, Members of the City Council,
City Administrator, and Finance Director
City of Dalton, Georgia

Report on Compliance for Each Major Federal Program

We have audited the City of Dalton, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Dalton, Georgia's major federal programs for the year ended December 31, 2015. The City of Dalton, Georgia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Dalton, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Dalton, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Dalton, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Dalton, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of the City of Dalton, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Dalton, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Dalton, Georgia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Estes & Walcott

Dalton, Georgia
June 22, 2016

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2015

Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on the financial statements of the City of Dalton, Georgia.
2. One significant deficiency was disclosed during the audit which is required to be reported in the Independent Auditors' 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*. It was not determined to be material weaknesses.
3. No instances of noncompliance material to the financial statements of the City of Dalton, Georgia were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit which are required to be reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. No instances of findings were disclosed during the audit which are required to be reported in accordance with Section 200.516 of the Uniform Guidance.
7. The programs tested as a major program are:
 - U.S. Department of Transportation
 - Pass-through Georgia Department of Transportation
 - Airport Improvement Program
 - CFDA # 20.106
8. The threshold for distinguishing Type A and B programs is \$750,000.
9. The City of Dalton, Georgia was determined to be a low-risk auditee.

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2015

Findings – Financial Statement Audit

2015-001 Criteria: Controls should be in place in order to sufficiently prevent, or detect and correct misstatements on a timely basis.

Condition: Controls related to concession inventory at the Recreation Department are inadequate.

Cause: The department has not implemented controls sufficient to reduce the risk of asset misappropriation.

Effect: Concession revenues or inventory misappropriation may not be prevented or detected on a timely basis.

Recommendation: The department should implement controls to monitor inventories and to reconcile concession receipts to inventory consumption on a regular basis.

Management Response: We concur. The City has purchased and placed point of sale software in the concession venues. This automated cash and credit card system also contains an inventory module. The recreation department is currently utilizing the system for revenues and will implement the system for inventory before the end of 2016. The recreation department is also developing written procedures for inventory controls.

City of Dalton, Georgia
Schedule of Expenditures of Federal Awards
December 31, 2015

Federal Grantor / Pass-Through Grantor / Program Title/Contract Number	Federal CFDA Number	Current Year Expenditures	Federal Awards Passed Through to Subrecipients
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct funding:			
Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218		
Grant/Contract # B14MC130011		\$ 283,177	\$ 154,984
Grant/Contract # B15MC130011		<u>239,040</u>	<u>46,119</u>
		<u>522,217</u>	<u>201,103</u>
U.S. DEPARTMENT OF THE INTERIOR			
Pass-through Georgia Department of Natural Resources:			
Historic Preservation Funds Grants-In-Aid	15.904	8,235	-
Outdoor Recreation - Acquisition, Development, and Planning	15.916	<u>81,000</u>	<u>-</u>
		<u>89,235</u>	<u>-</u>
U.S. DEPARTMENT OF JUSTICE			
Direct funding:			
Bulletproof Vest Partnership Program	16.607	<u>6,257</u>	<u>-</u>
Equitable Sharing Program			
Grant/Contract # GA1550100	16.922	<u>5,335</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Pass-through Georgia Department of Transportation:			
Airport Improvement Program	20.106		
Grant/Contract # AP013-9021-31(313)		837,297	-
Grant/Contract # AP014-9022-33(313)		<u>7,304</u>	<u>-</u>
		<u>844,601</u>	<u>-</u>
U.S. DEPARTMENT OF THE TREASURY			
Direct funding:			
Treasury Forfeiture Fund	21.000	<u>14,788</u>	<u>-</u>
Total		<u>\$ 1,482,433</u>	<u>\$ 201,103</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

City of Dalton, Georgia
Notes to Schedule of Expenditures of Federal Awards
December 31, 2015

A. General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards received by the City of Dalton, Georgia. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in this schedule.

B. Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented using the full accrual basis of accounting, as described in Note 1-D.

C. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

D. Indirect Costs

The City did not elect to use the 10% de minimis indirect cost rate.

**City of Dalton, Georgia
Schedule of Prior Year Audit Findings
December 31, 2015**

Prior Year Findings – Financial Statement Audit

- 2014-001** Condition: Controls related to concession revenues and inventory at the Recreation Department are inadequate.
Current Status: The City has the same finding this year. Management has made significant progress in their efforts to eliminate this finding, but the inventory module for the Recreation Department has yet to be implemented. Management believes this will not be a finding next year.
- 2014-002** Condition: Controls related to payroll processing are not consistent among departments.
Current Status: The City has improved controls related to payroll processing. The new timeclock system has been implemented at all locations.
- 2014-003** Condition: Controls related to monitoring the probation service provider are insufficient.
Current Status: The City has improved controls related to the probation provider. Management continues to work with the probation provider to obtain information to enable the entities to better reconcile their records.

Prior Year Findings – Federal Awards Programs

US Department of Housing and Urban Development

Direct Funding:

Entitlement Grants Cluster:

Community Development Block Grants/Entitlement Grants

CFDA 14.218

Activities Allowed, Allocable Costs/Cost Principles, and Procurement

Questioned Costs: None

- 2014-004** Condition: Noted noncompliance with internal control procedures.
Current Status: This program was not audited as a major program this year. However, the City has implemented procedures to address this issue and based on a review of this specific issue, no similar findings were noted this year.