

2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF DALTON
GEORGIA

CITY OF DALTON, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For The Year Ended
December 31, 2021

Cindy Jackson, CPA
Chief Financial Officer

By Authority of
Mayor and Council

**City of Dalton, Georgia
Annual Comprehensive Financial Report
For The Year Ended December 31, 2021**

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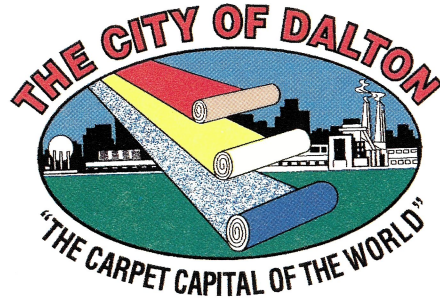
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June 30, 2022

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

We are pleased to present the Annual Comprehensive Financial Report (“ACFR”) of the City of Dalton, Georgia, for the year ended December 31, 2021 as mandated by Georgia state statutes. The ACFR presents the City’s sound financial position due to conservative fiscal management while maintaining exceptional services to our citizenry.

Management assumes full responsibility for the accuracy, 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.

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 unmodified opinion for the year ended December 31, 2021. The independent auditor’s report is presented in the financial section of this report.

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

The City receives financial assistance through various federal grant programs. Title 2 U.S. Code of Federal Regulations Part 200; Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”) provides oversight and articulates government requirements for receiving and using federal awards. Audits of programs receiving federal funding have been performed. The required reports on supplemental information, compliance, internal controls, and various supplemental schedules are included under the Special Reports Section.

Profile of the Government

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

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

The City operates under a council-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 and councilmembers are elected at large, and each of the councilmembers represents a city council ward district. 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 basic 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 ACFR.

The Senior Center is jointly funded with Whitfield County. It 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. In addition, the City exercises fiduciary responsibility over the Pension Trust Fund and the Other Post Employment Benefit ("OPEB") Trust Fund.

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.

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

Local Economy

Dalton is the economic hub of northwest Georgia and continues to benefit economically from the floor-covering industry's production of carpet, rugs, and luxury vinyl flooring. 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.

Like every U.S. city, Dalton's economy has been impacted by the novel coronavirus pandemic ("COVID-19"). Due to our strong manufacturing base and large retail big box stores, Dalton remained open for much of the pandemic. The tourism and locally owned small businesses have been impacted the most, but 2021 reflected robust hotel-motel tax revenue equivalent to pre-pandemic levels and sales tax collections county-wide exceeded pre-pandemic levels by 27%. During 2021, like all communities, City residents encountered various COVID-19 variants. The City government utilized public safety resources along with local health-care providers to administer vaccines, vaccine boosters, and Regeneron's monoclonal antibody treatments.

The Dalton Metropolitan Statistical Area ("MSA") unemployment was 3.0% at the end of 2021 and is currently 3.5% as of May 2022. We are currently slightly below the national average of 3.6% and above the state rate of 3.0%. We ended 2020 at 4.0%.

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. The JDA targets manufacturing, automotive, plastics/chemical, food processing, and data center industries due to the areas skilled work force, water-rich community, and physical location.

The MSA continues to see growth in both manufacturers and retailers, with substantial capital investment. The JDA reports updates on the following economic development projects:

- GEDIA Automotive Group – an international company that specializes in producing state-of-the-art automotive parts. The company completed construction of a 180,000 square foot facility in 2021 and in early 2022, began production with a focus on parts for the 2023 Mercedes-Benz crossover. The company invested capital of \$85 million, and will create 200 jobs.
- Hanwha Qcells – an international company that manufactures solar modules. The company recently announced an expansion of their existing facility within the Carbondale Business Park just south of Dalton. The expansion represents a \$171 million investment and will create 470 new jobs for the community. Once the expansion is complete, more than 1,000 will be employed by this manufacturing operation, and the new facility will produce 1.4 gigawatts of solar modules each year, bringing the total manufacturing capacity in Dalton to 3.1 gigawatts annually, which is equivalent to one-third of America's solar module manufacturing capacity.

Dalton's Hamilton Health Care System ("HHCS") is recognized for excellence and continued operations in two new facilities. The Anna Shaw Children's Institute is a regional leader and advocate for the care of children experiencing autism spectrum disorder, attention-deficit/hyper-activity disorder, or developmental delays. The Peoples Cancer Institute combines a world-class oncology clinic with radiation oncology, outpatient infusion, and breast and diagnostic imaging services within one four story building. In 2021, HHCS bolstered its heart and vascular program by adding experienced board certified heart professionals, including a cardiovascular surgeon and interventional & structural cardiologist. These advances have made HHCS a premier cardiovascular hospital within the region and a nationally accredited Chest Pain Center.

Junior Achievement ("JA") of Georgia opened its 4th JA Discovery Center in Georgia on March 4th, 2021. The 15,000 square foot hybrid space will combine JA Biz Town and JA Finance Park to offer experiential simulation to middle school students from neighboring cities and counties.

Major Initiatives

Dalton 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.

In January 2020, City leaders engaged with the firm Goodwyn Mills Cawood to create a master plan to improve the appearance and functionality of the City's two main Interstate 75 interchanges located at the intersections with West Walnut Avenue (Exit 333), and the North Dalton Bypass (Exit 336). In addition, the plan includes the Market Street area, which is adjacent to the Walnut Avenue interchange and features an outlet mall, restaurants, and hotels. The plan features decorative landscaping near the I-75 interchange, adding overpass/bridge architecture, streetscape options, reducing curb cuts on Walnut Avenue, additional connectivity streets for the commercial area South of Walnut Avenue, and a land-use plan for properties on Chattanooga Road near the I-75 interchange. The recommended project elements were split into multiple phases that can be implemented over a period of time as funding becomes available. In 2021, the City completed design and began permitting on the Market Street streetscape improvements project (phase 1 out of 5 from the Gateway Corridor Improvements Plan). Right of way acquisition is currently underway on this phase, and the project is scheduled to be let to construction in late 2022. The purpose of this project is to enhance the Market Street area into a retail, dining, and entertainment hub which will further support sales tax growth for the City.

In May 2020, Whitfield County voters passed a four-year, \$66 million 1% Special Purpose Local Option Sales Tax ("SPLOST") referendum. The 1% SPLOST includes \$6.9 million for Tier 1 projects, \$28.8 million for quality of life projects, \$18.8 million for infrastructure and public works equipment and projects, and \$11.5 million for public safety equipment and projects. The City's share of SPLOST is approximately \$19.5 million. In 2021, City began utilizing its share of the SPLOST proceeds to complete projects contained in the referendum. In 2021, design and permitting were completed for the Heritage Point Soccer Complex, a facility which will feature two full-sized FIFA regulation soccer fields. Dalton is widely known for its competitive soccer programs, and this facility will provide a state-of-the-art synthetic turf system that can be used for year-round play by the local community and to attract regional soccer tournaments. The facility is currently under construction and is scheduled to open in September 2022. Also in 2021, the public works department utilized SPLOST funds to complete over \$1.2 million of City street resurfacing and to replace aging heavy equipment. Design for the renovations of the City parks and recreation department's headquarters, John Davis Recreation Center, also began in 2021. Many other infrastructure projects were started in 2021, including the East Morris Street sidewalk improvements. Other critical stormwater planning efforts took place to address localized flooding with the City's stormwater consultant, Arcadis.

In April 2021, the City issued \$18,360,000 in revenue bonds through the City of Dalton Building Authority to finance recreation, economic development, and stormwater projects. Those projects include construction of an aquatics center, Market Street streetscape improvements and access road, and mitigation of stormwater issues. These funds will be combined with various other funding sources for the completion of projects.

The City implemented a capital improvement plan to identify potential capital projects for fiscal years 2020 through 2024, and infused \$3.0 million to initially fund the plan. Because of this initial investment, the City Council was able to recently approve a \$5.1 million capital spending plan to address many deferred projects in the parks and recreation and public works departments, police and fire department equipment, and IT equipment upgrades throughout the City network.

City leaders continue to be committed to improving the City's overall appearance and removing blight. In 2021, the City built on progress made from refuse collection policy changes made in the previous year by adopting a residential dangerous building abatement program to remove dilapidated and unsafe structures. This program allows for the owners of such dangerous buildings to enter into a consent agreement with the City, which then allows the public works department to demolish the unsafe structures, remove debris, and position the lot for future development. Once the project is complete, the property owner reimburses the City for its direct costs associated with the cleanup. This program provides the code compliance inspectors with a creative tool to address unsafe, unsanitary, and dilapidated structures within the City, and has resulted in the removal of several problematic abandoned homes. These efforts, combined with other code compliance measures, are helping to address a strategic priority of the City Council to improve the City's curb appeal.

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 2021, the City's general fund unrestricted fund balance was equal to 86% 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.

Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Excellence in Financial Reporting to the City of Dalton for its ACFR for the fiscal year ended December 31, 2020. This is the nineteenth 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 ACFR. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Excellence in Financial Reporting is valid for a period of one year. We believe that our current ACFR continues to meet the GFOA's requirements, and are submitting it in anticipation of receiving the Certificate of Excellence in Financial Reporting once again.

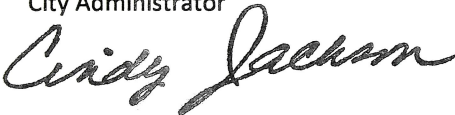
The timely preparation of this quality report was made possible by the dedicated service of the finance staff and the technical guidance and assistance afforded by our auditors.

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

Respectfully submitted,



Andrew Parker, PE
City Administrator



Cindy Jackson, CPA
Chief Financial Officer



The Government Finance Officers Association of
the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Finance Department
City of Dalton, Georgia



The Award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the department or individual designated as instrumental in the government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Christopher P. Morrell

Date: 5/12/2022

**City of Dalton, Georgia
City Officials and Administration
December 31, 2021**

David Pennington
Mayor

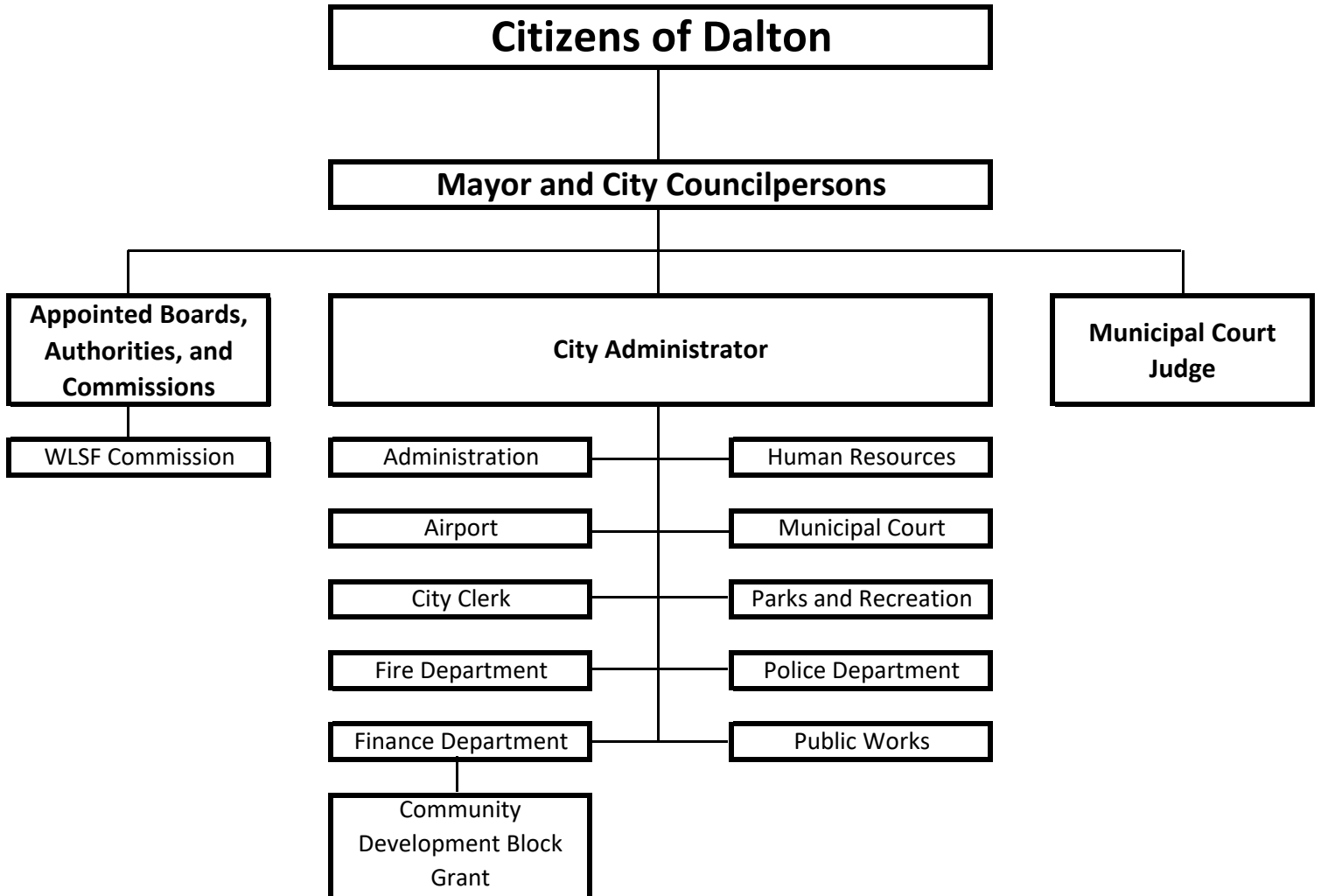
City Council

Dennis Mock, Ward 1
Annalee Sams, Ward 2
Tyree Goodlett, Ward 3
Steve Farrow, Ward 4

City Administration

Andrew Parker	City Administrator
Cindy Jackson	Chief Financial Officer
Bernadette Chattam	City Clerk
Tom Bundros	WLSF Commission CEO
Todd Pangle	Fire Chief
Greg Batts	Human Resource Director
Greg Walker	Interim Parks & Recreation Director
Cliff Cason	Police Chief
Benny Dunn	Interim Public Works Director

City of Dalton, Georgia
Organizational Chart
December 31, 2021





INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City of Dalton, Georgia's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia as of December 31, 2021, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Dalton, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Dalton, Georgia's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Dalton, Georgia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the required supplementary information for pension plans, and the required supplementary information for OPEB plans on pages 4-20, 99-102, and 103-105 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dalton, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of projects constructed with special purpose local option sales tax, as required by the Official Code of Georgia 48-8-121, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of projects constructed with special purpose local option sales tax, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 on our consideration of the City of Dalton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Dalton, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Dalton, Georgia's internal control over financial reporting and compliance.

Estes & Walcott

Dalton, Georgia
June 30, 2022

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(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, 2021. 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's assets and deferred outflows exceeded its liabilities and deferred inflows by \$1,166,666,009 (net position) for the calendar year reported. This represents an increase of \$29.4 million from the prior year net position.
- Total net position is comprised of the following:
 - Net investment in capital assets of \$952.7 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 \$164.1 million is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - Unrestricted net position of \$49.8 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 \$58.4 million this year. This represents an increase of \$22.9 million from the prior year.
- At the end of the current calendar year, unassigned fund balance for the general fund was \$27.7 million, or 86% of total general fund expenditures.
- The business-type activities enterprise funds reported total ending net position of \$1,066.1 million as of December 31, 2021. This reflects an increase of \$25.6 million from the prior year net position. The Water, Light, and Sinking Fund Commission ("WLSF Commission") is the City's only major enterprise fund and provides utility services including electric, gas, water, sewer, and information technology. The WLSF Commission transferred \$10.5 million to the general fund during 2021. 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.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

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.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

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 nonmajor 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 nonmajor 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 internal service funds for workers' compensation and health insurance. The activity of the workers' compensation fund and the health insurance fund are 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.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

- **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 postemployment benefits ("OPEB") trust fund, a municipal court custodial fund, and a police custodial fund. The pension trust fund accounts for the City's single employer pension trust fund. The OPEB trust fund accounts for the City's single employer OPEB trust fund. The municipal court and police custodial funds account for assets, including fines, surcharges, and seizures of cash and property, which are held by the municipal court and the police department in a custodial fashion. These funds are reported on two statements: a statement of fiduciary net position and a statement of changes in fiduciary net position. These statements are found on pages 36 and 37 of this report.

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 and defined benefit OPEB plan. Required supplementary information can be found on pages 99 through 105 of this report.

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for nonmajor funds are presented in a subsequent section of this report beginning on page 106.

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 179 through 181. Additional information about the component unit can be found in Note 1-A, Note 4-F, and Note 4-G.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City's overall financial position for the 2021 year is summarized as follows, based on information presented in the government-wide statement of net position.

Summary Statement of Net Position
Fiscal Years 2021 and 2020

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current assets	\$ 65,928,330	\$ 38,713,919	\$ 57,986,242	\$ 56,376,413	\$ 123,914,572	\$ 95,090,332
Capital assets	86,461,089	87,505,845	1,123,065,371	1,041,287,075	1,209,526,460	1,128,792,920
Other long-term assets	<u>1,534,879</u>	<u>1,228,282</u>	<u>202,776,965</u>	<u>252,805,728</u>	<u>204,311,844</u>	<u>254,034,010</u>
Total assets	<u>153,924,298</u>	<u>127,448,046</u>	<u>1,383,828,578</u>	<u>1,350,469,216</u>	<u>1,537,752,876</u>	<u>1,477,917,262</u>
Deferred outflows of resources						
	<u>3,557,136</u>	<u>2,570,532</u>	<u>5,676,518</u>	<u>5,517,470</u>	<u>9,233,654</u>	<u>8,088,002</u>
Total assets and deferred outflows	<u>\$157,481,434</u>	<u>\$130,018,578</u>	<u>\$1,389,505,096</u>	<u>\$1,355,986,686</u>	<u>\$1,546,986,530</u>	<u>\$1,486,005,264</u>
Liabilities:						
Current liabilities	8,090,578	3,184,993	38,497,201	28,420,087	46,587,779	31,605,080
Long-term liabilities	<u>34,416,970</u>	<u>15,266,522</u>	<u>268,617,543</u>	<u>270,198,624</u>	<u>303,034,513</u>	<u>285,465,146</u>
Total liabilities	<u>42,507,548</u>	<u>18,451,515</u>	<u>307,114,744</u>	<u>298,618,711</u>	<u>349,622,292</u>	<u>317,070,226</u>
Deferred inflows of resources						
	<u>13,028,135</u>	<u>13,317,171</u>	<u>17,670,094</u>	<u>18,363,363</u>	<u>30,698,229</u>	<u>31,680,534</u>
Net position:						
Net investment in capital assets	66,137,063	84,330,845	886,567,371	803,826,075	952,704,434	888,156,920
Restricted	31,432,478	10,520,530	132,666,000	185,424,000	164,098,478	195,944,530
Unrestricted	<u>4,376,210</u>	<u>3,398,517</u>	<u>45,486,887</u>	<u>49,754,537</u>	<u>49,863,097</u>	<u>53,153,054</u>
Total net position	<u>101,945,751</u>	<u>98,249,892</u>	<u>1,064,720,258</u>	<u>1,039,004,612</u>	<u>1,166,666,009</u>	<u>1,137,254,504</u>
Total liabilities, deferred inflows, and net position	<u>\$157,481,434</u>	<u>\$130,018,578</u>	<u>\$1,389,505,096</u>	<u>\$1,355,986,686</u>	<u>\$1,546,986,530</u>	<u>\$1,486,005,264</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 \$1,166,666,009 at the close of the current year.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

The most substantial portion of the City's net position is net investment in capital assets of \$952.7 million (82%). 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.

Restricted net position comprises the next largest component, constituting 14% of total net position. Restricted net position experienced a decrease of \$31.8 million during the past year, from \$195.9 million to \$164.1 million. These funds are subject to limitations in the manner in which they may be spent; these constraints may be imposed by external sources, enabling legislation or constitutional provision.

The remaining balance represents unrestricted net position and comprises 4% of total net position. The statement shows a decrease of 6% from the prior year, from \$53.2 million to \$49.8 million. The positive unrestricted net position does not mean that the City has resources available beyond its long-term commitments, but rather is a result of having currently available resources that are greater than long-term commitments.

Although net position of the business-type activities represents 91% of total City-wide net position, the City generally only uses these resources to finance the continuing operations of the business-type activities.

As a whole, the City of Dalton's net position increased by \$29.4 million during 2021. The business-type activities net position increased by \$25.7 million while the governmental activities net position increased by \$3.7 million.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

The effects of the City's operations and resulting change in net position for the 2021 year is summarized as follows, based on information presented in the government-wide statement of activities.

Summary Statement of Activities
Fiscal Years 2021 and 2020

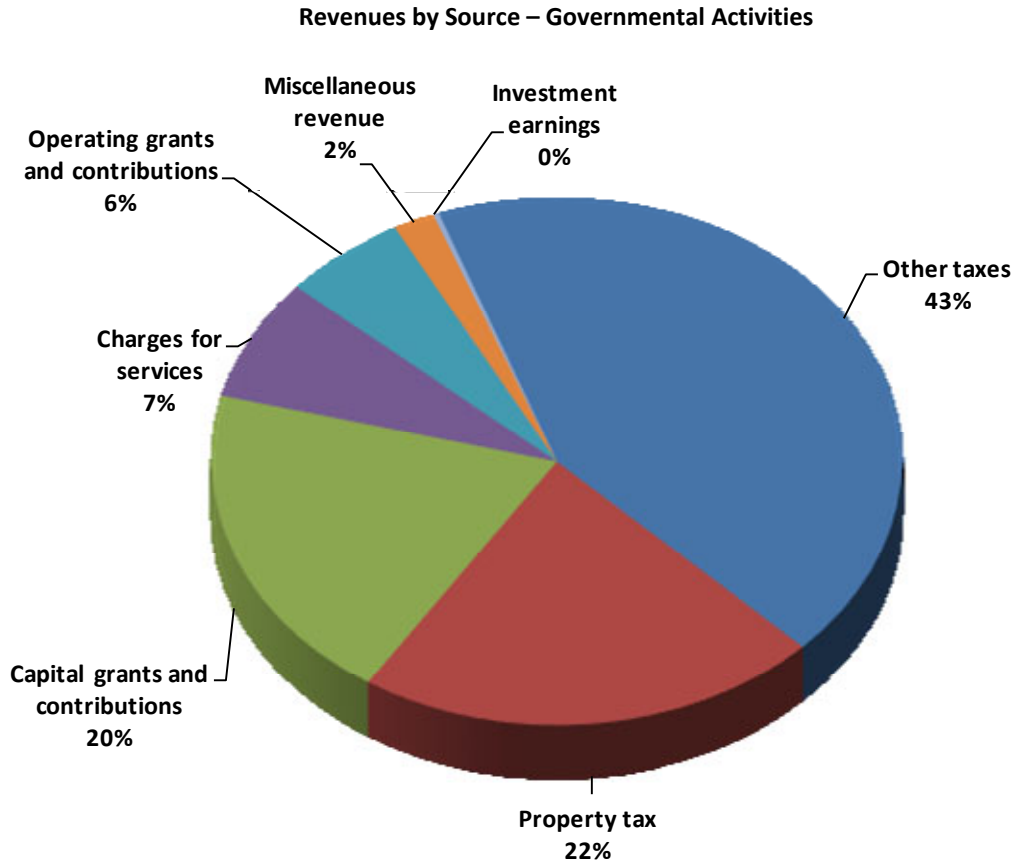
	Governmental activities		Business-type activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program:						
Charges for services	\$ 2,695,553	\$ 2,081,249	\$ 239,932,026	\$ 206,338,327	\$ 242,627,579	\$ 208,419,576
Operating grants	2,088,783	4,258,266	-	-	2,088,783	4,258,266
Capital grants	7,159,521	1,001,027	-	-	7,159,521	1,001,027
General:						
Property taxes	7,903,363	8,037,569	-	-	7,903,363	8,037,569
Other taxes	15,525,547	13,698,666	-	-	15,525,547	13,698,666
Investment earnings	96,332	444,764	(220,893)	2,242,309	(124,561)	2,687,073
Miscellaneous	697,450	376,430	565,000	638,325	1,262,450	1,014,755
Total revenues	<u>36,166,549</u>	<u>29,897,971</u>	<u>240,276,133</u>	<u>209,218,961</u>	<u>276,442,682</u>	<u>239,116,932</u>
Program Expenses:						
General government	4,510,143	3,656,268	-	-	4,510,143	3,656,268
Judicial	287,867	416,055	-	-	287,867	416,055
Public safety	18,588,626	16,192,777	-	-	18,588,626	16,192,777
Public works	10,691,036	8,589,780	-	-	10,691,036	8,589,780
Health and welfare	663,315	508,059	-	-	663,315	508,059
Culture and recreation	5,260,407	5,630,740	-	-	5,260,407	5,630,740
Housing and development	1,526,828	910,073	-	-	1,526,828	910,073
Interest	482,128	200,751	-	-	482,128	200,751
Utilities	-	-	202,024,009	158,347,951	202,024,009	158,347,951
Trade Center	-	-	776,070	848,713	776,070	848,713
Golf course	-	-	1,163,606	944,916	1,163,606	944,916
Airport	-	-	1,057,142	942,208	1,057,142	942,208
Total expenses	<u>42,010,350</u>	<u>36,104,503</u>	<u>205,020,827</u>	<u>161,083,788</u>	<u>247,031,177</u>	<u>197,188,291</u>
Excess (deficiency)	(5,843,801)	(6,206,532)	35,255,306	48,135,173	29,411,505	41,928,641
Transfers	9,539,660	12,744,094	(9,539,660)	(12,744,094)	-	-
Change in net position	3,695,859	6,537,562	25,715,646	35,391,079	29,411,505	41,928,641
Beginning net position	98,249,892	91,712,330	1,039,004,612	1,003,613,533	1,137,254,504	1,095,325,863
Ending net position	<u>\$101,945,751</u>	<u>\$98,249,892</u>	<u>\$1,064,720,258</u>	<u>\$1,039,004,612</u>	<u>\$1,166,666,009</u>	<u>\$1,137,254,504</u>

The City's total revenues increased \$37.3 million (16%) and the total cost of services and programs provided increased \$49.8 million (25%). Additional information is provided below regarding governmental and business-type activities changes in net position.

**City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)**

Governmental Activities

The following chart depicts revenues of the governmental activities for the year ended December 31, 2021:



As indicated by the revenue diagram above, other taxes was the largest revenue source for governmental activities. Other taxes includes sales tax, financial institution tax, hotel-motel tax, title ad valorem tax, franchise tax, and alcohol beverage tax. The City's governmental activities total revenues increased by \$6.3 million (21%).

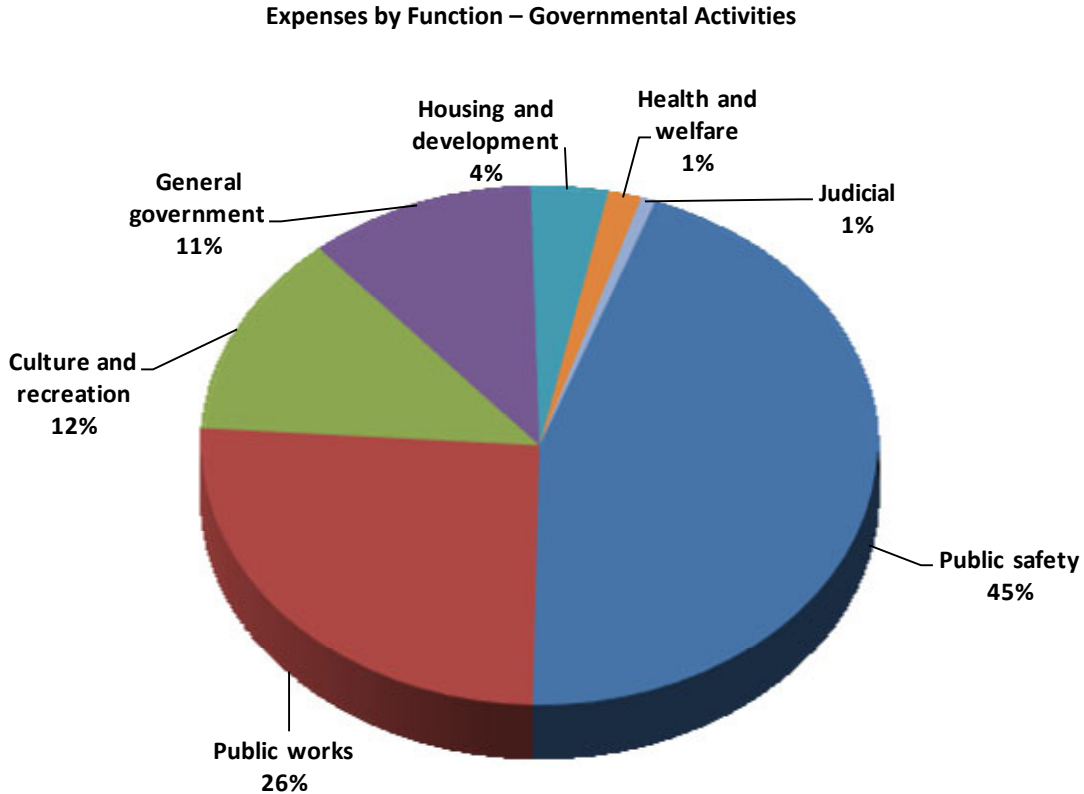
Key elements regarding the governmental activities revenue fluctuations are discussed below:

- The largest increase occurred in the capital grants category. This category comprised 20% of total revenues and increased \$6.2 million (615%). The increase is due to proceeds from the 2020 SPLOST which began in 2021. Revenues from the 2020 SPLOST totaled \$7.9 million for 2021.
- The the next largest increase occurred in the other taxes category. This category comprised 43% of total revenues and increased \$1.8 million (13%). The most significant components of the increase were attributable to increased sales tax of \$819,000, increased hotel/motel tax of \$471,000, and increased title ad valorem tax of \$373,000.

**City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)**

- The largest decrease occurred in the operating grants category. This category comprised (6%) of total revenues and decreased \$2.2 million (51%). This decrease is attributable to funding from the CARES grants in 2020. The City received a grant totaling \$1.8 million from the Department of the Treasury to supplement operations as a result of COVID-19 in the prior year.

The following chart depicts expenses of the governmental activities for the year ended December 31, 2021:



As depicted 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 \$5.9 million (16%).

The largest increase was attributable to the public safety function, which increased \$2.4 million (15%). The public safety program expense increase is due primarily to the change in the allocable net pension and net OPEB liability to the public safety function of \$2.4 million and \$1.2 million, respectively. The next largest increase was attributable to the public works function, which increased \$2.1 million (24%). The increase is due to street resurfacing and stormwater repairs of \$1.7 million and the change in the allocable net pension and net OPEB liability of \$156,000 and \$543,000, respectively.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

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	\$ 4,510,143	\$ 3,623,640
Judicial	287,867	(341,231)
Public safety	18,588,626	15,028,267
Public works	10,691,036	9,005,815
Health and welfare	663,315	96,014
Culture and recreation	5,260,407	979,196
Housing and development	1,526,828	1,192,664
Interest	482,128	482,128
Total	\$ 42,010,350	\$ 30,066,493

The judicial net cost of services indicates revenues generated by the court covered the cost of this function.

Business-type Activities

The City's business-type activities revenues increased \$31.1 million (15%) and expenses increased \$43.9 million (27%).

Revenues:

The increase in charges for services of \$33.6 million (16%) is primarily attributable to Dalton's utility operations, the WLSF Commission, as follows:

- Electric operating revenues increased \$19.0 million (17%), primarily due to increased consumption in the traditional industrial and data center industrial classes.
- Natural gas operating revenues increased \$11.4 million (53%), primarily due to an increase in consumption across all customer classes as the industry recovers from the effects of COVID-19.
- Water operating revenues increased by \$1.0 million (5%), primarily due to an overall rate increase of 4.5% for all customer classes. This increase was partially offset by decreased consumption from residential and commercial customers.
- Wastewater operating revenues increased by \$1.1 million (5%), primarily due to rate increase of 4.5% for all customer classes, partially offset by a decrease in consumption from commercial customers.
- Information technology operating revenues increased \$80,000 (0%), due to an increase in internet revenues, partially offset by decreases in broadband, telephone, and cable TV revenues.

City of Dalton, Georgia
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For the Year Ended December 31, 2021
(Unaudited)

The decrease in investment income of \$2.5 million (110%) is primarily attributable to the WLSF Commission's operations as follows:

- Interest income decreased \$696,000 due to the reinvestment of portfolio securities at lower interest rates and decreased investment balances.
- The fair value of investments decreased \$1.8 million due to a decrease in fair value as a result of the change in the overall bond market combined with withdrawals of investments.

Expenses:

The increase in program expenses of \$43.9 million (27%) is primarily attributable to the WLSF Commission's operations as follows:

- Production expenses increased by \$1.4 million (4%), primarily due to an increase in fuel expenses for coal-fired plants and increases in salaries and wages, partially offset by decreases in maintenance expenses.
- Purchased electricity expenses increased \$29.7 million (86%), primarily due to increased consumption by data center industrial customers combined with increased purchased power pricing.
- Purchased natural gas expenses increased \$8.1 million (61%), primarily due to increased consumption across all customer classes and an increase in the weighted average cost of gas. The average monthly index price of natural gas was \$3.79 and \$2.01 per Dth for 2021 and 2020, respectively.
- Distribution expenses increased by \$1.5 million (6%), primarily due to increases in maintenance, salaries and wages, and changes to the defined contribution retirement plan, combined with increased transmission expenses.
- Depreciation and amortization expense increased \$361,000 (2%), which reflects the addition of depreciable assets in the normal course of business.
- General and administrative expenses decreased by \$216,000 (2%), primarily due to decreases in merchant fees and required employer pension plan contributions, partially offset by an increase in employee salaries and wages.
- Interest expense increased \$3.1 million (108%) as a result of additional interest expense incurred for the 2020 Revenue Bond offering in the total amount of \$100 million, including premiums received.

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 \$58,376,759. Of this year-end total, 46% (\$27,743,722) is unassigned fund balance that is available for spending at the City's discretion. The remainder is nonspendable (\$128,121) or restricted for particular purposes (\$30,504,916).

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

The total ending fund balances of governmental funds reflect an increase of \$22.9 million (64%) from the prior year. The general fund reported an increase in fund balance of \$1,660,151 (6%) and the other governmental funds reported an increase in fund balances of \$21,212,668 (236%).

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 2021, the fund balance of the general fund was \$28.2 million. Unassigned fund balance represents 86% of general fund expenditures, an increase from the prior year, in which unassigned fund balance represented 74% of expenditures.

The general fund increased fund balance by \$1.7 million during the fiscal year. Key factors are as follows:

- General fund total revenues of \$25.3 million were \$776,000 more than the prior year's revenue. The City experienced increases in sales tax of \$819,000 and title ad valorem tax of \$373,000. The City experienced offsetting decreases in federal and state grants and contracts of \$816,000, and investment earnings of \$187,000.
- General fund total expenditures of \$32.2 million were \$2.1 million less than the prior year's expenditures. Personal services and benefits comprised the decrease, at \$2.1 million. The largest decreases realized in personal services and benefits were in the fire department (\$859,000), the police department (\$617,000), the recreation department (\$361,000), and the public works department (\$325,000). Wages in these departments actually increased due to a wage study and subsequent raises given in October. The increase in wages ranged from 8% - 19% for full-time employees City-wide. The decreases in these departments are due primarily to the reduced employer contribution to the defined benefit pension plan, coupled with unfunded positions in the police, public works, and recreation departments. The reduction in the employer contribution to the defined benefit pension plan resulted from increasing the amortization period from 10 to 20 years. This resulted in a 30% decrease in covered payroll contributions to the plan.
- Other financing sources of \$11.1 million decreased \$4.4 million from the prior year due to a one time transfer from the DWRSWMA joint venture of \$2.5 million in 2020, a transfer from the CARES Act special revenue fund of \$1.8 million to subsidize City expenditures due to coronavirus in 2020, and a decrease in the transfer from the WLSF Commission of \$576,000. These decreases were offset by an increase in the transfer from the hotel/motel tax fund of \$400,000.
- Other financing uses of \$2.5 million decreased by \$1.6 million from the prior year. The largest current year transfers out included \$1.3 million to the capital acquisition fund and \$566,000 to the SPLOST funds for street resurfacing. The largest prior year transfers out included \$2.5 million to the economic development fund and \$1.2 million to the capital acquisition fund.

Capital Projects Funds

- The bonded capital projects fund is used to account for the acquisition and construction of major capital assets funded by the 2021 debt issuance. Total debt proceeds of \$17.0 million were received in this fund, which includes a premium on issuance of \$1.4 million. Expenditures totaled \$702,000 and included \$432,000 for capital projects and \$270,000 for costs associated with debt issuance. At the end of 2021, fund balance was \$16.3 million. Significant expenditure activity in this fund will begin in 2022.

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- The SPLOST 2020 capital projects fund is used to account for the acquisition and construction of major capital assets associated with the 2020 SPLOST. Significant activity in this fund began in 2021. SPLOST revenues of \$7.9 million were collected and \$2.2 million was expended for public works and recreation projects and fire department vehicles. At the end of 2021, fund balance was \$6.1 million.
- The SPLOST 2015 capital projects fund is used to account for the acquisition and construction of major capital assets. Revenues were derived primarily from the 2015 SPLOST that ended in 2019. All projects, with the exception of public works paving and stormwater, have been completed and those projects will be utilizing existing fund balance until completed. Investment earnings totaled \$9,000, and transfers in totaled \$200,000. Expenditures totaled \$2.6 million for various public works SPLOST projects. At the end of 2021, fund balance was \$3.1 million and is restricted to complete the remaining projects.
- The SPLOST 2015 bonded debt capital projects fund was used to account for the issuance of debt associated with the 2015 SPLOST and the acquisition and construction of major capital assets from those funds. At the end of 2020, the fund balance was fully depleted.
- The SPLOST 2007 capital projects fund was used to account for the acquisition and construction of major capital assets. Revenues are primarily derived from SPLOST. This SPLOST expired at the end of 2010. Whitfield County, Georgia was 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. Funds available for City projects were fully expended at the end of 2020.
- The capital acquisition fund is used to account for expenditures for general capital outlays. Revenues are derived primarily from transfers from the general fund, which totaled \$1.3 million for the year. Total expenditures were \$458,000 for acquisition of equipment and facility repairs. Expenditures were substantially less than budget due to supply chain issues experienced throughout 2021. At the end of 2021, fund balance was \$2.0 million, and is restricted for future capital acquisitions.

Proprietary Funds

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

Major Proprietary Fund

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Dalton's general fund budget is prepared and adopted in accordance with Georgia law. Over the course of the year, the original budget was amended by various appropriations approved by Council. In addition, Council approved several adjustments to prevent budget overruns. The amendments to the general fund resulted in a net increase to budgeted revenues of \$1.2 million, a net decrease to budgeted expenditures of \$1.4 million, and a net decrease to other financing sources (uses) of \$2.3 million.

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The following highlights the most significant differences between original and adjusted budgets for revenue:

- Sales tax increase of \$1.2 million due to increased retail sales volume
- Title ad valorem tax increase of \$121,000 due to increase in vehicle sales
- Electric franchise fees of \$44,000 due to implementation of 4% electric franchise fee within the City limits beginning October 1st

The following highlights the most significant differences between original and adjusted budgets for expenditures:

- Decrease of \$1.8 million in defined benefit pension contributions due to increase in amortization period from 10 to 20 years
- Increase in infrastructure expenditures of \$300,000 for construction of concessions and bathrooms at Burr Park
- Increase in COVID related expenditures of \$110,000 to provide vaccines, boosters, and Regeneron monoclonal antibody treatments

The other financing sources budget category was amended to reflect a decrease in the WLSF transfer in of \$573,000 and an increase in the hotel/motel tax revenue transfer in of \$362,000. The other financing uses budget category was amended to reflect an increase in the capital acquisition fund transfer out of \$1.3 million and an increase in the transfers out to the 2015 and 2020 SPLOST funds for public works paving projects in the amounts of \$200,000 and \$366,000 respectively.

The general fund revenues and other financing sources were over the adjusted budget by \$52,000 and general fund expenditures and other financing uses were under the adjusted budget by \$1.2 million.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's book value of investment in capital assets for governmental and business-type activities at December 31, 2021 was \$86.5 million and \$1,123.1 million, respectively. The book value of the governmental activities investment in capital assets decreased by \$1.0 million. The book value of the business-type activities investment in capital assets increased by \$82.0 million. Depreciated cost for capital assets of the City as a whole decreased by \$81.8 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 2021 and 2020

	Governmental activities		Business-type activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Non-depreciable assets:						
Land	\$ 19,063,540	\$ 18,708,540	\$ 4,525,529	\$ 4,525,529	\$ 23,589,069	\$ 23,234,069
Construction in progress	<u>1,694,944</u>	<u>659,775</u>	<u>348,505,412</u>	<u>294,436,000</u>	<u>350,200,356</u>	<u>295,095,775</u>
Total non-depreciable	<u>20,758,484</u>	<u>19,368,315</u>	<u>353,030,941</u>	<u>298,961,529</u>	<u>373,789,425</u>	<u>318,329,844</u>
Depreciable assets:						
Land improvements	49,396,496	48,729,707	9,668,155	9,414,120	59,064,651	58,143,827
Buildings and improvements	35,170,688	34,866,568	3,763,489	3,763,489	38,934,177	38,630,057
Machinery, equipment, and furniture	31,499,761	31,103,614	2,708,503	2,787,911	34,208,264	33,891,525
Intangibles	1,211,447	1,211,447	-	-	1,211,447	1,211,447
Utility plant	-	-	1,369,476,000	1,322,496,000	1,369,476,000	1,322,496,000
Infrastructure	<u>108,099,656</u>	<u>108,099,656</u>	<u>-</u>	<u>-</u>	<u>108,099,656</u>	<u>108,099,656</u>
Total depreciable assets	225,378,048	224,010,992	1,385,616,147	1,338,461,520	1,610,994,195	1,562,472,512
Less accumulated depreciation	<u>159,675,443</u>	<u>155,873,462</u>	<u>636,033,717</u>	<u>616,171,974</u>	<u>795,709,160</u>	<u>772,045,436</u>
Book value-depreciable assets	<u>65,702,605</u>	<u>68,137,530</u>	<u>749,582,430</u>	<u>722,289,546</u>	<u>815,285,035</u>	<u>790,427,076</u>
Percentage depreciated	<u>71%</u>	<u>70%</u>	<u>46%</u>	<u>46%</u>	<u>49%</u>	<u>49%</u>
Nuclear fuel, at amortized cost	<u>-</u>	<u>-</u>	<u>20,452,000</u>	<u>20,036,000</u>	<u>20,452,000</u>	<u>20,036,000</u>
Book value - all assets	<u>\$ 86,461,089</u>	<u>\$ 87,505,845</u>	<u>\$ 1,123,065,371</u>	<u>\$ 1,041,287,075</u>	<u>\$ 1,209,526,460</u>	<u>\$ 1,128,792,920</u>

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Major capital asset changes during the current year for governmental activities included capital asset additions of \$4.1 million and depreciation expense of \$5.1 million. The following highlights the 2021 capital asset additions:

- General government purchases of \$174,000 for various computer equipment upgrades.
- Public safety vehicle and equipment purchases of \$1.0 million primarily for a 2021 Sutphen SL75 with apparatus.
- Public works vehicle and equipment purchases of \$535,000; major purchases include three pieces of heavy equipment and machinery.
- Public works infrastructure purchases of \$1.4 million; includes drainage/detention/flood projects, sidewalk construction, and Market Street improvement project.
- Culture and recreation purchases of \$977,000 primarily for Burr Park concession and restrooms and the Heritage Point soccer complex project.

Major capital asset changes 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 \$55.4 million, offset by depreciation expense of \$26.1 million. Construction work in progress increased \$54.0 million, primarily from additional construction costs for 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 revenue bonds outstanding of \$184.0 million. This is an increase of \$12.2 million from the prior year. Refer to Note 3-I for additional information regarding the City's long-term debt.

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Totals</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Capital leases payable	\$ 20,324,026	\$ 3,175,000	\$ -	\$ -	\$ 20,324,026	\$ 3,175,000
Revenue bonds	-	-	163,640,000	168,619,000	163,640,000	168,619,000
Total	<u>\$ 20,324,026</u>	<u>\$ 3,175,000</u>	<u>\$ 163,640,000</u>	<u>\$ 168,619,000</u>	<u>\$ 183,964,026</u>	<u>\$ 171,794,000</u>

The City maintains a bond credit rating of Aa2 from Moody's on general obligation bonds. The WLSF Commission maintains a bond credit rating of A- from S&P Global.

During 2021, the City of Dalton Building Authority issued revenue bonds for the City. Those bonds, reported as a capital lease on the City financials, were in the principal amount of \$18.4 million, along with a premium on issuance of \$2.0 million. The proceeds were used to satisfy the outstanding \$3.2 million of Building Authority Recovery Zone Economic Development Bonds, to pay issuance costs, and to provide funding for certain City capital projects.

State statutes limit the amount of general obligation debt a governmental entity may issue, which is up to 10% of its total assessed valuation. The current debt limitation for the City of Dalton is \$387.9 million, which is significantly in excess of the City's general obligation debt outstanding of \$40.4 million. Refer to note 4-D for conduit debt obligation with limited commitments with the City of Dalton Public School Systems issuance of 2018 general obligation bonds.

City of Dalton, Georgia
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ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2022 general fund budget reflects a \$108,000 (<1%) decrease in revenues when compared to 2021 actual revenues. Budgeted expenditures for 2022 reflect a \$5.4 million (17%) increase when compared to actual 2021 expenditures. The 2021 budgeted other financing sources reflect an increase of \$8.0 million, and other financing (uses) reflect an increase of \$4.2 million, for a net \$3.8 million (45%) increase when compared to 2021 actual. The City's adopted 2022 general fund budget is balanced without utilization of fund balance.

The City considered the following factors when preparing the 2022 budget:

- Assessed property values are expected to remain flat and assumes no millage rate change.
- The expected increase in revenues and other financing sources of \$8.0 million when compared to 2021 actual is from the American Rescue Plan Act fund for revenue replacement for government services, increase in utility transfer fee, and a full year of electric franchise fee collections. The City anticipates a slowing of vehicle purchases thus reduced title ad valorem tax.
- The employer defined benefit pension contribution required match will decrease 20% in 2022 compared to 2021. The defined contribution plan employer match will remain at 5%.
- The OPEB premiums will continue to be paid from the OPEB trust fund with no additional employer contributions to the trust in 2022.
- Health insurance premiums will increase 18% for 2022. The City will absorb the increase and forego a cost of living increase for employees.
- The 2022 budget reflects a full year of market adjustments for full-time employees, 2 additional personnel, and assumes positions are at 98% capacity for public safety and public works.

All 2015 SPLOST projects are expected to be completed by the end of 2022. The collections for the four-year 2015 SPLOST exceed the original budget of \$24.5 million for City projects.

2020 SPLOST projects are underway and SPLOST collections are tracking 29% over budget as of May 2022.

The capital projects fund received \$385,000 in funding from the adopted 2022 budget, but the City Council subsequently approved \$3.0 million to be transferred from the general fund's surplus fund balance to the capital projects fund for departmental equipment and facility repairs.

The City will continue to evaluate the level of services desired by citizens and how to provide those services as economically as possible.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. If you have questions concerning this document or would like to request additional information, contact the City's Chief Financial Officer, 300 West Waugh Street, Dalton, Georgia 30720 or access the City's website at www.daltonga.gov.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Dalton, Georgia
Statement of Net Position
December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Assets				
Current Assets				
Cash and cash equivalents	\$ 43,571,350	\$ 885,343	\$ 44,456,693	\$ 25,285,570
Investments	670,771	255,000	925,771	-
Restricted customer deposit fund	-	3,101,000	3,101,000	-
Receivables:				
Accounts	20,233,446	15,937,179	36,170,625	-
Taxes	1,029,517	-	1,029,517	-
Intergovernmental	295,125	-	295,125	-
Interest	-	273,000	273,000	-
Capital leases	-	-	-	9,988,000
Unbilled revenues	-	12,366,000	12,366,000	-
Fuel stocks	-	4,786,000	4,786,000	-
Materials and supplies inventory	126,216	18,880,995	19,007,211	-
Deposits and prepaid items	1,905	1,501,725	1,503,630	-
Total Current Assets	65,928,330	57,986,242	123,914,572	35,273,570
Noncurrent Assets				
Nondepreciable capital assets	20,758,484	353,030,941	373,789,425	-
Depreciable capital assets, net	65,702,605	749,582,430	815,285,035	-
Nuclear fuel, at amortized cost	-	20,452,000	20,452,000	-
Restricted combined renewals and extensions fund	-	660,000	660,000	-
Restricted combined utilities construction fund	-	71,849,000	71,849,000	-
Restricted nuclear decommissioning	-	42,686,000	42,686,000	-
Capital leases receivable (less current portion)	-	-	-	34,064,000
Net pension asset	607,317	706,912	1,314,229	-
Regulatory asset	-	65,470,000	65,470,000	-
Investment in joint ventures	927,562	21,405,053	22,332,615	-
Total Noncurrent Assets	87,995,968	1,325,842,336	1,413,838,304	34,064,000
Total Assets	153,924,298	1,383,828,578	1,537,752,876	69,337,570
Deferred Outflows of Resources	3,557,136	5,676,518	9,233,654	-
Total Assets and Deferred Outflows	\$ 157,481,434	\$ 1,389,505,096	\$ 1,546,986,530	\$ 69,337,570

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	\$ 6,893,207	\$ 27,766,123	\$ 34,659,330	\$ 25,166,694
Internal balances	(1,502,009)	1,502,009	-	-
Accrued interest payable	251,758	-	251,758	-
Claims payable	171,822	-	171,822	-
Unearned revenue	175,800	24,069	199,869	-
Compensated absences payable	1,500,000	40,000	1,540,000	-
Revenue bonds payable	-	5,133,000	5,133,000	9,988,000
Capital leases payable	600,000	-	600,000	-
Customer deposits	-	4,032,000	4,032,000	-
Total Current Liabilities	<u>8,090,578</u>	<u>38,497,201</u>	<u>46,587,779</u>	<u>35,154,694</u>
Long-Term Liabilities				
Compensated absences payable (less current portion)	3,722,528	84,061	3,806,589	-
Asset retirement obligations	-	98,290,000	98,290,000	-
Revenue bonds payable (less current portion)	-	158,507,000	158,507,000	34,064,000
Capital leases payable (less current portion)	19,724,026	-	19,724,026	-
Net OPEB liability	10,970,416	11,736,482	22,706,898	-
Total Long-Term Liabilities	<u>34,416,970</u>	<u>268,617,543</u>	<u>303,034,513</u>	<u>34,064,000</u>
Total Liabilities	<u>42,507,548</u>	<u>307,114,744</u>	<u>349,622,292</u>	<u>69,218,694</u>
Deferred Inflows of Resources	<u>13,028,135</u>	<u>17,670,094</u>	<u>30,698,229</u>	<u>-</u>
Net Position				
Net investment in capital assets	66,137,063	886,567,371	952,704,434	-
Restricted for:				
Debt service	285,861	71,849,000	72,134,861	-
Capital projects	27,537,538	660,000	28,197,538	-
Public safety	153,624	-	153,624	-
Development	3,134,038	-	3,134,038	-
Public works	103,675	-	103,675	-
Culture and recreation	217,742	-	217,742	-
Nuclear decommissioning	-	42,686,000	42,686,000	-
Pension	-	14,101,000	14,101,000	-
OPEB	-	3,370,000	3,370,000	-
Unrestricted	4,376,210	45,486,887	49,863,097	118,876
Total Net Position	<u>101,945,751</u>	<u>1,064,720,258</u>	<u>1,166,666,009</u>	<u>118,876</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 157,481,434</u>	<u>\$ 1,389,505,096</u>	<u>\$ 1,546,986,530</u>	<u>\$ 69,337,570</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Activities
For the Year Ended December 31, 2021

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								
Governmental Activities:								
General government	\$ 4,510,143	\$ 467,925	\$ 362,647	\$ 55,931	\$ (3,623,640)	\$ -	\$ (3,623,640)	\$ -
Judicial	287,867	629,098	-	-	341,231	-	341,231	-
Public safety	18,588,626	849,714	16,766	2,693,879	(15,028,267)	-	(15,028,267)	-
Public works	10,691,036	134,909	1,023,519	526,793	(9,005,815)	-	(9,005,815)	-
Health and welfare	663,315	205,654	361,647	-	(96,014)	-	(96,014)	-
Culture and recreation	5,260,407	398,253	40	3,882,918	(979,196)	-	(979,196)	-
Housing and development	1,526,828	10,000	324,164	-	(1,192,664)	-	(1,192,664)	-
Interest on long-term debt	482,128	-	-	-	(482,128)	-	(482,128)	-
Total Governmental Activities	42,010,350	2,695,553	2,088,783	7,159,521	(30,066,493)	-	(30,066,493)	-
Business-Type Activities:								
WLSF:								
Electric system	114,921,651	137,296,000	-	-	-	22,374,349	22,374,349	-
Gas system	27,219,244	32,777,000	-	-	-	5,557,756	5,557,756	-
Water system	23,412,300	23,064,000	-	-	-	(348,300)	(348,300)	-
Wastewater system	21,418,300	21,189,000	-	-	-	(229,300)	(229,300)	-
Information technology system	15,052,514	22,158,000	-	-	-	7,105,486	7,105,486	-
Landfill	-	1,646,502	-	-	-	1,646,502	1,646,502	-
Convention Center	776,070	-	-	-	-	(776,070)	(776,070)	-
Municipal golf course	1,163,606	1,241,481	-	-	-	77,875	77,875	-
Municipal airport	1,057,142	560,043	-	-	-	(497,099)	(497,099)	-
Total Business-Type Activities	205,020,827	239,932,026	-	-	-	34,911,199	34,911,199	-
Total - Primary Government	\$ 247,031,177	\$ 242,627,579	\$ 2,088,783	\$ 7,159,521	(30,066,493)	34,911,199	4,844,706	-
Total - Component Unit	\$ 820,754	\$ 51,015	\$ -	\$ -				(769,739)
General Revenues								
Property taxes levied for general purposes					7,903,363	-	7,903,363	-
Selective taxes					13,963,328	-	13,963,328	-
Hotel/motel taxes					1,562,219	-	1,562,219	-
Investment earnings					96,332	(220,893)	(124,561)	-
Donations - unrestricted					37,915	-	37,915	-
Miscellaneous					659,535	565,000	1,224,535	-
Total General Revenues					24,222,692	344,107	24,566,799	-
Transfers					9,539,660	(9,539,660)	-	820,754
Total General Revenues and Transfers					33,762,352	(9,195,553)	24,566,799	820,754
Change in Net Position					3,695,859	25,715,646	29,411,505	51,015
Net Position Beginning of Year					98,249,892	1,039,004,612	1,137,254,504	67,861
Net Position End of Year					\$ 101,945,751	\$ 1,064,720,258	\$ 1,166,666,009	\$ 118,876

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

City of Dalton, Georgia
Balance Sheet
Governmental Funds
December 31, 2021

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 25,220,264	\$ 17,470,605	\$ 42,690,869
Investments	670,771	-	670,771
Receivables:			
Accounts	2,368,154	17,466,304	19,834,458
Taxes	1,029,513	4	1,029,517
Intergovernmental - federal	48,866	186,439	235,305
Intergovernmental - state	746	2,153	2,899
Intergovernmental - local	-	56,921	56,921
Interfund	315,580	69,949	385,529
Inventory	126,216	-	126,216
Prepaid items	1,905	-	1,905
Total Assets	<u>\$ 29,782,015</u>	<u>\$ 35,252,375</u>	<u>\$ 65,034,390</u>
Liabilities			
Accounts payable	\$ 418,028	\$ 4,840,862	\$ 5,258,890
Accrued expenditures	513,836	-	513,836
Unearned revenue	175,800	-	175,800
Interfund payable	69,949	228,014	297,963
Total Liabilities	<u>1,177,613</u>	<u>5,068,876</u>	<u>6,246,489</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	<u>411,142</u>	<u>-</u>	<u>411,142</u>
Fund Balances			
Nonspendable:			
Inventory	126,216	-	126,216
Prepaid items	1,905	-	1,905
Restricted:			
Economic development (tax allocation districts)	-	2,206,475	2,206,475
Public safety (police expenditures)	-	153,624	153,624
Housing and development (grant expenditures)	-	1	1
Debt service (debt service expenditures)	-	285,861	285,861
Capital projects (SPLOST projects and other projects)	-	27,537,538	27,537,538
Public works (cemetery chapel and streetscape)	103,675	-	103,675
Culture and recreation (greenway, disc golf, and Haig Mill)	217,742	-	217,742
Unrestricted:			
Unassigned	<u>27,743,722</u>	<u>-</u>	<u>27,743,722</u>
Total Fund Balances	<u>28,193,260</u>	<u>30,183,499</u>	<u>58,376,759</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 29,782,015</u>	<u>\$ 35,252,375</u>	<u>\$ 65,034,390</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, 2021

Total Governmental Fund Balances		\$ 58,376,759
 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	246,136,532	
Less accumulated depreciation	(159,675,443)	86,461,089
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
		411,142
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	(238,963)	
Interfund payables	238,963	-
Long-term liabilities that are not due and payable in the current period are not reported in governmental funds but are reported on the statement of net position:		
Accrued interest on capital leases payable	(251,758)	
Capital leases payable	(20,324,026)	
Compensated absences	(5,222,528)	
Net pension asset	607,317	
Net OPEB liability	(10,970,416)	(36,161,411)
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		927,562
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.		
		(12,834)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows related to pensions	1,020,555	
Deferred inflows related to pensions	(7,696,091)	
Deferred outflows related to OPEB	2,536,581	
Deferred inflows related to OPEB	(5,332,044)	(9,470,999)
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.		
		1,414,443
Net Position of Governmental Activities		\$ 101,945,751

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, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 21,979,340	\$ 1,562,228	\$ 23,541,568
Licenses and permits	355,719	-	355,719
Intergovernmental - federal	11,003	777,431	788,434
Intergovernmental - state	3,508	7,915,081	7,918,589
Intergovernmental - local	129,360	56,921	186,281
Charges for services	1,830,049	10,000	1,840,049
Fines and forfeitures	438,735	61,050	499,785
Investment earnings	43,082	52,440	95,522
Miscellaneous	514,591	-	514,591
Total Revenues	<u>25,305,387</u>	<u>10,435,151</u>	<u>35,740,538</u>
Expenditures			
Current:			
General government	3,015,443	174,895	3,190,338
Judicial	437,671	-	437,671
Public safety	17,079,519	162,373	17,241,892
Public works	6,903,443	2,083,709	8,987,152
Health and welfare	365,386	220,868	586,254
Culture and recreation	3,673,730	83,725	3,757,455
Housing and development	342,749	883,359	1,226,108
Capital Outlay:			
General government	-	174,141	174,141
Public safety	41,027	1,036,635	1,077,662
Public works	310,379	1,876,355	2,186,734
Culture and recreation	-	322,351	322,351
Debt Service:			
Principal retirement	-	3,175,000	3,175,000
Interest and fiscal charges	-	230,370	230,370
Issuance costs/fiscal fees	-	321,136	321,136
Total Expenditures	<u>32,169,347</u>	<u>10,744,917</u>	<u>42,914,264</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,863,960)</u>	<u>(309,766)</u>	<u>(7,173,726)</u>
Other Financing Sources (Uses)			
Revenue bonds issued	-	18,360,000	18,360,000
Premium on revenue bonds	-	1,964,026	1,964,026
Proceeds from sale of assets	-	182,859	182,859
Transfers in	11,062,538	2,258,979	13,321,517
Transfers out	(2,538,427)	(1,243,430)	(3,781,857)
Total Other Financing Sources (Uses)	<u>8,524,111</u>	<u>21,522,434</u>	<u>30,046,545</u>
Net Change in Fund Balances	1,660,151	21,212,668	22,872,819
Fund Balances Beginning of Year	<u>26,533,109</u>	<u>8,970,831</u>	<u>35,503,940</u>
Fund Balances End of Year	<u>\$ 28,193,260</u>	<u>\$ 30,183,499</u>	<u>\$ 58,376,759</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, 2021

Net Changes in Fund Balances - Total Governmental Funds		\$ 22,872,819
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 depreciation expense exceeded capital outlays in the current period:		
Depreciation expense	(5,144,203)	
Capital outlay	<u>3,760,888</u>	(1,383,315)
Donations of or contributions for capital assets not reported at the fund level.		355,000
Write off of capital assets are not reported at the fund level.		(16,441)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(112,658)
Elimination of transfers between governmental funds:		
Transfers in	(2,821,517)	
Transfers out	<u>2,821,517</u>	-
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Additionally, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Capital leases issued during 2021	(18,360,000)	
Capitalized premiums on debt issuances during 2021	(1,964,026)	
Repayment of capital leases	<u>3,175,000</u>	(17,149,026)
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	(594,936)	
Accrued interest on capital leases payable	(251,758)	
Pension benefit (expense)	384,788	
OPEB benefit (expense)	<u>(233,317)</u>	(695,223)
The Joint Development Authority (JDA) is a joint venture of the City of Dalton and Whitfield County, Georgia. The current year payments to the JDA are reported as expenditures for the housing and development function on the fund statements, but the City's interest in the government-wide net income or loss is reported on the statement of activities:		
City's portion of the government-wide JDA current year net loss		(300,720)
The internal service funds used by management to charge the costs of the operation and maintenance of the health 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.		
		<u>125,423</u>
Change in Net Position of Governmental Activities		<u><u>\$ 3,695,859</u></u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Taxes	\$ 20,524,500	\$ 21,962,890	\$ 21,979,340	\$ 16,450
Licenses and permits	340,500	351,050	355,719	4,669
Intergovernmental - federal	15,000	11,000	11,003	3
Intergovernmental - state	3,000	3,000	3,508	508
Intergovernmental - local	135,700	129,350	129,360	10
Charges for services	1,743,100	1,816,020	1,830,049	14,029
Fines and forfeitures	425,000	439,100	438,735	(365)
Investment earnings	250,200	43,100	43,082	(18)
Miscellaneous	579,600	497,810	514,591	16,781
Total Revenues	<u>24,016,600</u>	<u>25,253,320</u>	<u>25,305,387</u>	<u>52,067</u>
Expenditures				
Current:				
General government	3,413,100	3,194,030	3,015,443	178,587
Judicial	472,000	477,000	437,671	39,329
Public safety	18,513,500	17,376,520	17,079,519	297,001
Public works	7,885,700	7,339,750	6,903,443	436,307
Health and welfare	431,350	458,850	365,386	93,464
Culture and recreation	3,846,440	3,828,620	3,673,730	154,890
Housing and development	215,000	343,000	342,749	251
Total Current	<u>34,777,090</u>	<u>33,017,770</u>	<u>31,817,941</u>	<u>1,199,829</u>
Capital Outlay				
Public safety	-	44,570	41,027	3,543
Public works	51,000	350,380	310,379	40,001
Culture and recreation	8,760	-	-	-
Total Capital Outlay	<u>59,760</u>	<u>394,950</u>	<u>351,406</u>	<u>43,544</u>
Total Expenditures	<u>34,836,850</u>	<u>33,412,720</u>	<u>32,169,347</u>	<u>1,243,373</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,820,250)</u>	<u>(8,159,400)</u>	<u>(6,863,960)</u>	<u>1,295,440</u>
Other Financing Sources (Uses)				
Transfers in	11,273,000	11,062,610	11,062,538	(72)
Transfers out	(474,500)	(2,542,080)	(2,538,427)	3,653
Total Other Financing Sources (Uses)	<u>10,798,500</u>	<u>8,520,530</u>	<u>8,524,111</u>	<u>3,581</u>
Net Change in Fund Balances	<u>\$ (21,750)</u>	<u>\$ 361,130</u>	1,660,151	<u>\$ 1,299,021</u>
Fund Balances Beginning of Year			26,533,109	
Fund Balances End of Year			<u>\$ 28,193,260</u>	

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2021

	<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	\$ 801,000	\$ 84,343	\$ 885,343	\$ 880,481
Short-term investments	255,000	-	255,000	-
Restricted customer deposit fund	3,101,000	-	3,101,000	-
Accounts receivable, net	15,937,000	179	15,937,179	398,988
Interfund receivable	-	59,000	59,000	-
Unbilled revenues	12,366,000	-	12,366,000	-
Interest receivable	273,000	-	273,000	-
Fuel stocks	4,786,000	-	4,786,000	-
Materials and supplies inventory	18,810,000	70,995	18,880,995	-
Deposits and prepaid items	1,485,000	16,725	1,501,725	-
Total Current Assets	<u>57,814,000</u>	<u>231,242</u>	<u>58,045,242</u>	<u>1,279,469</u>
Noncurrent Assets:				
Land	-	4,525,529	4,525,529	-
Construction in progress	348,480,000	25,412	348,505,412	-
Nuclear fuel, at amortized cost	20,452,000	-	20,452,000	-
Depreciable capital assets, net	743,738,000	5,844,430	749,582,430	-
Restricted combined renewals/extensions fund	660,000	-	660,000	-
Restricted combined utilities construction fund	71,849,000	-	71,849,000	-
Restricted nuclear decommissioning fund	42,686,000	-	42,686,000	-
Net pension asset	692,000	14,912	706,912	-
Regulatory assets, net	65,470,000	-	65,470,000	-
Investment in joint ventures	-	21,405,053	21,405,053	-
Total Noncurrent Assets	<u>1,294,027,000</u>	<u>31,815,336</u>	<u>1,325,842,336</u>	<u>-</u>
Total Assets	<u>1,351,841,000</u>	<u>32,046,578</u>	<u>1,383,887,578</u>	<u>1,279,469</u>
Deferred Outflows of Resources	<u>5,591,000</u>	<u>85,518</u>	<u>5,676,518</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$ 1,357,432,000</u>	<u>\$ 32,132,096</u>	<u>\$ 1,389,564,096</u>	<u>\$ 1,279,469</u>

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2021

	<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:				
Customer deposits	\$ 4,032,000	\$ -	\$ 4,032,000	\$ -
Current maturities of long-term debt	5,133,000	-	5,133,000	-
Accounts payable and accrued expenses	27,706,000	60,123	27,766,123	1,120,481
Unearned revenue	-	24,069	24,069	-
Interfund payable	-	146,566	146,566	-
Claims payable	-	-	-	171,822
Compensated absences payable	-	40,000	40,000	-
Total Current Liabilities	<u>36,871,000</u>	<u>270,758</u>	<u>37,141,758</u>	<u>1,292,303</u>
Long-Term Liabilities:				
Compensated absences (net of current portion)	-	84,061	84,061	-
Revenue bonds payable (net of current portion)	158,507,000	-	158,507,000	-
Net OPEB liability	11,473,000	263,482	11,736,482	-
Asset retirement obligations	98,290,000	-	98,290,000	-
Total Long-Term Liabilities	<u>268,270,000</u>	<u>347,543</u>	<u>268,617,543</u>	<u>-</u>
Total Liabilities	<u>305,141,000</u>	<u>618,301</u>	<u>305,759,301</u>	<u>1,292,303</u>
Deferred Inflows of Resources	<u>17,377,000</u>	<u>293,094</u>	<u>17,670,094</u>	<u>-</u>
Net Position				
Net investment in capital assets	876,172,000	10,395,371	886,567,371	-
Restricted for:				
Debt service	71,849,000	-	71,849,000	-
Capital projects	660,000	-	660,000	-
Nuclear decommissioning	42,686,000	-	42,686,000	-
Pension	14,101,000	-	14,101,000	-
OPEB	3,370,000	-	3,370,000	-
Unrestricted	26,076,000	20,825,330	46,901,330	(12,834)
Total Net Position	<u>1,034,914,000</u>	<u>31,220,701</u>	<u>1,066,134,701</u>	<u>(12,834)</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 1,357,432,000</u>	<u>\$ 32,132,096</u>	<u>\$ 1,389,564,096</u>	<u>\$ 1,279,469</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, 2021

Total Statement of Net Position - Proprietary Funds Net Position \$ 1,066,134,701

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

The business-type activities of the City also benefit from the use of the health insurance 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.

(1,414,443)

Net Position of Business-Type Activities \$ 1,064,720,258

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, 2021

	<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	\$ 236,484,000	\$ 1,476,441	\$ 237,960,441	\$ 9,342,110
Merchandise sales	-	130,392	130,392	-
Tournaments	-	126,012	126,012	-
Concessions	-	67,121	67,121	-
Miscellaneous	-	1,558	1,558	-
Total Operating Revenues	<u>236,484,000</u>	<u>1,801,524</u>	<u>238,285,524</u>	<u>9,342,110</u>
Operating Expenses				
Personal services and benefits	24,765,000	826,403	25,591,403	-
Purchased and contracted services	145,195,000	278,403	145,473,403	1,958,808
Supplies	-	571,028	571,028	-
Depreciation and amortization	26,143,000	548,441	26,691,441	-
Claims	-	-	-	7,139,210
Total Operating Expenses	<u>196,103,000</u>	<u>2,224,275</u>	<u>198,327,275</u>	<u>9,098,018</u>
Operating Income (Loss)	<u>40,381,000</u>	<u>(422,751)</u>	<u>39,958,249</u>	<u>244,092</u>
Non-Operating Revenues (Expenses)				
Interest income	1,318,000	107	1,318,107	849
Interest expense	(6,037,000)	-	(6,037,000)	-
Net increase (decrease) in fair value of investments	(1,539,000)	-	(1,539,000)	-
Miscellaneous income	565,000	-	565,000	-
Income (loss) from joint ventures	-	870,432	870,432	-
Total Non-Operating Revenues (Expenses)	<u>(5,693,000)</u>	<u>870,539</u>	<u>(4,822,461)</u>	<u>849</u>
Income Before Contributions and Transfers	34,688,000	447,788	35,135,788	244,941
Contributions and Transfers				
Transfers in (out)	(10,500,000)	960,340	(9,539,660)	-
Total Contributions and Transfers	<u>(10,500,000)</u>	<u>960,340</u>	<u>(9,539,660)</u>	<u>-</u>
Change in Net Position	24,188,000	1,408,128	25,596,128	244,941
Net Position Beginning of Year	<u>1,010,726,000</u>	<u>29,812,573</u>	<u>1,040,538,573</u>	<u>(257,775)</u>
Net Position End of Year	<u>\$ 1,034,914,000</u>	<u>\$ 31,220,701</u>	<u>\$ 1,066,134,701</u>	<u>\$ (12,834)</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, 2021

Changes in Fund Net Position - Total Business-Type Activities \$ 25,596,128

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

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

119,518

Change in Net Position of Business-Type Activities \$ 25,715,646

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water, Light, and Sinking Fund Commission	Other Proprietary Funds	Total	
Cash Flows from Operating Activities				
Cash received from customers	\$ 227,830,000	\$ 1,793,487	\$ 229,623,487	\$ -
Cash received from overparity in transmission facilities	2,807,000	-	2,807,000	-
Cash received from interfund services provided	-	-	-	9,517,526
Cash payments for personnel services and benefits	(24,765,000)	(732,638)	(25,497,638)	-
Cash payments for goods, services, claims, and fees	(138,749,000)	(849,325)	(139,598,325)	(9,430,157)
Net Cash Provided by (Used in) Operating Activities	<u>67,123,000</u>	<u>211,524</u>	<u>67,334,524</u>	<u>87,369</u>
Cash Flows from Noncapital Financing Activities				
Interfund loans received (paid)	-	(315,360)	(315,360)	-
Proceeds from interfund transfers	-	361,447	361,447	-
Transfers out	(10,500,000)	-	(10,500,000)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(10,500,000)</u>	<u>46,087</u>	<u>(10,453,913)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Payments long-term debt	(11,016,000)	-	(11,016,000)	-
Acquisition and construction of capital assets	(108,503,000)	(285,737)	(108,788,737)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(119,519,000)</u>	<u>(285,737)</u>	<u>(119,804,737)</u>	<u>-</u>
Cash Flows from Investing Activities				
Investment earnings	1,461,000	107	1,461,107	849
Sales and maturity of investment securities	97,699,000	-	97,699,000	-
Purchases of investment securities	(42,591,000)	-	(42,591,000)	-
Net Cash Provided by (Used in) Investing Activities	<u>56,569,000</u>	<u>107</u>	<u>56,569,107</u>	<u>849</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,327,000)	(28,019)	(6,355,019)	88,218
Cash and Cash Equivalents Beginning of Year	<u>7,128,000</u>	<u>112,362</u>	<u>7,240,362</u>	<u>792,263</u>
Cash and Cash Equivalents End of Year	<u>\$ 801,000</u>	<u>\$ 84,343</u>	<u>\$ 885,343</u>	<u>\$ 880,481</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, 2021

	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)	\$ 40,381,000	\$ (422,751)	\$ 39,958,249	\$ 244,092
Adjustments:				
Depreciation	26,143,000	548,441	26,691,441	-
Amortization	4,438,000	-	4,438,000	-
Pension (benefit)/expense	(2,266,000)	36,945	(2,229,055)	-
OPEB (benefit)/expense	(1,242,000)	38,268	(1,203,732)	-
(Increase) Decrease in Assets:				
Accounts receivable	(5,847,000)	511	(5,846,489)	175,416
Fuel stocks	(1,142,000)	-	(1,142,000)	-
Materials and supplies inventory	(1,633,000)	(16,634)	(1,649,634)	-
Prepaid expenses and deposits	-	(16,725)	(16,725)	-
Increase (Decrease) in Liabilities:				
Accounts payable	9,585,000	33,465	9,618,465	721,549
Accrued expenses	-	3,075	3,075	-
Customer deposits	(1,922,000)	-	(1,922,000)	-
Unearned revenue	-	(8,548)	(8,548)	-
Other	628,000	15,477	643,477	-
Claims payable	-	-	-	(1,053,688)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 67,123,000</u>	<u>\$ 211,524</u>	<u>\$ 67,334,524</u>	<u>\$ 87,369</u>
Noncash Investing, Capital, and Financing Activities				
Net increase (decrease) in fair value of investments	<u>\$ (1,539,000)</u>	<u>\$ -</u>	<u>\$ (1,539,000)</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	Pension and OPEB Trust Funds	Custodial Funds	
		Municipal Court Custodial Fund	Police Custodial Fund
Assets			
Cash and cash equivalents	\$ 624,417	\$ 25,108	\$ 242,429
Investments, at fair value:			
Georgia Municipal Employees Benefit System OPEB Trust Account	2,698,487	-	-
MetLife Equity Index Fund	15,963,869	-	-
MetLife Core Bond Index Fund	36,794,490	-	-
MetLife Goldman Sachs Fund	11,832,962	-	-
Vanguard Institutional Index Fund	55,009,283	-	-
Vanguard Small Cap Index Fund	18,981,860	-	-
Vanguard Bond Market Index Fund	16,286,237	-	-
Prepaid items	100,565	-	-
Total Assets	<u>\$ 158,292,170</u>	<u>\$ 25,108</u>	<u>\$ 242,429</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 301,330	\$ 25,108	\$ -
Total Liabilities	<u>301,330</u>	<u>25,108</u>	<u>-</u>
Net Position			
Restricted for pension	155,482,766	-	-
Restricted for OPEB	2,508,074	-	-
Restricted for others	-	-	242,429
Total Net Position	<u>157,990,840</u>	<u>-</u>	<u>242,429</u>
Total Liabilities and Net Position	<u>\$ 158,292,170</u>	<u>\$ 25,108</u>	<u>\$ 242,429</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Changes in Fiduciary Net Position
Trust Funds and Custodial Funds
For the Year Ended December 31, 2021

	Pension and OPEB Trust Funds	Custodial Funds	
		Municipal Court Custodial Fund	Police Custodial Fund
Additions			
Contributions:			
Employer	\$ 3,251,149	\$ -	\$ -
Plan members	842,126	-	-
Total contributions	4,093,275	-	-
Fine/confiscation collections	-	204,569	-
Investment income:			
Interest and dividends	2,335,665	-	-
Net increase (decrease) in fair value of investments	16,929,602	-	-
Total investment income	19,265,267	-	-
Less: investment expense	194,532	-	-
Net investment earnings	19,070,735	-	-
Total Additions	23,164,010	204,569	-
Deductions			
Administrative expenses	90,540	-	-
Premium payments	1,376,521	-	-
Benefit payments	7,845,115	-	-
Fine/confiscation remittances	-	214,556	10,485
Total Deductions	9,312,176	214,556	10,485
Change in Net Position	13,851,834	(9,987)	(10,485)
Net Position Beginning of Year	144,139,006	9,987	252,914
Net Position End of Year	\$ 157,990,840	\$ -	\$ 242,429

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

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City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

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
December 31, 2021

1-A Reporting Entity (continued)

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

The City participates with Whitfield County in the Northwest Georgia Trade and Convention Center Authority ("Convention Center"). The Convention Center was formerly accounted for within the City as an enterprise fund. The Convention Center became a separate authority in 2003. The County and City retained their respective shares of their equity balances as of December 31, 2002. The City and County each now have fifty percent interest in the income or loss of this entity. Separately issued financial statements of the Convention Center can be obtained from their administrative office: 2211 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, 2021, 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, 2021, the City paid \$33,665 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, 2021

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 function the revenues are restricted.

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

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

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

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

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

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

Nonmajor governmental funds – The City's nonmajor governmental funds include special revenue funds, capital projects funds, and a debt service fund. The special revenue funds include the hotel/motel tax fund, the confiscated assets fund, the community development block grant fund, the community HOME investment program grant fund, the airport improvement grant fund, the CARES Act grant fund, the ARPA grant fund, the tax allocation district #1 fund, the tax allocation district #3 fund, the tax allocation district #4 fund, and the economic development fund. The capital projects funds include the bonded capital projects fund, the SPLOST 2020 capital projects fund, 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, 2021

1-B Basis of Presentation (continued)

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

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

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

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

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

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

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

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

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

1-C Measurement Focus

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

1-C Measurement Focus (continued)

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

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

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

1-D Basis of Accounting

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

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

Revenues - non-exchange transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return include 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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

1-D Basis of Accounting (continued)

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

The WLSF Commission's accounts are maintained separately for each system generally in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission for the electric and natural gas sectors (with the exception of its capital asset accounts) and generally in accordance with the Uniform System of Accounts prescribed by the National Association of Regulatory Utility Commissioners for the water, 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, debt service requirements, and certain reserve requirements. In addition, no funds obtained from ad valorem taxes are to be used for operating and maintenance expenses of the WLSF Commission.

WLSF Commission revenue for utility services is recorded when the commodity or service is delivered and includes an estimate for utility services provided but unbilled at the end of the year. Unbilled revenues included in operating revenues were \$12,400,000 for the year ended December 31, 2021.

In the information technology sector, the WLSF Commission has adopted the industry standard of billing customers in advance for telecommunication services. Such amounts are recorded on the statement of net position and recognized as revenues in the periods the services are provided. Unearned revenues included in accounts payable and accrued expenses were \$700,000 for the year ended December 31, 2021.

Electricity that is purchased and not used by the WLSF Commission is sold back to Southern Power Company ("SPC"), the wholesale power subsidiary of the Southern Company. In 2021, total MW hours sold back to SPC were 6,887,000 with proceeds of \$500,000, which are presented as an offset to purchased energy expense.

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

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

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

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

At December 31, 2021, the City's bank balance was \$44,753,451, and \$43,624,531 of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the name of the City.

At December 31, 2021, the City of Dalton Building Authority's bank balance was \$25,285,570, and \$24,664,331 of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the name of the Building Authority.

1-E-2 Receivables

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

1-E-3 Interfund Balances

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

1-E-4 Inventories

The governmental and proprietary funds' supply inventories are stated at cost, which 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, 2021.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021 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 certain restricted funds, including the customer deposit fund included in current assets on the statement of net position and the combined utilities renewals and extensions fund and the nuclear decommissioning fund included in noncurrent assets on the statement of net position. The nuclear decommissioning fund holds funds in accordance with the Nuclear Regulatory Commission's ("NRC") guidelines. The other restricted funds are segregated from the operating funds at the discretion of the WLSF Commission. Investments in the nuclear decommissioning fund and the other restricted funds are stated at fair market value. The combined utilities construction funds are reported using cost-based measures.

1-E-7 Capital Assets

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

1-E-7 Capital Assets (continued)

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

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

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, 2021.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

1-E-7 Capital Assets (continued)

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

Electric Plant in Service	WLSF Ownership Percentage	Gross Investment Balance as of December 31, 2021
Plant Hatch, Nuclear Units 1 and 2	2.2%	\$ 77,956,000
Plant Vogtle, Nuclear Units 1 and 2	1.6%	111,939,000
Plant Wansley, Coal-Fired Units 1 and 2	1.4%	30,548,000
Plant Scherer, Coal-Fired Units 1 and 2	1.4%	43,797,000

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, 2021, the WLSF Commission’s portion of total work in progress related to Vogtle Units 3 and 4 was \$280,400,000 (net of the \$59,300,000 received from Toshiba in 2017 under the Guarantee Settlement Agreement). See Note 4-C for additional information about the Vogtle nuclear development projects and the Guarantee Settlement Agreement.

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 \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed.

The cost of WLSF Commission property retired or disposed of in the normal course of business which does not have detailed property records is estimated by management. Property retirements and disposals totaled \$8,400,000 for the year ended December 31, 2021. The property retired or disposed of in the normal course of business approximates its original cost.

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

1-E-7 Capital Assets (continued)

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 2021.

Amortization of nuclear fuel - The cost of nuclear fuel, including a provision for the disposal of spent fuel, is amortized to fuel expense based on usage. Nuclear fuel amortization is included in production expense and totaled \$4,400,000 during 2021.

Depreciation and nuclear decommissioning - Depreciation of the major classes of utility plant is computed on additions when placed in service using rates computed under the composite straight-line method, which approximated 1.9% in 2021, and is based on the following remaining useful lives:

Electric system	29-59 years
Natural gas system	30-75 years
Water system	40-70 years
Wastewater system	40-50 years
Information technology system	6-40 years

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

The NRC requires all licensees operating commercial nuclear power reactors to establish a plan for providing, with reasonable assurance, funds for decommissioning. While the WLSF Commission does not operate the nuclear plants, its joint ownership requires it to bear its share of the related decommissioning costs. The WLSF Commission has an external trust fund to comply with the NRC's regulations. See Note 3-A for additional information on the trust fund. The NRC's minimum external funding requirements are based on a generic estimate of the cost to decommission 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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

1-E-7 Capital Assets (continued)

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 2021 for the WLSF Commission's ownership interests in plants Hatch and Vogtle were as follows:

	Plant Hatch	Plant Vogtle
Decommissioning periods		
Beginning year	2032	2032
Completion year	2074	2078
Site study cost	\$ 2,032,347,000	\$ 1,931,905,000
WLSF's portion	2.2%	1.6%
	\$ 44,712,000	\$ 30,910,000

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

1-E-8 Parity Income

The WLSF Commission is required, under the Integrated Transmission System Agreement ("ITS Agreement") with GPC, Georgia Transmission Corporation, and MEAG, to maintain a specified level of investment (i.e., parity) in transmission facilities necessary to provide for the transporting of electric energy for customers within the state of Georgia which is in proportion to the WLSF Commission's use of such system. Parity will, therefore, fluctuate in response to any changes in the WLSF Commission's load requirements, as well as any changes in the level of investment in transmission facilities made by the other participants in the ITS Agreement. As of December 31, 2021, the WLSF Commission's investment in ITS facilities was greater than parity, as defined by the ITS Agreement. The required level of investment and the excess investment in the transmission facilities are included in utility plant. The excess investment earns parity income from the other participants in the ITS Agreement, which is reported as parity income.

The WLSF Commission's total investment in ITS facilities at December 31, 2021 was \$136,900,000. In 2021, the WLSF Commission recognized \$200,000 into income from the deferred inflow of resources resulting from the sale of transmission lines in 2012 (Note 1-E-7). The unrecognized gain presented within deferred inflows of resources is \$4,903,000 at December 31, 2021. Parity income for the year ended December 31, 2021 totaled \$2,800,000.

1-E-9 Compensated Absences

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

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 Premiums, Discounts, and Issuance Costs

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

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

1-E-12 Net Position and Fund Balances

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

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

Restricted net position - This represents resources for which the City is legally or contractually obligated to spend resources for continuation of federal programs, economic development, debt service, and capital projects in accordance with restrictions imposed by external 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. Non-spendable fund balance for governmental funds totaled \$128,121 at December 31, 2021.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

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

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 \$30,504,916 at December 31, 2021. The major projects that comprise this total include: \$27,537,538 held in four capital projects funds to be used for SPLOST projects as approved by voter referendum (see Schedule of Projects Constructed with Special Purpose Local Option Sales Tax for project to date information) and to be used for general projects; \$2,206,475 held in four special revenue funds for economic development both generally and within specific tax allocation districts; \$153,624 held in the confiscated assets special revenue fund for future police expenditures; \$285,861 held in the debt service funds to pay future debt service; and \$88,675 for cemetery chapel renovations and infant headstones, \$10,000 for a greenway project, \$8,342 for a disc golf course at Heritage Point Park, \$15,000 for streetscape projects, and \$199,400 for the Haig Mill Lake project, all held in the general fund.

3) **Committed fund balance** - Amounts that can only be used for specific purposes pursuant to a majority vote of the City Council, the City's highest level of decision making authority, by resolution. Commitments may only be modified or rescinded by a majority vote of the Council. Commitments must be adopted prior to the end of the year; however, the amount to be committed may be determined up to 120 days after year end. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Committed fund balance for governmental funds totaled \$0 at December 31, 2021.

4) **Assigned fund balance** - Amounts intended by the City Council for specific purposes. Under the City's adopted policy, amounts may be assigned by the finance committee, under the authorization of the City Council. Amounts appropriated to eliminate a projected deficit in the subsequent year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital projects funds, and debt service funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance. Assigned fund balance for governmental funds totaled \$0 at December 31, 2021.

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

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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

1-E-13 Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net 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 two items that qualify for reporting in this category; deferred outflows of resources related to pension and deferred outflows of resources related to OPEB, which are reported in the government-wide and proprietary funds' statements of net position.

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

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

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

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

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

1-E-15 Interfund Activity

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

1-E-16 Estimates

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

1-E-17 Major Customers

WLSF Commission sales to one major customer for the year ended December 31, 2021 comprised approximately 14% of total sales and 12% of electricity sales. WLSF Commission sales to a second major customer for the year ended December 31, 2021 comprised approximately 12% of total sales and 17% of electricity sales. No other customer accounted for more than 10% percent of the WLSF Commission's electricity or total sales during 2021.

The DWRSWMA's fee revenue from two major customers during the year ended December 31, 2021 comprised approximately 29% of total fee revenue. Each represented 15% and 14%, respectively, of fee revenue for the year then ended.

1-E-18 Comparative Data

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

1-F Reclassifications

Certain 2020 amounts have been reclassified to conform to the 2021 presentation, with no material impact on total assets, total liabilities, total net position, total revenues, total expenditures, or total expenses.

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. Any change in total to a fund or departmental appropriation within a fund requires City Council approval. All unexpended annual appropriations lapse at year end.

2-B Deficit Fund Equity

At December 31, 2021, the health insurance internal service fund had a deficit fund balance of \$12,834. The deficit was caused by health insurance expenses in excess of charges to other departments and funds. The deficit will be eliminated as revenues are collected next year.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

Note 3 - Detailed Notes on All Funds

3-A Investments

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

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

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

The City has the following recurring fair value measurements as of December 31, 2021:

- Cash, money market accounts, and certificates of deposit in the amount of \$42,690,869 for governmental funds, \$84,343 for nonmajor proprietary funds, \$624,417 for trust funds, \$267,537 for custodial funds, \$880,481 for internal service funds, and \$25,285,570 for the discretely presented component unit are presented in the financial statements and are reported at cost or amortized cost and are not subject to fair value hierarchy measurement.
- Investments in the local government investment pool, a 2a-7-like investment, in the amount of \$670,771 for governmental funds are presented in the financial statements and, while reported at fair value, are not subject to the fair value hierarchy measurement. The pool is managed to maintain a constant net asset value of \$1.00. The fund is rated AAf/S1 by Fitch. The primary objectives of the pool are safety of capital, liquidity, investment income, and diversification. The weighted average maturity was 46 days at December 31, 2021.
- Investments in index and other mutual funds in the amount of \$90,277,380 for trust funds are valued based on quoted prices in active markets for identical assets (level 1).
- Investments in index and other mutual funds in the amount of \$64,591,321 for trust funds are valued based on significant other observable inputs (level 2).
- Investments in the Georgia Municipal Employees Benefit System OPEB Trust in the amount of \$2,698,487 for trust funds are valued using significant unobservable inputs (level 3).

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-A Investments (continued)

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.

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	\$ 15,963,869	Not rated
MetLife Core Bond Index Fund	36,794,490	Not rated
MetLife Goldman Sachs Fund	11,832,962	Not rated
Vanguard Institutional Index Fund	55,009,283	Not rated
Vanguard Institutional Small Cap Index Fund	18,981,860	Not rated
Vanguard Bond Market Index Fund	16,286,237	Not rated
Total pension trust fund investments	<u>\$ 154,868,701</u>	
Georgia Municipal Employees Benefit System OPEB Trust Account	<u>\$ 2,698,487</u>	Not rated
Total OPEB trust fund investments	<u>\$ 2,698,487</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 WLSF Commission has the following recurring fair value measurements as of December 31, 2021:

- Cash and certificates of deposit in the amount of \$18,438,000 are reported at cost or amortized cost and are not subject to fair value hierarchy measurement.
- U.S. government securities in the amount of \$28,009,000 are valued based on observable market data and valuations of similar inputs (level 2 inputs).
- No investment securities are valued using level 3 inputs.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-A Investments (continued)

The fair value analysis of the investments for the year ended December 31, 2021 is as follows:

Fund Type	Cost	Fair Value at	Fair Value		Fair Value at	Change in Fair Value
		1/1/21	Purchases	Sales	12/31/21	
Customer deposit fund	\$ 3,100,000	\$ 2,969,000	\$ 3,056,000	\$ 3,001,000	\$ 3,101,000	\$ 77,000
Combined utilities renewals and extensions fund	681,000	4,654,000	5,340,000	9,276,000	660,000	(58,000)
Nuclear decommissioning fund	43,522,000	60,066,000	34,195,000	50,017,000	42,686,000	(1,558,000)
Total	\$ 47,303,000	\$ 67,689,000	\$ 42,591,000	\$ 62,294,000	\$ 46,447,000	\$ (1,539,000)

The WLSF Commission has the following two combined utilities construction funds that are reported at cost for the year ended December 31, 2021 is as follows:

Fund Type	Cost at 1/1/21	Cost		Cost at 12/31/21
		Purchases	Sales	
Combined utilities construction fund (2020)	\$ 100,000,000	\$ -	\$ 28,151,000	\$ 71,849,000
Combined utilities construction fund (2017)	6,741,000	-	6,741,000	-
Total	\$ 106,741,000	\$ -	\$ 34,892,000	\$ 71,849,000

The WLSF Commission had the following investments and maturities for the year ended December 31, 2021:

	Credit Quality	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 to 5	6 to 10	10 +
Cash and cash equivalents	Not Rated	\$ 18,438,000	\$ 18,438,000	\$ -	\$ -	\$ -
Federal Home Loan Bank	AAA/Aaa	482,000	-	-	482,000	-
Federal National Mortgage Association	AAA/Aaa	943,000	-	-	-	943,000
Federal Farm Credit Banks	AAA/Aaa	7,819,000	-	-	7,819,000	-
City of Atlanta GA Dept of Aviation	AAA/Aaa	3,500,000	-	-	-	3,500,000
City of Atlanta GA Wtr & WW Rev	AAA/Aaa	6,052,000	-	-	1,371,000	4,681,000
Downtown Savannah Authority	AAA/Aaa	471,000	-	-	471,000	-
Metro Atlanta Rapid Transit Auth	AAA/Aaa	3,786,000	-	-	2,004,000	1,782,000
State of GA	AAA/Aaa	3,612,000	-	-	-	3,612,000
Forsyth Co. School District	AAA/Aaa	814,000	-	-	-	814,000
Union City GA Revenue	AAA/Aaa	255,000	-	255,000	-	-
Cowetta Co, Wtr & WW Rev	AA1/A-1+	275,000	-	-	-	275,000
Total		\$ 46,447,000	\$ 18,438,000	\$ 255,000	\$ 12,147,000	\$ 15,607,000

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-A 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, 2021 consisted of taxes, interest, accounts (billings for user charges), and intergovernmental receivables arising from grants and contracts.

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, 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, 2021 consists of uncollected property taxes levied during the year ended December 31, 2021 and prior years. A 1% allowance for uncollectible taxes has been considered in reporting taxes receivable. The amount of taxes uncollected sixty days subsequent to year end for all tax years has been included in taxes receivable, and corresponding deferred revenue has been recorded. Taxes receivable are reported in the general fund and in the special revenue tax allocation district funds, and are summarized below.

Gross property taxes receivable	\$	802,318
Allowance for uncollectible taxes		<u>(8,023)</u>
Taxes receivable	\$	<u>794,295</u>
Taxes uncollected 60 days subsequent to year end, net of allowance, reported in deferred inflows	\$	<u>411,142</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

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 regulation, which provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure. Regulatory assets represent probable future revenues associated with certain costs that are expected to be recovered from customers through the rate-making process. Regulatory liabilities represent probable future reductions in revenues associated with amounts that are expected to be credited to customers through the rate-making process.

Regulatory assets and liabilities reflected in the statement of net position as of December 31, 2021 relate to the following:

Asset retirement obligations (a)	\$ 56,215,000
Cost of removal (b)	(25,880,000)
Pension (c)	21,023,000
OPEB (d)	<u>14,112,000</u>
Total regulatory assets - net	<u>\$ 65,470,000</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 in 2015 required the recognition of the funded status of defined benefit pensions in the statement of net position, with a cumulative effect of adoption recorded as a restatement of beginning net position for 2015. The WLSF Commission Board, however, is recognizing this cumulative impact amount as a regulatory asset, which resulted in no restatement to the beginning net position for 2015. This recorded amount could change annually based on actuarial values. See Note 3-J for additional information.

(d) The adoption of GASB 75 in 2018 required the recognition of the funded status of defined OPEB in the statement of net position, with a cumulative effect of adoption recorded as a restatement of beginning net position for 2018. The WLSF Commission Board, however, is recognizing this cumulative impact amount as a regulatory asset, which resulted in no restatement to the beginning net position for 2018. This recorded amount could change annually based on actuarial values. See Note 3-K for additional information.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-E Capital Assets

Governmental capital asset activity for the year ended December 31, 2021 was as follows:

	Balance 12/31/2020	Additions	Disposals	Balance 12/31/2021
Capital assets not being depreciated:				
Land	\$ 18,708,540	\$ 355,000	\$ -	\$ 19,063,540
Construction in progress	659,775	1,035,169	-	1,694,944
Total capital assets not being depreciated	<u>19,368,315</u>	<u>1,390,169</u>	<u>-</u>	<u>20,758,484</u>
Other capital assets:				
Land improvements	48,729,707	666,789	-	49,396,496
Buildings	31,290,513	304,120	-	31,594,633
Building improvements	3,576,055	-	-	3,576,055
Vehicles	7,043,376	-	(407,758)	6,635,618
Machinery	14,287,535	1,561,344	(950,905)	14,897,974
Equipment	9,596,011	193,466	-	9,789,477
Furniture & fixtures	176,692	-	-	176,692
Intangibles	1,211,447	-	-	1,211,447
Bridge and bridge culvert	10,093,703	-	-	10,093,703
Streets and streetscape	97,659,214	-	-	97,659,214
Mast arm lighting	346,739	-	-	346,739
Total other capital assets	<u>224,010,992</u>	<u>2,725,719</u>	<u>(1,358,663)</u>	<u>225,378,048</u>
Total cost	<u>243,379,307</u>	<u>4,115,888</u>	<u>(1,358,663)</u>	<u>246,136,532</u>
Accumulated depreciation:				
Land improvements	24,465,254	1,706,130	-	26,171,384
Buildings	12,369,813	626,152	-	12,995,965
Building improvements	1,894,881	150,135	-	2,045,016
Vehicles	5,373,341	571,709	(391,317)	5,553,733
Machinery	10,095,575	558,944	(950,905)	9,703,614
Equipment	3,742,959	418,942	-	4,161,901
Furniture & fixtures	173,717	1,114	-	174,831
Intangibles	1,107,200	21,791	-	1,128,991
Bridge and bridge culvert	7,224,715	201,874	-	7,426,589
Streets and streetscape	89,199,134	870,900	-	90,070,034
Mast arm lighting	226,873	16,512	-	243,385
Total accumulated depreciation	<u>155,873,462</u>	<u>5,144,203</u>	<u>(1,342,222)</u>	<u>159,675,443</u>
Governmental activities capital assets, net	<u>\$ 87,505,845</u>	<u>\$ (1,028,315)</u>	<u>\$ (16,441)</u>	<u>\$ 86,461,089</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-E Capital Assets (continued)

Depreciation expense was allocated to the governmental activities functions for the year ended December 31, 2021 as follows:

General government	\$	524,716
Public safety		886,122
Public works		2,147,326
Culture and recreation		1,556,669
Health and welfare		29,370
	<u>\$</u>	<u>5,144,203</u>

Business-type capital asset activity for the year ended December 31, 2021 was as follows:

	Balance at 12/31/2020	Additions	Disposals and Reclassifications	Balance at 12/31/2021
Capital assets not being depreciated:				
Land	\$ 4,525,529	\$ -	\$ -	\$ 4,525,529
Construction in progress	294,436,000	54,069,412	-	348,505,412
Total capital assets not being depreciated	<u>298,961,529</u>	<u>54,069,412</u>	<u>-</u>	<u>353,030,941</u>
Other capital assets:				
Land improvements	9,414,120	254,035	-	9,668,155
Buildings	3,692,434	-	-	3,692,434
Building improvements	71,055	-	-	71,055
Vehicles	51,995	1	-	51,996
Machinery and equipment	2,735,916	6,290	(85,699)	2,656,507
Utility plant	1,322,496,000	55,412,000	(8,432,000)	1,369,476,000
Total other capital assets	<u>1,338,461,520</u>	<u>55,672,326</u>	<u>(8,517,699)</u>	<u>1,385,616,147</u>
Total cost	<u>1,637,423,049</u>	<u>109,741,738</u>	<u>(8,517,699)</u>	<u>1,738,647,088</u>
Accumulated depreciation:				
Land improvements	5,652,553	317,606	-	5,970,159
Buildings	2,291,661	77,071	-	2,368,732
Building improvements	67,598	217	-	67,815
Vehicles	51,996	-	-	51,996
Machinery and equipment	1,769,166	153,548	(85,699)	1,837,015
Utility plant	606,339,000	27,778,000	(8,379,000)	625,738,000
Total accumulated depreciation	<u>616,171,974</u>	<u>28,326,442</u>	<u>(8,464,699)</u>	<u>636,033,717</u>
Nuclear fuel, at amortized cost	<u>20,036,000</u>	<u>4,854,000</u>	<u>(4,438,000)</u>	<u>20,452,000</u>
Business-type activities capital assets, net	<u>\$ 1,041,287,075</u>	<u>\$ 86,269,296</u>	<u>\$ (4,491,000)</u>	<u>\$ 1,123,065,371</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-F Interfund Balances and Transfers

Interfund balances at December 31, 2021 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, 2021 consisted of the following:

Payable to:	Payable from:			Total
	General fund	Nonmajor governmental funds	Nonmajor enterprise funds	
General fund	\$ -	\$ 169,014	\$ 144,566	\$ 313,580
Nonmajor governmental funds	69,949	-	-	69,949
Nonmajor enterprise funds	-	59,000	-	59,000
Total	<u>\$ 69,949</u>	<u>\$ 228,014</u>	<u>\$ 144,566</u>	<u>\$ 442,529</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 move remaining funds once a project is completed. All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer. Interfund transfers for the year ended December 31, 2021 consisted of the following:

Transfer to:	Transfer from:			Total
	General fund	WLSF Commission fund	Nonmajor governmental funds	
General fund	\$ -	\$ 10,500,000	\$ 562,538	\$ 11,062,538
Nonmajor governmental funds	2,258,979	-	-	2,258,979
Nonmajor enterprise funds	279,448	-	680,892	960,340
Total	<u>\$ 2,538,427</u>	<u>\$ 10,500,000</u>	<u>\$ 1,243,430</u>	<u>\$ 14,281,857</u>

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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

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 2021 was approximately \$8,000. The annual minimum lease payments under operating leases as of December 31, 2021 are as follows:

2022	\$	5,164
2023		1,506
2024		1,318
2025		765

3-I Long-term Debt

Building Authority Recovery Zone Economic Development Bonds, dated April 8, 2010, were issued as a public offering in the amount of \$5,600,000, with an effective interest rate of 5.4%. The bonds had a 45% federal subsidy rebate on the interest expense, reducing the effective interest rate to 3.0%. As these bonds were issued in the name of the City of Dalton Building Authority, they were reflected as a capital lease payable on the government-wide financial statements. 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 subsidy for 2021 was reduced by \$1,477 (5.7%), from \$25,913 to \$24,436. These bonds were extinguished during 2021 using the proceeds from the Building Authority Revenue Bonds, Series 2021, as described below.

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

At December 31, 2021, the amount presented as capital leases on the government-wide statement of net position consisted of the following:

Capital leases payable	\$	18,360,000
Unamortized premium		1,964,026
Less: current maturities		(600,000)
Total long-term capital leases payable	\$	<u>19,724,026</u>

Debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Total
2022	\$ 600,000	\$ 589,550	\$ 1,189,550
2023	630,000	558,800	1,188,800
2024	660,000	526,550	1,186,550
2025	695,000	492,675	1,187,675
2026	730,000	457,050	1,187,050
2027 - 2031	4,270,000	1,681,250	5,951,250
2032 - 2036	5,120,000	830,600	5,950,600
2037 - 2041	5,655,000	287,250	5,942,250
	<u>\$ 18,360,000</u>	<u>\$ 5,423,725</u>	<u>\$ 23,783,725</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-I Long-term Debt (continued)

City of Dalton, Georgia, Combined Utilities Revenue Bonds, Series 2020, dated December 10, 2020 and maturing March 1, 2041, were issued as a public offering in the amount of \$84,510,000. The bonds were issued primarily for the benefit of the WLSF Commission to fund electric capital projects, excluding Vogtle Units 3 & 4, with a par amount of \$84,510,000 plus an original issue premium of \$16,301,111, and all-in true interest cost of 2.46% for a total debt service amount of \$128,268,314. The bonds require that the WLSF Commission produce net revenues not less than 120% of the debt service requirement for the then current sinking fund year. The WLSF Commission was in compliance with that requirement as of December 31, 2021.

City of Dalton, Georgia, Combined Utilities Revenue Bonds, Series 2017, dated November 21, 2017 and maturing March 1, 2038, were issued as a public offering in the amount of \$66,660,000. The bonds were issued primarily for the benefit of the WLSF Commission to fund water and wastewater projects with a par amount of \$66,660,000 and all-in true interest cost of 3.24% for a total debt service amount of \$103,620,575. The bonds require that the WLSF Commission produce net revenues not less than 120% of the debt service requirement for the then current sinking fund year. The WLSF Commission was in compliance with that requirement as of December 31, 2021.

At December 31, 2021, WLSF Commission debt consisted of the following:

Bond offering principal	\$ 140,738,000
Unamortized debt premium, net of \$1.5 M of debt issuance costs	22,902,000
Less: current maturities	<u>(5,133,000)</u>
Total long-term debt	<u>\$ 158,507,000</u>

Bond debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Total
2022	\$ 5,133,000	\$ 6,333,000	\$ 11,466,000
2023	5,396,000	6,076,000	11,472,000
2024	5,674,000	5,807,000	11,481,000
2025	5,966,000	5,524,000	11,490,000
2026	6,269,000	5,225,000	11,494,000
2027 - 2031	36,516,000	21,085,000	57,601,000
2032 - 2036	45,945,000	11,691,000	57,636,000
2037 - 2041	29,839,000	2,821,000	32,660,000
	<u>\$ 140,738,000</u>	<u>\$ 64,562,000</u>	<u>\$ 205,300,000</u>

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-I Long-term Debt (continued)

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. In prior years, the funds used to relieve the liability included the general fund, the WLSF Commission fund, the airport fund, and the municipal golf course fund. Any net pension liability will be paid from the pension trust fund. Any net OPEB liability will be paid from the OPEB trust fund. Any remaining net pension liability or net OPEB liability which 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 in the financial statements to retire long-lived assets primarily relates to the WLSF Commission’s ownership interests in the jointly owned nuclear plants Hatch and Vogtle, as well as coal ash ponds, landfills, and gypsum cells related to jointly owned coal-fired plants Wansley and Scherer. The WLSF Commission recognizes in the statement of revenues, expenses, and change in fund net position allowed removal costs for both legal obligations and for other costs of removal in accordance with regulatory treatment. Any differences between costs recognized for accounting purposes and those reflected in rates are recognized as either a regulatory asset or liability.

Details of the ARO reflected in the statement of net position as of December 31, 2021 are as follows:

ARO balance at December 31, 2020	\$	90,041,000
Accretion		2,599,000
Cash flow revisions		<u>5,650,000</u>
ARO balance at December 31, 2021	\$	<u><u>98,290,000</u></u>

In 2021, the WLSF Commission recorded cash flow revisions of \$5,650,000 to its ARO related to the jointly owned coal-fired plants, associated with the Coal Combustion Residuals from Electric Utilities final rule published by the Environmental Protection Agency (“EPA”) in April 2015 (“CCR Rule”).

In addition, in 2021, GPC, acting as agent, completed an updated nuclear decommissioning cost site study for Plant Hatch and Plant Vogtle Units 1 and 2. The estimated cost of decommissioning based on the studies resulted in a decrease in the WLSF Commission’s ARO liability of approximately \$200,000.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-I Long-term Debt (continued)

Changes in long-term liabilities - The City's long-term obligations consisted of the following at December 31, 2021:

	Outstanding 12/31/2020	Additions	Reductions	Revisions	Outstanding 12/31/2021	Amounts Due in One Year
Governmental activities:						
Capital leases payable	\$ 3,175,000	\$ 18,360,000	\$ (3,175,000)	\$ -	\$ 18,360,000	\$ 600,000
Unamortized premium on debt	-	1,964,026	-	-	1,964,026	-
Compensated absences	4,627,592	1,940,176	(1,345,240)	-	5,222,528	1,500,000
Total governmental activities	\$ 7,802,592	\$ 22,264,202	\$ (4,520,240)	\$ -	\$ 25,546,554	\$ 2,100,000
Business-type activities						
Asset retirement obligations	90,041,000	2,599,000	-	5,650,000	98,290,000	-
Revenue bonds payable	145,284,000	-	(4,546,000)	-	140,738,000	5,133,000
Unamortized premium on revenue bonds	23,335,000	-	(433,000)	-	22,902,000	-
Compensated absences	108,584	49,210	(33,733)	-	124,061	40,000
Total business-type activities	\$ 258,768,584	\$ 2,648,210	\$ (5,012,733)	\$ 5,650,000	\$ 262,054,061	\$ 5,173,000

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 36 - 37 and 175 - 176 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, 2020. The most recent unaudited stand-alone financial statement issued by the Pension Plan was for the year ended December 31, 2021, and may be obtained from the City of Dalton Finance Department. The Pension Plan's fiduciary net position has been determined on the same basis used by the Pension Plan and is equal to the fair value of assets calculated under the accrual basis of accounting.

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-J Pensions (continued)

Eligibility - All full-time employees of a participating employer who were hired prior to July 1, 2002 are eligible to participate in the Pension Plan after completing six months of service as a covered employee, except that the Mayor, Councilmembers, Commissioners, and Authority Board Members are not eligible to participate in the Pension Plan. Participating employers include the City, including the Public Safety Commission, the WLSF Commission, and the Recreation Commission; the Dalton-Whitfield Convention and Visitors Bureau; and the Dalton-Whitfield Regional Solid Waste Management Authority. Employees who began work after July 1, 2002 are eligible for participation in the defined contribution plan (Note 3-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. However, retirees were granted a one-time 3% cost-of-living adjustment, effective January 1, 2022.

Current membership of active and inactive participants as of the most recent Pension Plan valuation date of January 1, 2022 is as follows:

Actively employed participants	178
Average age	51.6 years
Average service	23.9 years
Total annualized compensation for the prior year	\$ 12,620,770
Total expected compensation for the current year	\$ 13,030,951
Participants receiving a benefit	
Service retirees	299
Beneficiaries	72
Inactive participants - deferred; vested	18

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-J Pensions (continued)

Contribution requirements - In accordance with the most recent actuarial report, the Pension Plan's funding policy for employers should be decreased from 18.2% (at the last valuation date) to 12.2% of covered payroll to adequately fund the Pension Plan's ongoing costs and an amortization of the unfunded actuarial accrued liability over a 20-year period from January 1, 2020 with level dollar payments. Employees are required to pay 5% of their pensionable earnings to the Pension Plan. The funding policy of the Pension Plan is established and may be amended by the Mayor and the Council.

Investments - The Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote. The Board has full power to invest or reinvest Pension Plan assets in any kind of property which the Pension Board deems proper. It is the policy of the Pension Board to 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 are as follows:

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

For the year ended December 31, 2021, the annual money-weighted rate of return on the Pension Plan's investments, net of Pension Plan investment expense, was 10.34%. 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, 2021

3-J Pensions (continued)

The following actuarial assumptions used in the determination of the City's net pension asset were based on the results of an actuarial experience study for the period January 1, 2021 through December 31, 2021:

Actuarial Assumptions

Discount rate:	6.81% per annum (2.50% per annum is attributable to long term inflation); this rate was used to discount all future benefit payments.
Investment return:	6.81% per year
Salary increases:	3.25% per year
Cost of living increase:	None assumed
Mortality basis:	Sex-distinct rates set forth in the PUB-2010 Mortality Table for general employees (without pay adjustments), with full generational improvements in mortality using Scale MP-2017.
Retirement:	Retirement is assumed to occur at normal retirement age.
Other decrements:	Assumed employment termination is based on age and ranges from 23.00% at age 20 to 4.00% at age 55. Assumed disability is based on age and gender and ranges from 0.04% for males and 0.02% for females at age 20 to 2.24% for males and 1.27% for females at age 65.
Non-investment expenses:	\$50,000 per year
Future contributions:	Contributions from the employer and employees are assumed to be made as legally required.
Changes:	No assumptions were changed since the prior measurement date.

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-J Pensions (continued)

Proportionate share of net pension (asset) liability of the City – The net pension asset reported by the City is based on the measurement date of December 31, 2021. The components of the net pension asset allocable to the City as of the Pension Plan’s year end are as follows:

	Allocable Total Pension Liability	Allocable Plan Fiduciary Net Position	Allocable Net Pension (Asset) Liability
Balance at December 31, 2020	\$ 129,266,615	\$ 123,656,217	\$ 5,610,398
Changes for the year:			
Service cost	1,518,289	-	1,518,289
Expected interest growth	9,567,005	9,172,150	394,855
Unexpected interest growth	-	8,851,659	(8,851,659)
Demographic experience	3,146,565	-	3,146,565
Contributions - employer	-	3,151,882	(3,151,882)
Contributions - employee	-	627,085	(627,085)
Benefit payments and refunds	(7,605,581)	(7,605,581)	-
Administrative expenses	-	(59,138)	59,138
Allocation changes	13,528,305	12,941,153	587,152
Net changes	<u>20,154,583</u>	<u>27,079,210</u>	<u>(6,924,627)</u>
Balance at December 31, 2021	<u>\$ 149,421,198</u>	<u>\$ 150,735,427</u>	<u>\$ (1,314,229)</u>

Allocable Plan Fiduciary Net Position as a percentage of Allocable Total Pension Liability 101%

The following represents the net pension (asset) liability allocable to the City as of the measurement date and the Pension Plan’s year end, December 31, 2021, calculated using the discount rate of 6.81%, as well as what the net pension (asset) liability would be using a discount rate that is 1% lower or 1% higher than the current rate:

	Discount Rate Minus 1.00%	Discount Rate 6.81%	Discount Rate Plus 1.00%
Allocable total pension liability	\$ 166,056,401	\$ 149,421,198	\$ 135,533,684
Allocable plan fiduciary net position	<u>150,735,427</u>	<u>150,735,427</u>	<u>150,735,427</u>
Net pension (asset) liability for City	<u>\$ 15,320,974</u>	<u>\$ (1,314,229)</u>	<u>\$ (15,201,743)</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

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, 2021, the City recognized pension benefit of \$2,650,788. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Allocable Deferred Outflows of Resources	Allocable Deferred Inflows of Resources
Differences between projected and actual investment earnings	\$ 1,975,390	\$ 16,654,254
Differences between expected and actual economic experience	233,079	-
Changes in proportion	1,144	8,803
Balance as of December 31, 2021	<u>\$ 2,209,613</u>	<u>\$ 16,663,057</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	Allocable Deferred Outflows of Resources	Allocable Deferred Inflows of Resources	Net Outflows (Inflows) Recognized to (Benefit) Expense
2022	\$ 2,209,613	\$ 5,792,637	\$ (3,583,024)
2023	-	5,792,637	(5,792,637)
2024	-	3,306,517	(3,306,517)
2025	-	1,771,266	(1,771,266)
2026	-	-	-

The deferred outflows of resources, net pension asset, 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 Asset	Deferred Inflows of Resources
Governmental activities	\$ 1,020,555	\$ 607,317	\$ 7,696,091
WLSF Commission	1,164,000	692,000	8,778,000
Municipal golf course	25,058	14,912	188,966
DWRSWMA	68,411	41,391	515,715
	<u>\$ 2,278,024</u>	<u>\$ 1,355,620</u>	<u>\$ 17,178,772</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-J Pensions (continued)

Financial statements – The Pension Plan’s statement of fiduciary net position at December 31, 2021 was as follows:

Assets	
Cash and cash equivalents	\$ 624,417
Investments, at fair value:	
MetLife Equity Index Fund	15,963,869
MetLife Core Bond Index Fund	36,794,490
MetLife Goldman Sachs Fund	11,832,962
Vanguard Institutional Index Fund	55,009,283
Vanguard Small Cap Index Fund	18,981,860
Vanguard Bond Market Index Fund	16,286,237
Prepaid items	<u>100</u>
Total Assets	<u><u>\$ 155,493,218</u></u>
Liabilities	
Current Liabilities:	
Accounts payable	<u>\$ 10,452</u>
Total Liabilities	<u>10,452</u>
Net Position	
Restricted for pension	<u>155,482,766</u>
Total Net Position	<u>155,482,766</u>
Total Liabilities and Net Position	<u><u>\$ 155,493,218</u></u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-J Pensions (continued)

The Pension Plan's statement of changes in fiduciary net position for the year ended December 31, 2021 was as follows:

Additions	
Contributions:	
Employer	\$ 3,251,149
Plan members	<u>646,835</u>
Total contributions	<u>3,897,984</u>
Investment income:	
Interest and dividends	2,301,439
Net increase in fair value of investments	<u>16,474,632</u>
Total investment income	18,776,071
Less: investment expense	<u>186,114</u>
Net investment earnings	<u>18,589,957</u>
 Total Additions	 <u>22,487,941</u>
Deductions	
Administrative expenses	59,500
Benefit payments	<u>7,845,115</u>
Total Deductions	<u>7,904,615</u>
 Change in Net Position	 14,583,326
Net Position Beginning of Year	<u>140,899,440</u>
Net Position End of Year	<u>\$ 155,482,766</u>

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-K Other Postemployment Benefits

Plan description – The City of Dalton OPEB Plan (“OPEB Plan”) was established to provide other postemployment benefits for eligible retirees and beneficiaries. The OPEB Plan is a single employer defined benefit healthcare plan, providing both health and life insurance at the same levels afforded to active employees. The OPEB Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10.1). The Mayor and Council of the City of Dalton serve as the OPEB Plan administrator. The Mayor and Council hold the authority to amend or establish benefit provisions and employee and employer contribution rates. The OPEB Plan is accounted for in the OPEB trust fund, financial statements for which are found on pages 36 - 37 and 175 - 176 of this report. The most recent unaudited stand-alone financial statement issued by the OPEB Plan was for the year ended December 31, 2021, and may be obtained from the City of Dalton Finance Department. The OPEB Plan’s fiduciary net position has been determined on the same basis used by the OPEB Plan and is equal to the fair value of assets calculated under the accrual basis of accounting.

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-K Other Postemployment Benefits (continued)

Membership in the OPEB Plan consisted of the following at December 31, 2021:

Current retirees and beneficiaries receiving benefits	146
Active employees not yet receiving benefits	647
Total number of covered individuals	793

Funding policy – The Mayor and Council determine the contribution requirements to the OPEB Plan on an annual basis. The participating employers do not contribute to the plan at this time, and have not since 2014. Eligible retirees are required to share in the cost of health insurance coverage. Annual contribution rates for 2021 are as follows:

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

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

Investment Category	Target Allocation	Expected Long Term Real Return
Domestic equities	50%	5.95% per annum
International equities	15%	6.45% per annum
Domestic fixed income	25%	1.55% per annum
Real estate	10%	3.75% per annum
 Total or weighted arithmetic average	 100%	 4.71% per annum

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-K Other Postemployment Benefits (continued)

The following actuarial assumptions used in the determination of the net OPEB liability were based on the results of an actuarial experience study for the period January 1, 2021 through December 31, 2021:

Actuarial Assumptions

Discount rate:	2.25% per annum; this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
Expected long-term return on assets:	7.21% per annum (2.50% per annum is attributable to long-term inflation)
Salary increases:	3.25% per annum
Cost of living increases:	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates; life insurance premiums are not assumed to increase.
Healthcare cost trend rates:	Increases in healthcare costs are assumed to be 6.50% for the 2021 fiscal year graded down by 0.50% per year to 5.00% for the 2024 and later fiscal years.
Age-related morbidity:	Insurance premiums are assumed to increase with each year of age in accordance with the rates set forth in the Society of Actuaries report "Health Care Costs - From Birth to Death" prepared by Dale H. Yamamoto (June, 2013). Rates set forth in Chart 2 (Group Costs by Age for 2009/10) were used to develop the morbidity rates prior to age 65 and the rates set forth in Table 4 (Development of Plan Specific Medicare Age Curve) were used to develop the morbidity rates after age 65.
Implied health subsidy:	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy has been assumed for the 2021 fiscal year based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates.
Mortality basis:	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general employees, with full generational improvements in mortality using Scale MP-2020.
Retirement:	Retirement is assumed to occur at the earliest age of 65 with five years of service, age 55 with ten years of service, age 50 with fifteen years of service, or any age with thirty years of service.
Other decrements:	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1).
Coverage election:	100% of eligible employees are assumed to elect medical coverage upon retirement or disability; all retirees (current and future) have been assumed to continue their current health plan coverage election.
Spouses and dependents:	Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-K Other Postemployment Benefits (continued)

Actuarial Assumptions

COBRA: Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.

Changes: Since the prior measurement date, the discount rate was decreased from 2.29% per annum to 2.25% per annum.

Discount rate – The discount rate used to measure the total OPEB liability was 2.25%. That rate is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date. The expected long-term rate of return on assets was determined as of the valuation date by the trust’s investment manager.

Proportionate share of the net OPEB liability of the City – The net OPEB liability is based on the measurement date of December 31, 2021. The components of the net OPEB liability allocable to the City as of the OPEB Plan’s year end are as follows:

	Allocable Plan		
	Allocable Total OPEB Liability	Fiduciary Net Position	Allocable Net OPEB Liability
Balance at December 31, 2020	\$ 20,501,102	\$ 3,090,530	\$ 17,410,572
Changes for the year:			
Service cost	310,423	-	310,423
Expected interest growth	437,195	180,715	256,480
Unexpected investment income	-	275,055	(275,055)
Demographic experience	5,220,678	-	5,220,678
Contributions - retiree	-	185,133	(185,133)
Benefit payments	(1,316,065)	(1,316,065)	-
Administrative expenses	-	(18,279)	18,279
Assumption changes	60,387	-	60,387
Allocation changes	(129,213)	(19,480)	(109,733)
Net changes	4,583,405	(712,921)	5,296,326
Balance at December 31, 2021	<u>\$ 25,084,507</u>	<u>\$ 2,377,609</u>	<u>\$ 22,706,898</u>

Allocable Plan Fiduciary Net Position as a percentage of Allocable Total OPEB Liability 9%

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-K Other Postemployment Benefits (continued)

The following represents the net OPEB liability allocable to the City as of the measurement date and the OPEB Plan's year end, December 31, 2021, calculated using the healthcare cost trend rate of 6.50% downgraded to 5.00%, as well as what the net OPEB liability would be using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate:

	Trend Rates Minus 1.00%	Healthcare Trend Rate 6.50% - 5.00%	Trend Rates Plus 1.00%
Allocable total OPEB liability	\$ 23,582,336	\$ 25,084,507	\$ 26,756,859
Allocable plan fiduciary net position	<u>2,377,609</u>	<u>2,377,609</u>	<u>2,377,609</u>
Net OPEB liability for City	<u>\$ 21,204,727</u>	<u>\$ 22,706,898</u>	<u>\$ 24,379,250</u>

The following represents the net OPEB liability allocable to the City as of the measurement date and the OPEB Plan's year end, December 31, 2021, calculated using the discount rate of 2.25%, as well as what the net OPEB liability would be using a discount rate that is 1% lower or 1% higher than the current rate:

	Discount Rate Minus 1.00%	Discount Rate 2.25%	Discount Rate Plus 1.00%
Allocable total OPEB liability	\$ 26,691,549	\$ 25,084,507	\$ 23,654,451
Allocable plan fiduciary net position	<u>2,377,609</u>	<u>2,377,609</u>	<u>2,377,609</u>
Net OPEB liability for City	<u>\$ 24,313,940</u>	<u>\$ 22,706,898</u>	<u>\$ 21,276,842</u>

OPEB expense and deferred outflows and inflows of resources related to other postemployment benefits – For the year ended December 31, 2021, the City recognized an OPEB benefit of \$970,415. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Allocable Deferred Outflows of Resources	Allocable Deferred Inflows of Resources
Differences between projected and actual investment earnings	\$ 86,591	\$ 548,666
Differences between expected and actual economic experience	4,390,682	2,599,971
Changes in actuarial assumptions	733,170	4,166,012
Changes in proportion	<u>1,813,598</u>	<u>1,817,523</u>
Balance as of December 31, 2021	<u>\$ 7,024,041</u>	<u>\$ 9,132,172</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-K Other Postemployment Benefits (continued)

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

Year	Allocable Deferred Outflows of Resources	Allocable Deferred Inflows of Resources	Net Outflows (Inflows) Recognized to (Benefit) Expense
2022	\$ 1,683,263	\$ 2,561,782	\$ (878,519)
2023	1,596,672	2,561,783	(965,111)
2024	1,596,672	2,470,722	(874,050)
2025	992,255	1,535,353	(543,098)
2026	911,346	2,532	908,814
Thereafter	243,833	-	243,833

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

	Deferred Outflows of Resources	Net OPEB Liability	Deferred Inflows of Resources
Governmental activities	\$ 2,536,581	\$ 10,970,416	\$ 5,332,044
WLSF Commission	4,427,000	11,473,000	3,696,000
Nonmajor proprietary funds	60,460	263,482	104,128
Convention Center	137,467	263,482	84,876
DWRSWMA	225,102	982,495	389,229
	<u>\$ 7,386,610</u>	<u>\$ 23,952,875</u>	<u>\$ 9,606,277</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-K Other Postemployment Benefits (continued)

Financial statements – The OPEB Plan’s statement of fiduciary net position at December 31, 2021 was as follows:

Assets	
Investments, at fair value:	
Georgia Municipal Employees Benefit System OPEB Trust Account	\$ 2,698,487
Prepaid items	<u>100,465</u>
Total Assets	<u>\$ 2,798,952</u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 290,878
Total Liabilities	<u>290,878</u>
Net Position	
Restricted for OPEB	<u>2,508,074</u>
Total Net Position	<u>2,508,074</u>
Total Liabilities and Net Position	<u>\$ 2,798,952</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

3-K Other Postemployment Benefits (continued)

The OPEB Plan's statement of changes in fiduciary net position for the year ended December 31, 2021 was as follows:

Additions	
Contributions:	
Plan members	\$ 195,291
Total contributions	<u>195,291</u>
Investment income:	
Interest and dividends	34,226
Net increase in fair value of investments	<u>454,970</u>
Total investment income	489,196
Less: investment expense	<u>8,418</u>
Net investment earnings	<u>480,778</u>
 Total Additions	 <u>676,069</u>
Deductions	
Administrative expenses	31,040
Premium payments	<u>1,376,521</u>
Total Deductions	<u>1,407,561</u>
 Change in Net Position	 (731,492)
Net Position Beginning of Year	<u>3,239,566</u>
Net Position End of Year	<u>\$ 2,508,074</u>

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

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 ("Retirement Plan"), which is a combined profit sharing/money purchase plan. The Mayor and Council of the City approved the Retirement Plan, maintain it, and are the authority under which the contribution requirements are established or may be amended. All full-time employees who are at least eighteen years old, have completed six months of continuous service, and work at least 1,000 per year are eligible to participate in the Retirement Plan. The Retirement Plan a defined contribution plan in which the employer contributes 5% of the employee's compensation, up to an annual limit of \$200,000, regardless of employee contribution amounts. Beyond this, the employer will match up to the first 5% of the employee's compensation that the employee contributes to the plan. Employees hired on or after December 27, 2014 become vested in the employer's contributions over a three-year period. Employees hired prior to December 27, 2014 become vested in employer matching contributions after 1 year of service. In 2014, the Retirement Plan was revised to include a Roth contribution option. Employees who participate in the Pension Plan are allowed to make contributions to the Retirement Plan up to IRS annual limitations, but do not receive matching employer contributions. For the year 2021, employee contributions approximated \$1,500,000 and employer contributions approximated \$1,400,000. For the year 2021, forfeitures of employer matching contributions totaled \$2,074 and the ending balance in the forfeiture account was \$0.

3-M Net Position

Net investment in capital assets reported on the government-wide statement of net position as of December 31, 2021 is calculated as follows:

	Governmental	Business-type	
	Activities	Activities	Total
Cost of capital assets	\$ 246,136,532	\$ 1,759,099,088	\$ 2,005,235,620
Less: accumulated depreciation	<u>159,675,443</u>	<u>636,033,717</u>	<u>795,709,160</u>
Book value	86,461,089	1,123,065,371	1,209,526,460
Less: capital related debt	18,360,000	140,738,000	159,098,000
Less: premium on capital related debt	1,964,026	22,902,000	24,866,026
Less: asset retirement obligations	-	98,290,000	98,290,000
Less: deferred inflows of resources - ITS sale	-	4,903,000	4,903,000
Add: regulatory asset - AROs	-	30,335,000	30,335,000
Net investment in capital assets	<u>\$ 66,137,063</u>	<u>\$ 886,567,371</u>	<u>\$ 952,704,434</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

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, 2021, interutility sales were as follows:

Electric	\$	4,530,000
Natural gas		13,000
Water		154,000
Wastewater		102,000
Information technology		2,511,000
Total	\$	<u>7,310,000</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>\$ 1,557,965</u>
Expenditures for promotion of tourism and support:		
Northwest Georgia Trade and Convention Center Authority		598,893
Dalton Area Convention and Visitors Bureau		391,695
Other tourism expenditures		<u>567,377</u>
Total expenditures	\$	<u>1,557,965</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 health insurance.

The employees of the City are covered by a self-insured health insurance plan. The purpose of the health insurance plan is to pay medical claims on City employees. The insurance plan is a hybrid plan, in which the City funds the plan a contractual dollar amount each month, and claims and administrative fees are paid out of that funding. Should the plan experience claims and administrative fees that exceed the contractual monthly amount, the private insurance carrier is responsible for the overages. Should the plan experience claims and administrative fees that are less than the contractual monthly amount, the remaining balance is rolled to the following month. The health insurance internal service fund is funded by premium payments from individual departments of the City and others within the Plan.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

4-B Risk Management (continued)

A reserve has been made for estimated health insurance claims incurred but not paid at December 31, 2021. The private insurance carrier estimated claims incurred but not paid at December 31, 2021 were \$150,307. 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, 2021 and 2020 there were no settlements in excess of insurance coverage.

Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Current Year Claims Payments	End of Fiscal Year Liability
2021	\$ 1,074,711	\$ 6,898,652	\$ 7,823,056	\$ 150,307
2020	-	8,847,092	7,772,381	1,074,711

The health insurance fund had an increase in net position for 2021. This change in net position must be allocated among the different functions of the entities that use the health insurance internal service fund. The increase in net position for the health insurance fund was allocated based on the percentage of active covered employees for the year. The following table shows the allocation of the net change to each function and activity.

	Health Insurance Net Change Allocated
Governmental activities:	
General government	\$ 7,473
Judicial	1,959
Health & welfare	1,567
Public safety	73,278
Public works	26,255
Culture & recreation	14,891
Total governmental activities	<u>125,423</u>
Business-type activities:	
Municipal airport	392
Municipal golf course	3,135
WLSF Commission	115,991
Total business-type activities	<u>119,518</u>
Change in net position	<u>\$ 244,941</u>

Of the total allocation to the governmental activities culture and recreation function, \$5,878 of income allocated is attributable to the City's Convention Center joint venture.

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

The City obtained commercial insurance for workers compensation effective January 1, 2020. For prior years, the City was self-insured. The workers' compensation internal service fund was closed out during 2021, and a risk pool fund was created to pay any remaining workers' compensation claims. As claims arise, the risk pool fund charges the specific department to reimburse the claim expense.

A reserve has been made for remaining self-insured workers' compensation estimated claims reported in the risk pool fund incurred but not paid at December 31, 2021, totaling \$21,515. Any amount not paid as claims will be refunded proportionally to the participating premium paying departments and entities. For the years ended December 31, 2021, 2020, and 2019 there were no settlements in excess of stop-loss insurance coverage.

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

The WLSF Commission maintains private insurance through its participation with GPC and agreements of indemnity with the NRC to cover third-party liability arising from a nuclear incident, which might occur at the nuclear plants in which the WLSF Commission has an interest. In the event a public liability loss arising from a nuclear incident at a facility currently covered by government indemnification exceeds \$450,000,000, under the current provisions of the Price-Anderson Act, the owners of a nuclear power plant could be assessed a deferred assessment of up to \$137,608,800 per incident for each licensed reactor operated by it, but not more than \$20,496,000 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 \$2,444,829 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 two other joint owners of the Vogtle plant in the construction of two additional nuclear units at the site. As of the date of issuance of these financial statements, and inclusive of the matters discussed below related to delays in the anticipated in-services dates of the Units, the revised estimated certified cost for the WLSF Commission's 1.6% of the estimated total cost is approximately \$328.3 million. The sources of construction funds for the WLSF Commission's portion of Vogtle Units 3 and 4 have been and will continue to be from a combination of internally generated funds and investment funds restricted for renewals and extensions. Through December 31, 2021, the WLSF Commission has spent \$280.4 million on the new nuclear units under construction, net of the \$59.3 million received from Toshiba in 2017 under the Guarantee Settlement Agreement (discussed below), all of which is included in construction in progress in Note 3-E.

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

In 2008, GPC, acting for itself and as agent for OPC, MEAG, and the WLSF Commission (collectively, the “Vogtle Owners”), entered into an agreement with a consortium consisting of Westinghouse Electric Company, LLC (“Westinghouse”) and Stone & Webster, Inc., which was subsequently acquired by Westinghouse and changed its name to WECTEC Global Project Services Inc. (“WECTEC”), (Westinghouse and WECTEC, collectively, the “EPC Contractor”) pursuant to which the EPC Contractor agreed to design, engineer, procure, construct, and test two AP1000 nuclear units with electric generating capacity of approximately 1,100 MWs each and related facilities at Plant Vogtle (the “Vogtle 3 & 4 Agreement”).

Under the terms of the Vogtle 3 & 4 Agreement, the Vogtle Owners agreed to pay a purchase price subject to certain price escalations and adjustments, including fixed escalation amounts and index-based adjustments, as well as adjustments for change orders, and performance bonuses for early completion and unit performance. Toshiba Corporation guaranteed certain payment obligations of Westinghouse under the Vogtle 3 & 4 Agreement (the “Toshiba Guarantee”), including any liability of Westinghouse for abandonment of work.

Until March 2017, construction on Plant Vogtle Units 3 & 4 continued under the Vogtle 3 & 4 Agreement. In March 2017, the EPC Contractor filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. GPC, acting for itself and as agent for the other Vogtle Owners, entered into an Interim Assessment Agreement with the EPC Contractor to allow construction to continue. The Interim Assessment Agreement expired in July 2017 when GPC, acting for itself and as agent for the other Vogtle Owners, and the EPC Contractor entered into the Vogtle Services Agreement. Under the Vogtle Services Agreement, Westinghouse provides facility design and engineering services, procurement and technical support, and staff augmentation on a time and materials cost basis. The Vogtle Services Agreement provides that it will continue until the start-up and testing of Plant Vogtle Units 3 & 4 are complete and electricity is generated and sold from both units. The Vogtle Service Agreement is terminable by the Vogtle Owners upon 30 days written notice.

On June 9, 2017, GPC and the other Vogtle Owners and Toshiba entered into a settlement agreement regarding the Toshiba Guarantee (the “Guarantee Settlement Agreement”). Pursuant to the Guarantee Settlement Agreement, Toshiba acknowledged the amount of its obligations under the Toshiba Guarantee was \$3.7 billion (the “Guarantee Obligations”), of which our proportionate share was \$59.3 million. The Guarantee Settlement Agreement provided for a schedule of payments for the Guarantee Obligations beginning in October 2017 and continuing through January 2021. Toshiba made the first three payments as scheduled. On December 8, 2017, the Vogtle Owners, certain affiliates of MEAG, and Toshiba entered into Amendment No. 1 to the Guarantee Settlement Agreement (the “Settlement Agreement Amendment”). Under the Settlement Agreement Amendment Toshiba satisfied the remaining scheduled payment obligations on December 14, 2017, and was deemed to be the owner of certain pre-petition bankruptcy claims of the Vogtle Owners and certain affiliates of MEAG against Westinghouse. Additionally, the Vogtle Owners surrendered certain letters of credit securing a portion of Westinghouse’s potential obligations under the Vogtle 3 & 4 Agreement.

In October 2017, GPC, acting for itself and as agent for the Vogtle Owners, executed the Bechtel Agreement, a cost reimbursable plus fee arrangement, whereby Bechtel is reimbursed for actual costs plus a base fee and an at-risk fee, which is subject to adjustment based on Bechtel’s performance against costs and schedule targets. Each Vogtle owner is severally (not jointly) liable for its proportionate share, based on its ownership interest, of all amounts owed to Bechtel under the Bechtel Agreement. The Vogtle Owners may terminate the Bechtel Agreement at any time for their convenience, provided that the Vogtle Owners will be required to pay amounts related to work performed prior to the termination (including the applicable portion of the base fee), certain termination-related costs, and, at certain stages of the work, the applicable portion of the at-risk fee. Bechtel may terminate the Bechtel Agreement under certain circumstances, including certain Vogtle Owner suspensions of work, certain breaches of the Bechtel Agreement by the Vogtle Owners, Vogtle Owner insolvency, and certain other events.

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

In November 2017, the Vogtle Owners entered into an amendment to their joint ownership agreements for Vogtle 3 and 4 (as amended, the "Joint Ownership Agreements") to provide for, among other conditions, additional Vogtle Owner approval requirements. Effective August 31, 2018, the Vogtle Owners further amended the joint ownership agreements to clarify and provide procedures for certain provisions of the joint ownership agreements related to adverse events that require the vote of the holders of at least 90% of the ownership interests in Vogtle 3 and 4 to continue construction (as amended, and together with the November 2017 amendment, the "Vogtle Joint Ownership Agreements"). The Vogtle Joint Ownership Agreements also confirm that the Vogtle Owners' sole recourse against GPC or Southern Nuclear for any action or inaction in connection with their performance as agent for the Vogtle Owners is limited to removal of GPC and/or Southern Nuclear as agent, except in cases of willful misconduct.

In the second quarter 2018, Southern Nuclear, at the request of GPC, completed a full cost reforecast for the project, which resulted in an increase to the base capital cost forecast and estimated contingency to complete construction and start-up of Plant Vogtle Units 3 and 4. Although GPC believes these incremental costs are reasonable and necessary to complete the project and the Georgia Public Service Commission ("GPSC") has stated the estimate included in the seventeenth VCM proceeding does not represent a cost cap, GPC did not seek rate recovery of its portion of the increased costs included in the revised base capital cost forecast (or any related financing costs) in the nineteenth VCM report filed with the GPSC on August 31, 2018.

As a result of the increase in the total project capital cost forecast and GPC's decision not to seek rate recovery of the increase in the base capital costs in conjunction with the nineteenth VCM report in 2018, the holders of at least 90% of the ownership interests in Plant Vogtle Units 3 and 4 were required to vote to continue construction as these events qualified as adverse events under the Vogtle Joint Ownership Agreements. On September 26, 2018, the Vogtle Owners unanimously voted to continue construction of Plant Vogtle Units 3 and 4. In connection with the vote to continue construction, GPC entered into (i) a binding term sheet ("Vogtle Owner Term Sheet") with the other Vogtle Owners and certain MEAG wholly-owned subsidiaries, including MEAG Power SPVJ, LLC ("MEAG SPVJ"), to take certain actions which partially mitigate potential financial exposure for the other Vogtle Owners and (ii) a term sheet ("MEAG Term Sheet") with MEAG and MEAG SPVJ to provide funding with respect to MEAG SPVJ's ownership interest in Plant Vogtle Units 3 and 4 under certain circumstances. On January 14, 2019, GPC, MEAG, and MEAG SPVJ entered into an agreement to implement the provisions of the MEAG Term Sheet ("MEAG Funding Agreement"). On February 18, 2019, GPC, the other Vogtle Owners, and MEAG's wholly-owned subsidiaries MEAG SPVJ, MEAG Power SPVM, LLC, and MEAG Power SPVP, LLC entered into certain amendments to the Vogtle Joint Ownership Agreements to implement the provisions of the Vogtle Owner Term Sheet ("Global Amendments").

Pursuant to the Global Amendments, and consistent with the Vogtle Owner Term Sheet, the Vogtle Joint Ownership Agreements were modified as follows: (i) each Vogtle Owner must pay its proportionate share of qualifying construction costs for Plant Vogtle Units 3 and 4 based on its ownership percentage up to the estimated cost at completion ("EAC") for Plant Vogtle Units 3 and 4 which formed the basis of GPC's revised forecast in the nineteenth VCM plus \$800 million; (ii) GPC will be responsible for 55.7% of actual qualifying construction costs between \$800 million and \$1.6 billion over the EAC in the nineteenth VCM, with the remaining Vogtle Owners responsible for 44.3% of such costs pro rata in accordance with their respective ownership interests; and (iii) GPC will be responsible for 65.7% of qualifying construction costs between \$1.6 billion and \$2.1 billion over the EAC in the nineteenth VCM, with the remaining Vogtle Owners responsible for 34.3% of such costs pro rata in accordance with their respective ownership interests.

If the EAC is revised and exceeds the EAC in the nineteenth VCM by more than \$2.1 billion, each of the Vogtle Owners will have a one-time option at the time the project budget forecast is so revised to tender a portion of its ownership interest to GPC in exchange for GPC's agreement to pay 100% of such Vogtle Owner's remaining share of total construction costs in excess of the EAC in the nineteenth VCM plus \$2.1 billion.

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

Pursuant to the Global Amendments, the holders of at least 90% of the ownership interests in Plant Vogtle Units 3 and 4 must vote to continue construction if certain Project Adverse Events occur, including, among other events: (i) the bankruptcy of Toshiba; (ii) the termination or rejection in bankruptcy of certain agreements, including the Vogtle Services Agreement, the Bechtel Agreement, or the agency agreement with Southern Nuclear; (iii) GPC publicly announces its intention not to submit for rate recovery any portion of its investment in Plant Vogtle Units 3 and 4 or the GPSC determines that any of GPC's costs relating to the construction of Plant Vogtle Units 3 and 4 will not be recovered in retail rates, excluding any additional amounts paid by GPC on behalf of the other Vogtle Owners pursuant to the Global Amendments described above and the first 6% of costs during any six-month VCM reporting period that are disallowed by the GPSC for recovery, or for which GPC elects not to seek cost recovery, through retail rates; and (iv) an incremental extension of one year or more from the seventeenth VCM report estimated in-service dates of November 2021 and November 2022 for Units 3 and 4, respectively.

The Global Amendments provide that if the holders of at least 90% of the ownership interests fail to vote in favor of continuing the project following any future Project Adverse Event, work on Plant Vogtle Units 3 and 4 will continue for a period of 30 days if the holders of more than 50% of the ownership interests vote in favor of continuing construction (Majority Voting Owners). In such a case, the Vogtle Owners (i) have agreed to negotiate in good faith towards the resumption of the project, (ii) if no agreement is reached during such 30-day period, the project will be cancelled, and (iii) in the event of such a cancellation, the Majority Voting Owners will be obligated to reimburse any other Vogtle Owner for the incremental costs it incurred during such 30-day negotiation period.

In April 2019, Southern Nuclear established aggressive target values for monthly construction production and system turnover activities as part of a strategy to maintain and, where possible, build margin to the regulatory-approved in-service dates of November 2021 for Unit 3 and November 2022 for Unit 4. Through early 2020, the project faced challenges with the April 2019 aggressive strategy targets, including, but not limited to, electrical and pipefitting labor productivity and closure rates for work packages, which resulted in a backlog of activities and completion percentages below the April 2019 aggressive strategy targets.

In February 2020, Southern Nuclear updated its cost and schedule forecast, which did not change the total project capital cost forecast and confirmed the expected in-service dates of November 2021 for Unit 3 and November 2022 for Unit 4. This update included initiatives to improve productivity while refining and extending system turnover plans and certain near-term milestone dates. Other milestone dates did not change. Achievement of the aggressive site work plan relied on meeting increased monthly production and activity target values during 2020. Through March 2020, Unit 3 mechanical, electrical, and subcontract activities started to build a backlog; however, overall production was generally consistent with the updated aggressive site work plan.

In mid-March 2020, Southern Nuclear began implementing policies and procedures designed to mitigate the risk of transmission of COVID-19 at the construction site, including worker distancing measures, isolating individuals who have tested positive for COVID-19, showed symptoms consistent with COVID-19, were being tested for COVID-19, or were in close contact with such persons, requiring self-quarantine, and adopting additional precautionary measures. Since March 2020, the number of active cases at the site has fluctuated consistent with the surrounding area and impacted productivity levels and the pace of activity completion, with the site experiencing peaks in the number of active cases in January 2021, August 2021, and January 2022. The lower productivity levels and slower pace of activity completion experienced since March 2020 contributed to a backlog to the aggressive site work plan established at the beginning of 2020. GPC estimates the productivity impacts of the COVID-19 pandemic have consumed approximately three to four months of schedule margin previously embedded in the site work plan for Unit 3 and Unit 4. The continuing effects of the COVID-19 pandemic could further disrupt or delay construction and testing activities at Units 3 and 4.

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

During 2021, Southern Nuclear performed additional construction remediation work necessary to ensure quality and design standards are met as system turnovers are completed to support hot functional testing and fuel load for Unit 3. Hot functional testing for Unit 3 was completed in July 2021. As a result of challenges including, but not limited to, construction productivity, construction remediation work, the pace of system turnovers, spent fuel pool repairs, and the timeframe and duration for hot functional and other testing, at the end of the second and third quarters 2021, Southern Nuclear further extended certain milestone dates, including the fuel load for Unit 3, from those established in January 2021. Through the fourth quarter 2021, the project continued to face these and other challenges related to the completion of documentation, including inspection records, necessary to submit the remaining ITAACs and begin fuel load. Fuel load for Unit 3 is projected during the third or fourth quarter 2022 and an in-service date of fourth quarter 2022 or the first quarter 2023. Unit 3's projected schedule primarily depends on improvements in overall construction productivity and production levels, the volume and completion of construction remediation work, completion of work packages, including inspection records, and other documentation necessary to submit the remaining ITAACs and begin fuel load, the pace of system and area turnovers, and the progression of startup and other testing. Currently, an in-service date during the third quarter or the fourth quarter 2023 for Unit 4 is projected. Unit 4's projected schedule primarily depends on overall construction productivity and production levels improving as well as appropriate levels of craft laborers, particularly electricians and pipefitters, being added and maintained. Any further delays could result in later in-service dates.

On February 14, 2022, the Vogtle Owners voted to approve a construction budget of \$20.5 billion (excluding non-sharable costs) which is expected to accommodate costs incurred if achieving commercial operation occurs during the end of the currently projected windows of the fourth quarter 2022 or the first quarter 2023 for Unit 3 and the third quarter or the fourth quarter 2023 for Unit 4. The WLSF Commission has communicated to GPC that they believe the February 14, 2022 budget meets the requirements to trigger a Vogtle Owner's option to tender a portion of its ownership share as outlined above. Additionally, actual project costs through March 31, 2022 met the threshold for GPC's increased responsibility for certain construction costs as outlined in the Global Amendments described above. GPC and the other Vogtle Owners do not agree on the starting dollar amount for the determination of triggers for cost-sharing and each Vogtle Owner's option to tender a portion of its ownership share. Nor does GPC agree with the other Vogtle Owners regarding the extent to which costs resulting from a force majeure event, such as COVID-19, impact these triggers.

On June 17, 2022, one of the other Vogtle Owners disclosed that it gave notice of its tender of a portion of its ownership interest in Vogtle Units 3 and 4 pursuant to the Global Amendments. Further, the two other Vogtle Owners, on June 18, 2022, each filed a lawsuit against GPC in the Superior Court of Fulton County, Georgia seeking to enforce the terms of the Global Amendments.

The WLSF Commission's ownership in Vogtle Units 3 and 4 is 1.6%, however that could decrease if it decides to exercise its option to tender a portion of its ownership share to GPC. Based on the current construction project budget, if the WLSF Commission were to tender a portion of its ownership share to GPC, approximately 3 megawatts, out of approximately 36 megawatts, would be transferred to GPC. The actual adjusted ownership interest would be calculated after both new units reach commercial operation.

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

As Unit 3 completes system turnover from construction and moves to testing and transition to operations, ongoing and potential future challenges include construction productivity, completion of construction remediation work, completion of work packages, including inspection records, and other documentation necessary to submit the remaining ITAACs and begin fuel load, and final component and pre-operational tests. As Unit 4 progresses through construction and continues to transition into testing, ongoing and potential future challenges include the pace and quality of electrical installation; availability of craft and supervisory resources, including the temporary diversion of such resources to support Unit 3 construction efforts; the pace of work package closures and system turnovers; and the timeframe and duration of hot functional and other testing. As construction, including subcontract work, continues on both Units 3 and 4, ongoing or future challenges include management of contractors and vendors; subcontractor performance; supervision of craft labor and related productivity, particularly in the installation of electrical, mechanical, and instrumentation and controls commodities, ability to attract and retain craft labor, and/or related cost escalation; and procurement and related installation. New challenges may arise, particularly as Units 3 and 4 move into initial testing and start-up, which may result in required engineering changes or remediation related to plant systems, structures, or components (some of which are based on new technology that only within the last few years began initial operation in the global nuclear industry at this scale). The ongoing and potential future challenges described above may change the projected schedule and estimated cost.

There have been technical and procedural challenges to the construction and licensing of Vogtle Units 3 and 4 at the federal and state level and additional challenges may arise. In addition, certain license amendment requests have been filed and approved or are pending before the NRC. Processes are in place that are designed to ensure compliance with the requirements specified in the Westinghouse Design Control Document and the combined construction and operating licenses, including inspections by Southern Nuclear and the NRC that occur throughout construction. In connection with the additional construction remediation work described above, Southern Nuclear reviewed the project's construction quality programs and, where needed, is implementing improvement plans consistent with these processes. In June 2021, the NRC began a special inspection to review the root cause of this additional construction remediation work and the corresponding corrective action plans. On November 17, 2021, the NRC issued the final significance report on its special inspection with two findings of low to moderate safety significance. Southern Nuclear had already identified and self-reported many of the issues in this report to the NRC and implemented corrective-action plans to resolve these issues. On March 25, 2022, the NRC completed its follow-up inspection, closed the two white findings identified in November 2021, and returned Vogtle Unit 3 to the NRC's baseline inspection program.

The site work plan currently targets fuel load for Units 3 and 4 in the second quarter 2022 and the fourth quarter 2022, respectively. Various design and other licensing-based compliance matters, including the timely submittal by Southern Nuclear of the ITAAC documentation for each unit and the related reviews and approvals by the NRC necessary to support NRC authorization to load fuel, have arisen or may arise, which may result in additional license amendments or require other resolution. If any license amendment requests or other licensing-based compliance issues, including inspections and ITAACs, are not resolved in a timely manner, there may be delays in the project schedule that could result in increased costs.

The ultimate outcome of these matters cannot be determined at this time. However, any extension of the in-service date beyond the first quarter 2023 for Unit 3 or the fourth quarter 2023 for Unit 4 is currently estimated to result in additional base capital costs for the WLSF Commission of approximately \$900,000 per month for Unit 3 and approximately \$500,000 for Unit 4.

City of Dalton, Georgia
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December 31, 2021

4-C Commitments and Contingent Liabilities (continued)

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.

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

Clean Water Act Claim – In 2020, the WLSF Commission was named as a defendant in a claim that it was in violation of the Clean Water Act and two additional state laws. On May 13, 2022, the WLSF Commission received a notice of being named a party to a civil action between the City of Rome, Georgia and 3M Company, et al, asserting various claims against the WLSF Commission, including violation of the Georgia Water Quality Control Act. At this time, the WLSF Commission is unable to determine the potential liabilities that could result from unfavorable outcomes in these matters. The WLSF Commission intends to vigorously pursue and defend these matters. However, the ultimate outcome of these matters cannot be determined at this time.

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

Five-year permit for wastewater treatment - During 1997, the WLSF Commission was issued a five-year permit for its wastewater treatment systems by the 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 but was appealed. It was amended on October 13, 2015 and expired at midnight on March 31, 2020. The WLSF Commission is allowed to operate on the expired permit due to the length of time to review applications, which has been submitted to the EPA.

Fuel commitments - The WLSF Commission has entered into various long-term commitments for the procurement and delivery of natural gas and electricity to consumers, which are not recognized on the statement of net position. In 2021, the WLSF Commission incurred purchased gas expense of \$21,400,000 and purchased electricity expense of \$64,200,000, 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 Conduit Debt Obligations

Conduit debt obligations with limited commitments – In April 2018, the City issued general obligation bonds for the use and benefit of the City of Dalton Board of Education to finance the construction and equipping of a new school building. The City of Dalton Board of Education is the obligor of the debt pursuant to a contractual agreement. The City of Dalton Board of Education is not a component unit of the City. The bonds are payable solely from a voter-approved property tax, as facilitated through a Dalton Public Schools debt service millage rate. In addition, no commitments beyond the pledged tax funds, the payments from the City of Dalton Board of Education, and maintenance of the tax-exempt status of the conduit debt obligations were extended by the City for any of those bonds. At December 31, 2021, the bonds have an aggregate outstanding principal amount payable of \$40,380,000.

4-E Joint Ventures

The City participates with Whitfield County in the Dalton-Whitfield Regional Solid Waste Management Authority. All budgetary and financial records are maintained by the City of Dalton. The DWRSWMA issued separate audited financial statements dated June 10, 2022.

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

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

Landfill sites:	Westside	Old Dixie II, IV, & V	Old Dixie VI Sites I & II	Old Dixie VI Sites III, IV, & V	Balefill	Total
Estimated future costs:						
Closure	Completed	Completed	\$ 3,216,000	\$ 3,330,000	\$ 1,767,000	\$ 8,313,000
Post-closure	<u>\$ 383,000</u>	<u>\$ 988,000</u>	<u>2,165,000</u>	<u>2,242,000</u>	<u>1,243,000</u>	<u>7,021,000</u>
	383,000	988,000	5,381,000	5,572,000	3,010,000	15,334,000
Percentage of total landfill capacity used as of						
December 31, 2021	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>48.7%</u>	<u>95.9%</u>	
	383,000	988,000	5,381,000	2,712,000	2,886,000	12,350,000
Land acquisition	<u>50,000</u>	-	-	-	-	<u>50,000</u>
Accrual at 12/31/21	<u>\$ 433,000</u>	<u>\$ 988,000</u>	<u>\$ 5,381,000</u>	<u>\$ 2,712,000</u>	<u>\$ 2,886,000</u>	<u>\$ 12,400,000</u>

The DWRSWMA will record the remaining estimated cost of closure and post-closure care costs of \$2,934,000 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 2021. Actual costs when incurred may be higher due to inflation, changes in technology, or changes in laws and regulations.

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

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

According to the latest inspection reports issued by the Georgia Department of Natural Resources, dated June 13, 2022, the DWRSWMA was in compliance for closure and post-closure care financial assurance requirements for the 2021 year.

Condensed audited financial statements for the DWRSWMA at December 31, 2021 are as follows:

Statement of Net Position

Assets	
Current assets	\$ 25,358,936
Capital assets, net	19,316,443
Other assets	<u>41,391</u>
Total assets	<u>44,716,770</u>
Deferred outflows of resources	<u>293,513</u>
Total assets and deferred outflows	<u>\$ 45,010,283</u>
Liabilities	
Current liabilities	\$ 479,834
Non-current liabilities	<u>13,677,264</u>
Total liabilities	<u>14,157,098</u>
Deferred inflows of resources	<u>904,944</u>
Net position	<u>29,948,241</u>
Total liabilities, deferred inflows, and net position	<u>\$ 45,010,283</u>

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

Operating revenues	\$ 9,050,618
Operating expenses	(4,460,861)
Depreciation	<u>(1,354,246)</u>
Operating income (loss)	3,235,511
Non-operating revenues (expenses)	<u>57,493</u>
Change in net position	3,293,004
Beginning net position	<u>26,655,237</u>
Ending net position	<u>\$ 29,948,241</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

4-E Joint Ventures (continued)

The City participates with Whitfield County in the Northwest Georgia Trade and Convention Center Authority. All budgetary and financial records are maintained by the City of Dalton. The Convention Center issued separate audited financial statements dated June 17, 2022.

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

Condensed audited financial statements for the Convention Center at December 31, 2021 are as follows:

Statement of Net Position

Assets	
Current assets	\$ 669,570
Capital assets, net	<u>9,886,900</u>
Total assets	<u>10,556,470</u>
Deferred outflows of resources	<u>137,467</u>
Total assets and deferred outflows	<u>\$ 10,693,937</u>
Liabilities	
Current liabilities	\$ 384,859
Non-current liabilities	<u>366,177</u>
Total liabilities	<u>751,036</u>
Deferred inflows of resources	<u>84,876</u>
Net position	<u>9,858,025</u>
Total liabilities, deferred inflows, and net position	<u>\$ 10,693,937</u>

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

Operating revenues	\$ 785,533
Operating expenses	(1,578,603)
Depreciation	<u>(759,029)</u>
Operating income (loss)	(1,552,099)
Non-operating revenues (expenses)	<u>1,197,746</u>
Change in net position	(354,353)
Beginning net position	<u>10,212,378</u>
Ending net position	<u>\$ 9,858,025</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

4-E Joint Ventures (continued)

The City participates with Whitfield County in the Dalton-Whitfield Joint Development Authority and the Dalton-Whitfield Economic Development Authority, which are reported as one entity as disclosed in Note 1. All budgetary and financial records are maintained by the JDA, which is housed at the Dalton-Whitfield Chamber of Commerce. The JDA issued separate audited financial statements dated June 14, 2022.

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

Condensed audited financial statements for the JDA at December 31, 2021 are as follows:

Statement of Net Position

Assets	
Current assets	\$ 3,236,252
Capital assets, net	5,061
Total assets	<u>\$ 3,241,313</u>
Current liabilities	<u>\$ 1,386,189</u>
Net position	<u>1,855,124</u>
Total liabilities and net position	<u>\$ 3,241,313</u>

Statement of Activities

Program revenues	\$ 199,564
General revenues	262,692
Economic development expenses	(337,212)
Transfers to other governments	<u>(726,484)</u>
Change in net position	(601,440)
Beginning net position	<u>2,456,564</u>
Ending net position	<u>\$ 1,855,124</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

4-F Component Unit

The City of Dalton Building Authority is a legally separate entity and has been included as a discretely presented component unit in the accompanying financial statements. It is reported as a separate column in the government-wide statements to emphasize that it is legally separate from the City. The City of Dalton Board of Education, Whitfield County, Georgia, and the City of Dalton, Georgia each have outstanding debt in the Building Authority's name, as discussed in Note 3-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. The Building Authority holds various cash balances from proceeds from debt on behalf of the City, Whitfield County, or of the Board of Education. Amounts held in the Building Authority's cash account are reported as a receivable or payable in the financials.

4-G Debt Contingency

The City of Dalton Building Authority issued revenue bonds as a public offering during 2018 to finance the building and equipping of a new school for the City of Dalton Board of Education. The amount of the bonds outstanding as of December 31, 2021 is \$5,730,000.

The City of Dalton Building Authority issued revenue bonds as a private placement offering during 2020 to finance certain SPLOST projects and other projects and renovations within Whitfield County. The amount of the bonds outstanding as of December 31, 2021 is \$19,962,000.

4-H Tax Abatements

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

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2021

4-H Tax Abatements (continued)

Twenty-two tax abatement agreements are outstanding as of December 31, 2021. Reductions in tax revenues attributable to local governments are as follows:

<u>Government Entity</u>	<u>2021 Tax Reduction</u>
City of Dalton, Georgia	\$ 73,125
Whitfield County, Georgia	2,806,258
City of Dalton Board of Education	286,967
Whitfield County Board of Education	4,727,200

REQUIRED SUPPLEMENTARY INFORMATION

City of Dalton, Georgia
Required Supplementary Information
Schedule of Changes in the Net Pension (Asset) Liability
December 31, 2021

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total pension liability:							
Service cost	\$ 1,743,901	\$ 1,652,021	\$ 1,592,733	\$ 1,453,620	\$ 1,439,780	\$ 1,426,355	\$ 1,566,107
Expected interest growth	8,238,500	8,495,017	8,713,989	8,904,957	9,270,324	9,429,765	9,868,313
Demographic experience	(1,273,686)	216,267	(54,192)	(798,265)	(780,862)	(1,001,988)	3,245,665
Benefit payments and refunds	(6,513,889)	(6,904,562)	(7,133,475)	(7,440,532)	(7,499,751)	(7,662,936)	(7,845,115)
Assumption changes	1,890,054	-	-	3,352,582	-	4,198,143	-
Allocation changes	-	-	-	-	674	-	(2)
Net change in total pension liability	4,084,880	3,458,743	3,119,055	5,472,362	2,430,165	6,389,339	6,834,968
Total pension liability - beginning (a)	122,337,634	126,422,514	129,881,257	133,000,312	138,472,674	140,902,839	147,292,178
Total pension liability - ending (c)	<u>\$ 126,422,514</u>	<u>\$ 129,881,257</u>	<u>\$ 133,000,312</u>	<u>\$ 138,472,674</u>	<u>\$ 140,902,839</u>	<u>\$ 147,292,178</u>	<u>\$ 154,127,146</u>
Plan fiduciary net position:							
Employer contributions	\$ 7,099,703	\$ 6,841,734	\$ 7,225,029	\$ 7,311,443	\$ 7,729,413	\$ 9,130,197	\$ 3,251,149
Employee contributions	784,871	769,249	727,343	688,300	663,908	677,164	646,835
Benefit payments and refunds	(6,513,878)	(6,904,591)	(7,133,475)	(7,440,532)	(7,499,751)	(7,662,936)	(7,845,115)
Administrative expenses	(59,791)	(42,900)	(59,239)	(50,901)	(69,262)	(79,278)	(61,000)
Expected interest growth	5,718,288	5,800,923	6,299,827	7,130,290	6,967,184	8,411,988	9,461,022
Unexpected investment income	(5,527,933)	814,584	5,258,879	(10,188,016)	12,813,826	7,913,820	9,130,438
Allocation changes	-	-	-	-	(684)	-	(2)
Net change in plan fiduciary net position	1,501,260	7,278,999	12,318,364	(2,549,416)	20,604,634	18,390,955	14,583,327
Plan fiduciary net position - beginning (b)	83,354,643	84,855,903	92,134,902	104,453,266	101,903,850	122,508,484	140,899,439
Plan fiduciary net position - ending (d)	<u>\$ 84,855,903</u>	<u>\$ 92,134,902</u>	<u>\$ 104,453,266</u>	<u>\$ 101,903,850</u>	<u>\$ 122,508,484</u>	<u>\$ 140,899,439</u>	<u>\$ 155,482,766</u>
Net pension liability - beginning (a) - (b)	<u>\$ 38,982,991</u>	<u>\$ 41,566,611</u>	<u>\$ 37,746,355</u>	<u>\$ 28,547,046</u>	<u>\$ 36,568,824</u>	<u>\$ 18,394,355</u>	<u>\$ 6,392,739</u>
Net pension (asset) liability - ending (c) - (d)	<u>\$ 41,566,611</u>	<u>\$ 37,746,355</u>	<u>\$ 28,547,046</u>	<u>\$ 36,568,824</u>	<u>\$ 18,394,355</u>	<u>\$ 6,392,739</u>	<u>\$ (1,355,620)</u>
Pension Plan's fiduciary net position as a % of total pension liability	67%	71%	79%	74%	87%	96%	101%
Covered payroll	\$ 16,758,095	\$ 15,756,935	\$ 15,113,517	\$ 14,091,077	\$ 13,722,784	\$ 13,304,622	\$ 13,740,735
Net pension liability as a percentage of covered payroll	248%	240%	189%	260%	134%	48%	N/A

Note: 2015 was the first year that data was measured in accordance with GASB 68.

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

City of Dalton, Georgia
Required Supplementary Information
Schedule of Funding Progress for Pensions
December 31, 2021

Measurement Date	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset) Liability	Funded Percentage	Covered Payroll	Net Pension Liability as a % of Covered Payroll
01/01/2013	\$ 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	126,422,514	84,855,903	41,566,611	67%	16,758,095	248%
12/31/2016	129,881,257	92,134,902	37,746,355	71%	15,756,935	240%
12/31/2017	133,000,312	104,453,266	28,547,046	79%	15,113,517	189%
12/31/2018	138,472,674	101,903,850	36,568,824	74%	14,091,077	260%
12/31/2019	140,902,839	122,508,484	18,394,355	87%	13,722,784	134%
12/31/2020	147,292,178	140,899,439	6,392,739	96%	13,304,622	48%
12/31/2021	154,127,146	155,482,766	(1,355,620)	101%	13,740,735	N/A

N/A - Not applicable

Note: 2015 was the first year that data was measured in accordance with GASB 68.

City of Dalton, Georgia
Required Supplementary Information
Schedule of Actuarially Determined Contributions for Pensions
December 31, 2021

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
12/31/2012	\$ 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%
12/31/2016	6,657,107	6,841,734	(184,627)	15,756,935	43%
12/31/2017	7,409,656	7,225,029	184,627	15,113,517	48%
12/31/2018	7,311,443	7,311,443	-	14,091,077	52%
12/31/2019	7,728,729	7,729,413	(684)	13,722,784	56%
12/31/2020	9,130,197	9,130,197	-	13,304,622	69%
12/31/2021	3,251,149	3,251,149	-	13,740,735	24%

Note: 2015 was the first year that data was 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 for Pensions
December 31, 2021

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

December 31, 2021	10.34%
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Notes to Required Supplementary Information for Pension:

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

Employers' reporting date:	December 31, 2021
Measurement date:	December 31, 2021
Actuarial valuation date:	January 1, 2021
Actuarial cost method:	Projected unit credit cost
Amortization method:	The unfunded actuarial accrued liability is amortized over a 20 year period with from January 1, 2020 with level dollar payments.
Asset method:	The actuarial value of assets is equal to the fair value of assets.
Interest rate:	6.81% per annum
Discount rate:	6.81% per annum
Inflation:	2.50% per year
Salary increases:	3.25% per year
Changes in assumptions:	No assumptions were changed since the prior measurement date.

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 Changes in the Net OPEB Liability
December 31, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability:				
Service cost	\$ 718,157	\$ 343,785	\$ 372,240	\$ 327,457
Expected interest growth	1,345,164	1,142,963	453,023	461,185
Demographic experience	(4,699,489)	(4,840,113)	(36,737)	5,507,148
Benefit payments and refunds	(755,998)	(766,394)	(805,454)	(1,388,280)
Assumption changes	<u>96,681</u>	<u>(7,827,897)</u>	<u>1,041,897</u>	<u>63,701</u>
Net change in total OPEB liability	(3,295,485)	(11,947,656)	1,024,969	4,971,211
Total OPEB liability - beginning (a)	<u>35,707,910</u>	<u>32,412,425</u>	<u>20,464,769</u>	<u>21,489,738</u>
Total OPEB liability - ending (c)	<u>\$ 32,412,425</u>	<u>\$ 20,464,769</u>	<u>\$ 21,489,738</u>	<u>\$ 26,460,949</u>
Plan fiduciary net position:				
Retiree contributions	\$ 193,146	\$ 187,598	\$ 198,496	\$ 195,291
Benefit payments and refunds	(755,998)	(766,394)	(805,454)	(1,388,280)
Administrative expenses	(24,560)	(14,717)	(24,180)	(19,282)
Expected interest growth	296,647	236,909	222,135	190,631
Unexpected investment income	<u>(456,718)</u>	<u>480,291</u>	<u>257,561</u>	<u>290,148</u>
Net change in plan fiduciary net position	(747,483)	123,687	(151,442)	(731,492)
Plan fiduciary net position - beginning (b)	<u>4,014,804</u>	<u>3,267,321</u>	<u>3,391,008</u>	<u>3,239,566</u>
Plan fiduciary net position - ending (d)	<u>\$ 3,267,321</u>	<u>\$ 3,391,008</u>	<u>\$ 3,239,566</u>	<u>\$ 2,508,074</u>
Net OPEB liability - beginning (a) - (b)	<u>\$ 31,693,106</u>	<u>\$ 29,145,104</u>	<u>\$ 17,073,761</u>	<u>\$ 18,250,172</u>
Net OPEB liability - ending (c) - (d)	<u>\$ 29,145,104</u>	<u>\$ 17,073,761</u>	<u>\$ 18,250,172</u>	<u>\$ 23,952,875</u>
OPEB Plan's fiduciary net position as a percentage of total OPEB liability	10%	17%	15%	9%
Covered payroll	\$ 31,589,049	\$ 34,333,776	\$ 40,206,869	\$ 39,986,095
Net OPEB liability as a percentage of covered payroll	92%	50%	45%	60%

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

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

City of Dalton, Georgia
Required Supplementary Information
Schedule of Funding Progress for OPEB
December 31, 2021

Measurement Date	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Funded Percentage	Covered Payroll	Net OPEB Liability as a % of Covered Payroll
12/31/2014	\$ 32,051,221	\$ 4,586,540	\$ 27,464,681	14%	\$ 33,536,675	82%
12/31/2015	33,110,465	4,101,366	29,009,099	12%	33,536,675	86%
12/31/2016	33,266,025	3,910,615	29,355,410	12%	NA	NA
12/31/2017	35,707,910	4,014,804	31,693,106	11%	NA	NA
12/31/2018	32,412,425	3,267,321	29,145,104	10%	31,589,049	92%
12/31/2019	20,464,769	3,391,008	17,073,761	17%	34,333,776	50%
12/31/2020	21,489,738	3,239,566	18,250,172	15%	40,206,869	45%
12/31/2021	26,460,949	2,508,074	23,952,875	9%	39,986,095	60%

NA - Not available

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

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

City of Dalton, Georgia
Required Supplementary Information
Notes to Required Supplementary Information for OPEB
December 31, 2021

Notes to Required Supplementary Information for OPEB:

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

Employers' reporting date:	December 31, 2021
Measurement date:	December 31, 2021
Actuarial valuation date:	January 1, 2021
Discount rate:	2.25% per annum; this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
Expected long-term return on assets:	7.21% per annum
Inflation:	2.50% per annum
Salary increases:	3.25% per annum
Healthcare cost trend rates:	Increases in healthcare costs are assumed to be 6.50% for the 2021 fiscal year graded down by 0.50% per year to 5.00% for the 2024 and later fiscal years.
COLA increases:	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates; life insurance premiums are not assumed to increase.
Changes in assumptions:	Since the prior measurement date, the discount rate was decreased from 2.29% per annum to 2.25% per annum.

Note: 2018 is the first year that data has been measured in accordance with GASB 75.

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 note payable principal and interest from governmental resources.

Capital Projects Funds

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

City of Dalton, Georgia
Combining Balance Sheet - By Fund Type
Nonmajor Governmental Funds
December 31, 2021

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 6,748,277	\$ 285,861	\$ 10,436,467	\$ 17,470,605
Receivables:				
Accounts	127,550	-	17,338,754	17,466,304
Taxes	4	-	-	4
Intergovernmental - federal	186,439	-	-	186,439
Intergovernmental - state	2,153	-	-	2,153
Intergovernmental - local	56,921	-	-	56,921
Interfund	-	-	69,949	69,949
Total Assets	\$ 7,121,344	\$ 285,861	\$ 27,845,170	\$ 35,252,375
Liabilities				
Accounts payable	\$ 4,533,253	\$ -	\$ 307,609	\$ 4,840,862
Interfund payable	227,991	-	23	228,014
Total Liabilities	4,761,244	-	307,632	5,068,876
Fund Balances				
Restricted for:				
Economic development	2,206,475	-	-	2,206,475
Public safety	153,624	-	-	153,624
Housing and development	1	-	-	1
Debt service	-	285,861	-	285,861
Capital projects	-	-	27,537,538	27,537,538
Total Fund Balances	2,360,100	285,861	27,537,538	30,183,499
Total Liabilities and Fund Balances	\$ 7,121,344	\$ 285,861	\$ 27,845,170	\$ 35,252,375

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, 2021

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Real and personal property taxes	\$ 9	\$ -	\$ -	\$ 9
Hotel/motel taxes	1,562,219	-	-	1,562,219
Intergovernmental - federal	777,431	-	-	777,431
Intergovernmental - state	2,153	-	7,912,928	7,915,081
Intergovernmental - local	56,921	-	-	56,921
Charges for services	10,000	-	-	10,000
Fines and forfeitures	61,050	-	-	61,050
Investment earnings	4,322	24,639	23,479	52,440
Total Revenues	<u>2,474,105</u>	<u>24,639</u>	<u>7,936,407</u>	<u>10,435,151</u>
Expenditures				
Current:				
General government	96,621	-	78,274	174,895
Public safety	48,177	-	114,196	162,373
Public works	-	-	2,083,709	2,083,709
Health and welfare	220,868	-	-	220,868
Culture and recreation	-	-	83,725	83,725
Housing and development	883,359	-	-	883,359
Capital Outlay				
General government	55,931	-	118,210	174,141
Public safety	-	-	1,036,635	1,036,635
Public works	-	-	1,876,355	1,876,355
Culture and recreation	-	-	322,351	322,351
Debt Service:				
Principal retirement	-	3,175,000	-	3,175,000
Interest and fiscal charges	-	230,370	-	230,370
Issuance costs/fiscal fees	-	51,029	270,107	321,136
Total Expenditures	<u>1,304,956</u>	<u>3,456,399</u>	<u>5,983,562</u>	<u>10,744,917</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,169,149</u>	<u>(3,431,760)</u>	<u>1,952,845</u>	<u>(309,766)</u>
Other Financing Sources (Uses)				
Revenue bonds issued	-	2,725,000	15,635,000	18,360,000
Premium on revenue bonds	-	558,614	1,405,412	1,964,026
Proceeds from sale of assets	7,350	-	175,509	182,859
Transfers in	-	393,000	1,865,979	2,258,979
Transfers out	(1,243,430)	-	-	(1,243,430)
Total Other Financing Sources (Uses)	<u>(1,236,080)</u>	<u>3,676,614</u>	<u>19,081,900</u>	<u>21,522,434</u>
Net Change in Fund Balances	(66,931)	244,854	21,034,745	21,212,668
Fund Balances Beginning of Year	<u>2,427,031</u>	<u>41,007</u>	<u>6,502,793</u>	<u>8,970,831</u>
Fund Balances End of Year	<u>\$ 2,360,100</u>	<u>\$ 285,861</u>	<u>\$ 27,537,538</u>	<u>\$ 30,183,499</u>

GENERAL FUND

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

City of Dalton, Georgia
Comparative Balance Sheet
General Fund
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 25,220,264	\$ 24,013,555
Investments	670,771	603,826
Receivables:		
Accounts	2,368,154	1,574,376
Taxes	1,029,513	1,023,473
Intergovernmental - federal	48,866	48,866
Intergovernmental - state	746	1,088
Interfund	315,580	511,834
Inventory	126,216	132,725
Prepaid items	1,905	11,500
Total Assets	<u>\$ 29,782,015</u>	<u>\$ 27,921,243</u>
Liabilities		
Accounts payable	\$ 418,028	\$ 378,360
Accrued expenditures	513,836	344,779
Unearned revenue	175,800	141,195
Interfund payable	69,949	-
Total Liabilities	<u>1,177,613</u>	<u>864,334</u>
Deferred Inflows of Resources		
Unavailable revenue - property taxes	<u>411,142</u>	<u>523,800</u>
Fund Balances		
Nonspendable:		
Inventory	126,216	132,725
Prepaid items	1,905	11,500
Restricted:		
Public works (cemetery)	88,675	88,675
Public works (streetscape)	15,000	15,000
Culture and recreation (greenway project)	10,000	10,000
Culture and recreation (Heritage Point Park disc golf)	8,342	8,342
Culture and recreation (Haig Mill Lake project)	199,400	199,400
Unrestricted:		
Committed:		
Public works (construction contracts)	-	565,979
Unassigned	27,743,722	25,501,488
Total Fund Balances	<u>28,193,260</u>	<u>26,533,109</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 29,782,015</u>	<u>\$ 27,921,243</u>

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Taxes:					
Real and personal property taxes	\$ 8,119,500	\$ 8,019,500	\$ 8,016,012	\$ (3,488)	\$ 7,937,643
Alcohol tax	804,000	888,350	896,644	8,294	866,551
Business and occupation tax	575,000	567,600	567,552	(48)	578,442
Franchise tax	405,000	426,700	425,682	(1,018)	384,288
Financial institution tax	105,000	94,000	93,987	(13)	102,308
Insurance premium tax	2,658,000	2,745,000	2,745,678	678	2,657,507
Intangible tax	42,000	56,640	62,383	5,743	55,181
Real estate transfer tax	17,000	23,000	23,646	646	22,195
Sales tax	6,521,000	7,699,500	7,699,455	(45)	6,880,419
Title ad valorem tax	1,139,000	1,260,000	1,264,700	4,700	892,028
Vehicle tax	60,000	54,000	53,036	(964)	65,429
Penalties, fines, and interest	79,000	128,600	130,565	1,965	103,335
Total taxes	<u>20,524,500</u>	<u>21,962,890</u>	<u>21,979,340</u>	<u>16,450</u>	<u>20,545,326</u>
Licenses and permits:					
Alcohol beverage licenses	271,000	289,300	293,896	4,596	271,954
Insurance business licenses	58,000	58,000	58,100	100	57,380
Other permits	5,500	2,300	2,400	100	2,000
Penalties, fines, and interest	6,000	1,450	1,323	(127)	9,318
Total licenses and permits	<u>340,500</u>	<u>351,050</u>	<u>355,719</u>	<u>4,669</u>	<u>340,652</u>
Intergovernmental:					
Payments in lieu of taxes	135,700	129,350	129,360	10	130,312
Federal grants and contracts	15,000	11,000	11,003	3	48,866
State grants and contracts	3,000	3,000	3,508	508	781,539
Total intergovernmental	<u>153,700</u>	<u>143,350</u>	<u>143,871</u>	<u>521</u>	<u>960,717</u>
Charges for services:					
Cemetery fees	100,000	116,000	115,650	(350)	129,775
Concession revenue	220,000	235,000	244,468	9,468	221,187
Election and advertising fees	-	7,000	7,605	605	-
Garbage and recycling revenue	5,000	16,000	12,759	(3,241)	7,711
Indirect cost allocation	-	105,000	104,606	(394)	-
Municipal court fees	610,000	630,000	629,098	(902)	507,195
Program fees and admissions	133,000	125,250	153,785	28,535	66,722
Public works fees	-	7,480	6,500	(980)	1,899
Public safety fees	45,000	43,500	46,182	2,682	42,095
Senior center	228,100	226,790	205,654	(21,136)	199,335
School resource officer	387,000	304,000	303,747	(253)	296,639
Special events revenue	15,000	-	(5)	(5)	675
Total charges for services	<u>1,743,100</u>	<u>1,816,020</u>	<u>1,830,049</u>	<u>14,029</u>	<u>1,473,233</u>

(Continued)

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021			2020	
	Original Budget	Final Budget	Actual	Variance	Actual
Fines and forfeitures	425,000	439,100	438,735	(365)	408,294
Investment earnings	250,200	43,100	43,082	(18)	230,467
Miscellaneous:					
Donations	20,500	37,200	37,915	715	23,078
Reimbursements	-	27,450	23,655	(3,795)	43,566
Rental income	223,500	200,500	228,214	27,714	199,679
Miscellaneous	335,600	232,660	224,807	(7,853)	304,481
Total miscellaneous	579,600	497,810	514,591	16,781	570,804
Total revenues	\$ 24,016,600	\$ 25,253,320	\$ 25,305,387	\$ 52,067	\$ 24,529,493

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
General Government:					
Legislative					
Personal services and benefits	\$ 103,520	\$ 102,310	\$ 85,515	\$ 16,795	\$ 83,989
Purchased and contracted services	37,680	32,595	27,109	5,486	54,037
Supplies	10,900	15,195	11,243	3,952	13,017
Other costs	-	2,000	2,000	-	-
Total	<u>152,100</u>	<u>152,100</u>	<u>125,867</u>	<u>26,233</u>	<u>151,043</u>
Administrative					
Personal services and benefits	365,000	470,260	469,076	1,184	387,914
Purchased and contracted services	144,800	149,157	144,890	4,267	174,736
Supplies	12,800	48,043	29,363	18,680	8,550
Other costs	401,300	-	-	-	-
Total	<u>923,900</u>	<u>667,460</u>	<u>643,329</u>	<u>24,131</u>	<u>571,200</u>
City Clerk					
Personal services and benefits	300,700	277,270	277,220	50	307,156
Purchased and contracted services	40,500	35,310	28,488	6,822	27,929
Supplies	5,800	7,300	5,224	2,076	5,320
Total	<u>347,000</u>	<u>319,880</u>	<u>310,932</u>	<u>8,948</u>	<u>340,405</u>
Elections					
Purchased and contracted services	8,000	8,800	8,737	63	-
Total	<u>8,000</u>	<u>8,800</u>	<u>8,737</u>	<u>63</u>	<u>-</u>
Finance					
Personal services and benefits	458,600	449,870	433,792	16,078	419,998
Purchased and contracted services	293,100	294,015	282,974	11,041	268,321
Supplies	8,000	14,815	13,134	1,681	12,403
Total	<u>759,700</u>	<u>758,700</u>	<u>729,900</u>	<u>28,800</u>	<u>700,722</u>
Human Resources					
Personal services and benefits	391,200	341,870	331,549	10,321	384,049
Purchased and contracted services	45,000	117,890	103,398	14,492	27,571
Supplies	3,800	3,800	1,890	1,910	3,329
Total	<u>440,000</u>	<u>463,560</u>	<u>436,837</u>	<u>26,723</u>	<u>414,949</u>
Technology					
Personal services and benefits	258,600	286,120	286,019	101	208,275
Purchased and contracted services	271,600	242,433	181,258	61,175	205,001
Supplies	14,200	12,217	11,303	914	3,572
Total	<u>544,400</u>	<u>540,770</u>	<u>478,580</u>	<u>62,190</u>	<u>416,848</u>
Buildings and Grounds					
Purchased and contracted services	148,000	193,775	192,763	1,012	151,530
Supplies	90,000	88,985	88,498	487	78,618
Total	<u>238,000</u>	<u>282,760</u>	<u>281,261</u>	<u>1,499</u>	<u>230,148</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021			2020	
	Original Budget	Final Budget	Actual	Variance	Actual
Infrastructure					
Purchased and contracted services	-	-	-	-	4,182
Supplies	-	-	-	-	36,566
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,748</u>
Total General Government	<u>3,413,100</u>	<u>3,194,030</u>	<u>3,015,443</u>	<u>178,587</u>	<u>2,866,063</u>
Judicial:					
Municipal Court					
Personal services and benefits	254,300	259,500	248,137	11,363	239,878
Purchased and contracted services	206,700	205,950	180,249	25,701	175,686
Supplies	11,000	11,550	9,285	2,265	11,905
Total Judicial	<u>472,000</u>	<u>477,000</u>	<u>437,671</u>	<u>39,329</u>	<u>427,469</u>
Public Safety:					
Fire Department					
Personal services and benefits	8,486,300	8,042,610	8,042,164	446	8,901,228
Purchased and contracted services	357,500	313,370	312,703	667	348,192
Supplies	411,300	400,410	403,402	(2,992)	409,902
Capital outlay	-	39,270	35,781	3,489	-
Total	<u>9,255,100</u>	<u>8,795,660</u>	<u>8,794,050</u>	<u>1,610</u>	<u>9,659,322</u>
Police Department					
Personal services and benefits	7,889,000	7,280,330	7,205,509	74,821	7,822,624
Purchased and contracted services	979,000	926,150	770,603	155,547	767,652
Supplies	390,400	407,600	339,123	68,477	338,545
Capital outlay	-	5,300	5,246	54	-
Other costs	-	6,050	6,015	35	-
Total	<u>9,258,400</u>	<u>8,625,430</u>	<u>8,326,496</u>	<u>298,934</u>	<u>8,928,821</u>
Total Public Safety	<u>18,513,500</u>	<u>17,421,090</u>	<u>17,120,546</u>	<u>300,544</u>	<u>18,588,143</u>
Public Works:					
Public Works					
Personal services and benefits	4,923,700	4,546,555	4,431,311	115,244	4,756,264
Purchased and contracted services	1,522,300	1,415,810	1,245,330	170,480	1,353,726
Supplies	1,439,700	1,377,385	1,226,802	150,583	1,121,869
Capital outlay	51,000	350,380	310,379	40,001	54,507
Total	<u>7,936,700</u>	<u>7,690,130</u>	<u>7,213,822</u>	<u>476,308</u>	<u>7,286,366</u>
Infrastructure					
Purchased and contracted services	-	-	-	-	643
Capital outlay	-	-	-	-	526,910
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>527,553</u>
Total Public Works	<u>7,936,700</u>	<u>7,690,130</u>	<u>7,213,822</u>	<u>476,308</u>	<u>7,813,919</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Health and Welfare:					
Senior Center					
Personal services and benefits	310,650	304,200	262,746	41,454	296,692
Purchased and contracted services	21,000	27,450	17,204	10,246	15,241
Supplies	98,700	98,700	57,387	41,313	59,516
Capital outlay	-	-	-	-	9,222
Total	<u>430,350</u>	<u>430,350</u>	<u>337,337</u>	<u>93,013</u>	<u>380,671</u>
Special Projects					
Other costs	1,000	28,500	28,049	451	56,984
Total	<u>1,000</u>	<u>28,500</u>	<u>28,049</u>	<u>451</u>	<u>56,984</u>
Total Health and Welfare	<u>431,350</u>	<u>458,850</u>	<u>365,386</u>	<u>93,464</u>	<u>437,655</u>
Culture and Recreation:					
Recreation Department					
Personal services and benefits	2,293,940	2,248,100	2,175,626	72,474	2,536,915
Purchased and contracted services	450,900	432,055	407,890	24,165	386,947
Supplies	746,400	782,275	725,014	57,261	681,262
Capital outlay	8,760	-	-	-	-
Other costs	-	990	-	990	100
Total	<u>3,500,000</u>	<u>3,463,420</u>	<u>3,308,530</u>	<u>154,890</u>	<u>3,605,224</u>
Special Projects					
Other costs	355,200	365,200	365,200	-	345,935
Total	<u>355,200</u>	<u>365,200</u>	<u>365,200</u>	<u>-</u>	<u>345,935</u>
Infrastructure					
Purchased and contracted services	-	-	-	-	6,200
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,200</u>
Total Culture and Recreation	<u>3,855,200</u>	<u>3,828,620</u>	<u>3,673,730</u>	<u>154,890</u>	<u>3,957,359</u>
Housing and Development:					
Special Projects					
Other	215,000	343,000	342,749	251	215,000
Total	<u>215,000</u>	<u>343,000</u>	<u>342,749</u>	<u>251</u>	<u>215,000</u>
Infrastructure					
Purchased and contracted services	-	-	-	-	2,450
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,450</u>
Total Housing and Development	<u>215,000</u>	<u>343,000</u>	<u>342,749</u>	<u>251</u>	<u>217,450</u>
Total expenditures	<u>\$ 34,836,850</u>	<u>\$ 33,412,720</u>	<u>\$ 32,169,347</u>	<u>\$ 1,243,373</u>	<u>\$ 34,308,058</u>

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Police Department:					
Administration					
Personal services and benefits	\$ 658,100	\$ 577,000	\$ 573,357	3,643	\$ 676,998
Purchased and contracted services	398,200	431,155	393,205	37,950	349,889
Supplies	<u>12,600</u>	<u>18,300</u>	<u>12,893</u>	<u>5,407</u>	<u>8,485</u>
Total	<u>1,068,900</u>	<u>1,026,455</u>	<u>979,455</u>	<u>47,000</u>	<u>1,035,372</u>
Patrol					
Personal services and benefits	4,964,700	4,545,780	4,504,992	40,788	4,839,116
Purchased and contracted services	261,500	252,150	199,304	52,846	197,918
Supplies	<u>263,000</u>	<u>256,350</u>	<u>221,321</u>	<u>35,029</u>	<u>226,645</u>
Total	<u>5,489,200</u>	<u>5,054,280</u>	<u>4,925,617</u>	<u>128,663</u>	<u>5,263,679</u>
Criminal Investigation Division					
Personal services and benefits	1,449,900	1,329,650	1,302,630	27,020	1,459,489
Purchased and contracted services	66,000	67,000	40,765	26,235	25,055
Supplies	<u>33,900</u>	<u>35,900</u>	<u>30,087</u>	<u>5,813</u>	<u>24,684</u>
Total	<u>1,549,800</u>	<u>1,432,550</u>	<u>1,373,482</u>	<u>59,068</u>	<u>1,509,228</u>
Support Services					
Personal services and benefits	816,300	827,900	824,530	3,370	847,021
Purchased and contracted services	143,300	109,800	81,626	28,174	110,603
Supplies	80,900	97,050	74,822	22,228	78,731
Capital outlay	-	5,300	5,246	54	-
Other costs	<u>-</u>	<u>6,050</u>	<u>6,015</u>	<u>35</u>	<u>-</u>
Total	<u>1,040,500</u>	<u>1,046,100</u>	<u>992,239</u>	<u>53,861</u>	<u>1,036,355</u>
Custody of Prisoners					
Purchased and contracted services	<u>110,000</u>	<u>66,045</u>	<u>55,703</u>	<u>10,342</u>	<u>84,187</u>
Total	<u>110,000</u>	<u>66,045</u>	<u>55,703</u>	<u>10,342</u>	<u>84,187</u>
Total Police Department	<u>\$ 9,258,400</u>	<u>\$ 8,625,430</u>	<u>\$ 8,326,496</u>	<u>\$ 298,934</u>	<u>\$ 8,928,821</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Public Works Department:					
Administration					
Personal services and benefits	\$ 543,150	\$ 531,920	\$ 507,360	\$ 24,560	\$ 494,899
Purchased and contracted services	132,900	128,350	109,867	18,483	130,570
Supplies	<u>134,600</u>	<u>129,250</u>	<u>95,226</u>	<u>34,024</u>	<u>92,972</u>
Total	<u>810,650</u>	<u>789,520</u>	<u>712,453</u>	<u>77,067</u>	<u>718,441</u>
Roads and Walkways					
Personal services and benefits	662,700	589,100	535,241	53,859	570,811
Purchased and contracted services	48,500	9,025	8,393	632	40,949
Supplies	<u>182,000</u>	<u>182,000</u>	<u>141,844</u>	<u>40,156</u>	<u>137,408</u>
Total	<u>893,200</u>	<u>780,125</u>	<u>685,478</u>	<u>94,647</u>	<u>749,168</u>
Solid Waste Collections					
Personal services and benefits	1,688,200	1,559,560	1,541,954	17,606	1,712,066
Purchased and contracted services	352,800	353,405	307,530	45,875	325,772
Supplies	<u>88,000</u>	<u>73,000</u>	<u>51,555</u>	<u>21,445</u>	<u>69,306</u>
Total	<u>2,129,000</u>	<u>1,985,965</u>	<u>1,901,039</u>	<u>84,926</u>	<u>2,107,144</u>
Shop and Maintenance					
Personal services and benefits	533,500	503,370	495,284	8,086	551,677
Purchased and contracted services	430,700	510,845	506,059	4,786	499,758
Supplies	<u>326,100</u>	<u>283,200</u>	<u>249,347</u>	<u>33,853</u>	<u>166,282</u>
Total	<u>1,290,300</u>	<u>1,297,415</u>	<u>1,250,690</u>	<u>46,725</u>	<u>1,217,717</u>
Traffic engineer					
Personal services and benefits	494,500	449,410	444,043	5,367	474,829
Purchased and contracted services	7,500	4,390	4,386	4	7,835
Supplies	48,000	48,500	85,023	(36,523)	43,323
Capital outlay	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>42,908</u>
Total	<u>590,000</u>	<u>542,300</u>	<u>533,452</u>	<u>8,848</u>	<u>568,895</u>
Right of Way Maintenance					
Personal services and benefits	646,900	590,050	584,464	5,586	617,313
Purchased and contracted services	156,900	143,990	126,646	17,344	166,705
Supplies	46,500	47,270	38,616	8,654	43,670
Capital outlay	<u>11,000</u>	<u>10,380</u>	<u>10,379</u>	<u>1</u>	<u>11,599</u>
Total	<u>861,300</u>	<u>791,690</u>	<u>760,105</u>	<u>31,585</u>	<u>839,287</u>
Street Lighting					
Supplies	<u>525,000</u>	<u>525,000</u>	<u>489,838</u>	<u>35,162</u>	<u>500,388</u>
Total	<u>525,000</u>	<u>525,000</u>	<u>489,838</u>	<u>35,162</u>	<u>500,388</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Storm Drainage					
Personal services and benefits	354,750	323,145	322,965	180	334,669
Purchased and contracted services	183,000	183,805	181,521	2,284	182,137
Supplies	<u>89,500</u>	<u>89,165</u>	<u>75,353</u>	<u>13,812</u>	<u>68,520</u>
Total	<u>627,250</u>	<u>596,115</u>	<u>579,839</u>	<u>16,276</u>	<u>585,326</u>
Other					
Purchased and contracted services	210,000	82,000	928	81,072	-
Capital outlay	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Total	<u>210,000</u>	<u>382,000</u>	<u>300,928</u>	<u>81,072</u>	<u>-</u>
Total Public Works Department	<u>\$ 7,936,700</u>	<u>\$ 7,690,130</u>	<u>\$ 7,213,822</u>	<u>\$ 476,308</u>	<u>\$ 7,286,366</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Recreation Department:					
Administration					
Personal services and benefits	\$ 832,490	\$ 767,950	\$ 748,811	\$ 19,139	\$ 1,014,442
Purchased and contracted services	109,400	121,555	109,713	11,842	110,071
Supplies	21,300	18,450	14,937	3,513	19,928
Other costs	-	990	-	990	-
Total	963,190	908,945	873,461	35,484	1,144,441
Programs					
Personal services and benefits	174,000	173,950	147,183	26,767	137,485
Purchased and contracted services	94,000	89,910	87,894	2,016	56,381
Supplies	177,000	177,450	147,464	29,986	136,524
Other costs	-	-	-	-	100
Total	445,000	441,310	382,541	58,769	330,490
Parks					
Personal services and benefits	1,048,300	1,084,200	1,075,635	8,565	1,232,180
Purchased and contracted services	213,500	187,590	177,439	10,151	189,064
Supplies	433,800	461,425	444,487	16,938	421,514
Capital outlay	8,760	-	-	-	-
Total	1,704,360	1,733,215	1,697,561	35,654	1,842,758
Concessions					
Personal services and benefits	57,100	56,350	55,992	358	57,670
Purchased and contracted services	4,000	5,800	5,786	14	4,177
Supplies	95,000	108,150	107,616	534	94,779
Total	156,100	170,300	169,394	906	156,626
Facilities					
Personal services and benefits	154,600	147,700	130,306	17,394	88,253
Purchased and contracted services	-	300	173	127	-
Supplies	13,300	10,800	4,666	6,134	7,435
Total	167,900	158,800	135,145	23,655	95,688
Special Activities					
Personal services and benefits	27,450	17,950	17,699	251	6,885
Purchased and contracted services	30,000	26,900	26,885	15	27,254
Supplies	6,000	6,000	5,844	156	1,082
Total	63,450	50,850	50,428	422	35,221
Total Recreation Department	\$ 3,500,000	\$ 3,463,420	\$ 3,308,530	\$ 154,890	\$ 3,605,224

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

Tax Allocation District #1 Fund – Established to account for property tax collections derived from the City tax allocation districts for the purpose of stimulating private redevelopment within a specified area in downtown Dalton.

Tax Allocation District #3 Fund – Established to account for property tax collections derived from the City tax allocation districts for the purpose of stimulating private redevelopment within a specified area on West Walnut Avenue.

Tax Allocation District #4 Fund – Established to account for property tax collections derived from the City tax allocation districts for the purpose of stimulating private redevelopment within a specified area on the North Bypass.

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

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021

	<u>Hotel/ Motel Tax</u>	<u>Confiscated Assets</u>	<u>Community Development Block Grant</u>	<u>Airport Improvement Grant</u>	<u>ARPA Grant</u>	<u>Tax Allocation District #1</u>	<u>Tax Allocation District #3</u>	<u>Tax Allocation District #4</u>	<u>Economic Development</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets										
Cash and cash equivalents	\$ 14,561	\$ 158,471	\$ 1	\$ -	\$ 4,435,694	\$ 19,353	\$ 69	\$ -	\$ 2,120,128	\$ 6,748,277
Receivables:										
Accounts	117,550	-	-	-	-	-	-	10,000	-	127,550
Taxes	-	-	-	-	-	-	-	4	-	4
Intergovernmental - federal	-	-	73,661	112,778	-	-	-	-	-	186,439
Intergovernmental - state	-	-	-	2,153	-	-	-	-	-	2,153
Intergovernmental - local	-	-	-	-	-	-	-	-	56,921	56,921
Total Assets	<u>\$ 132,111</u>	<u>\$ 158,471</u>	<u>\$ 73,662</u>	<u>\$ 114,931</u>	<u>\$ 4,435,694</u>	<u>\$ 19,353</u>	<u>\$ 69</u>	<u>\$ 10,004</u>	<u>\$ 2,177,049</u>	<u>\$ 7,121,344</u>
Liabilities										
Accounts payable	\$ 20,478	\$ 1,822	\$ 71,224	\$ 5,015	\$ 4,434,714	\$ -	\$ -	\$ -	\$ -	\$ 4,533,253
Interfund payable	111,633	3,025	2,437	109,916	980	-	-	-	-	227,991
Total Liabilities	<u>132,111</u>	<u>4,847</u>	<u>73,661</u>	<u>114,931</u>	<u>4,435,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,761,244</u>
Fund Balances										
Restricted for:										
Economic development	-	-	-	-	-	19,353	69	10,004	2,177,049	2,206,475
Public safety	-	153,624	-	-	-	-	-	-	-	153,624
Housing and development	-	-	1	-	-	-	-	-	-	1
Total Fund Balances	<u>-</u>	<u>153,624</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>19,353</u>	<u>69</u>	<u>10,004</u>	<u>2,177,049</u>	<u>2,360,100</u>
Total Liabilities and Fund Balances	<u>\$ 132,111</u>	<u>\$ 158,471</u>	<u>\$ 73,662</u>	<u>\$ 114,931</u>	<u>\$ 4,435,694</u>	<u>\$ 19,353</u>	<u>\$ 69</u>	<u>\$ 10,004</u>	<u>\$ 2,177,049</u>	<u>\$ 7,121,344</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, 2021

	Hotel/ Motel Tax	Confiscated Assets	Community Development Block Grant	Community HOME Invest. Program Grant	Airport Improvement Grant	ARPA Grant	Tax Allocation District #1	Tax Allocation District #3	Tax Allocation District #4	Economic Development	Total Nonmajor Special Revenue Funds
Revenues											
Real and personal property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ 4	\$ -	\$ 9
Hotel/motel taxes	1,562,219	-	-	-	-	-	-	-	-	-	1,562,219
Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	56,921	56,921
Intergovernmental - federal	-	-	639,398	-	135,778	2,255	-	-	-	-	777,431
Intergovernmental - state	-	-	-	-	2,153	-	-	-	-	-	2,153
Application fees	-	-	-	-	-	-	-	-	10,000	-	10,000
Fines and forfeitures	-	61,050	-	-	-	-	-	-	-	-	61,050
Investment earnings	-	227	-	-	-	905	28	-	-	3,162	4,322
Total Revenues	<u>1,562,219</u>	<u>61,277</u>	<u>639,398</u>	<u>-</u>	<u>137,931</u>	<u>3,160</u>	<u>33</u>	<u>-</u>	<u>10,004</u>	<u>60,083</u>	<u>2,474,105</u>
Expenditures											
Current:											
General government	-	-	94,366	-	-	2,255	-	-	-	-	96,621
Public safety	-	48,177	-	-	-	-	-	-	-	-	48,177
Health and welfare	-	-	220,868	-	-	-	-	-	-	-	220,868
Housing and development	401,695	-	324,164	-	-	-	-	-	-	157,500	883,359
Total Current	<u>401,695</u>	<u>48,177</u>	<u>639,398</u>	<u>-</u>	<u>-</u>	<u>2,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,500</u>	<u>1,249,025</u>
Capital Outlay:											
General government	-	-	-	-	55,931	-	-	-	-	-	55,931
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,931</u>
Total Expenditures	<u>401,695</u>	<u>48,177</u>	<u>639,398</u>	<u>-</u>	<u>55,931</u>	<u>2,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,500</u>	<u>1,304,956</u>
Excess (Deficiency) of Revenues											
Over (Under) Expenditures	1,160,524	13,100	-	-	82,000	905	33	-	10,004	(97,417)	1,169,149

(continued)

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021

	Hotel/ Motel Tax	Confiscated Assets	Community Development Block Grant	Community HOME Invest. Program Grant	Airport Improvement Grant	ARPA Grant	Tax Allocation District #1	Tax Allocation District #3	Tax Allocation District #4	Economic Development	Total Nonmajor Special Revenue Funds
Other Financing Sources (Uses)											
Proceeds from sale of assets	\$ -	\$ 7,350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,350
Transfers out	<u>(1,160,524)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(82,000)</u>	<u>(905)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,243,430)</u>
Total Other Financing Sources (Uses)	<u>(1,160,524)</u>	<u>7,350</u>	<u>-</u>	<u>(1)</u>	<u>(82,000)</u>	<u>(905)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,236,080)</u>
Net Change in Fund Balances	-	20,450	-	(1)	-	-	33	-	10,004	(97,417)	(66,931)
Fund Balances Beginning of Year	<u>-</u>	<u>133,174</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>19,320</u>	<u>69</u>	<u>-</u>	<u>2,274,466</u>	<u>2,427,031</u>
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 153,624</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,353</u>	<u>\$ 69</u>	<u>\$ 10,004</u>	<u>\$ 2,177,049</u>	<u>\$ 2,360,100</u>

City of Dalton, Georgia
Comparative Balance Sheet
Hotel/Motel Tax Fund
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 14,561	\$ -
Receivables:		
Accounts	<u>117,550</u>	<u>86,194</u>
Total Assets	<u>\$ 132,111</u>	<u>\$ 86,194</u>
Liabilities		
Accounts payable	\$ 20,478	\$ 13,433
Interfund payable	<u>111,633</u>	<u>72,761</u>
Total Liabilities	<u>\$ 132,111</u>	<u>\$ 86,194</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, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Hotel/motel taxes	\$ 1,200,000	\$ 1,558,200	\$ 1,557,965	\$ (235)	\$ 1,090,983
Penalties, fines, and interest	-	4,300	4,254	(46)	198
Total Revenues	<u>1,200,000</u>	<u>1,562,500</u>	<u>1,562,219</u>	<u>(281)</u>	<u>1,091,181</u>
Expenditures					
Current:					
Housing and development:					
Purchased and contracted services	25,940	-	-	-	-
Supplies	-	10,000	10,000	-	-
Other costs	376,400	391,700	391,695	5	332,061
Total Expenditures	<u>402,340</u>	<u>401,700</u>	<u>401,695</u>	<u>5</u>	<u>332,061</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	797,660	1,160,800	1,160,524	(276)	759,120
Other Financing Sources (Uses)					
Transfers out	(797,660)	(1,160,800)	(1,160,524)	276	(759,120)
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
Comparative Balance Sheet
Confiscated Assets Fund
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 158,471	\$ 135,218
Total Assets	<u>\$ 158,471</u>	<u>\$ 135,218</u>
Liabilities		
Accounts payable	\$ 1,822	\$ 2,044
Interfund payable	3,025	-
Total Liabilities	<u>4,847</u>	<u>2,044</u>
Fund Balances		
Restricted - public safety	<u>153,624</u>	<u>133,174</u>
Total Fund Balances	<u>153,624</u>	<u>133,174</u>
Total Liabilities and Fund Balances	<u>\$ 158,471</u>	<u>\$ 135,218</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, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Fines and forfeitures	\$ 100,000	\$ 101,050	\$ 61,050	\$ (40,000)	\$ 36,242
Investment earnings	<u>1,000</u>	<u>400</u>	<u>227</u>	<u>(173)</u>	<u>787</u>
Total Revenues	<u>101,000</u>	<u>101,450</u>	<u>61,277</u>	<u>(40,173)</u>	<u>37,029</u>
Expenditures					
Current:					
Public Safety:					
Purchased and contracted services	60,000	60,600	30,715	29,885	23,673
Supplies	51,000	50,400	2,929	47,471	5,384
Other costs	-	-	14,533	(14,533)	-
Total Expenditures	<u>111,000</u>	<u>111,000</u>	<u>48,177</u>	<u>62,823</u>	<u>29,057</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	(9,550)	13,100	22,650	7,972
Other Financing Sources (Uses)					
Proceeds from sale of assets	<u>10,000</u>	<u>9,550</u>	<u>7,350</u>	<u>(2,200)</u>	<u>1,180</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	20,450	<u>\$ 20,450</u>	9,152
Fund Balances Beginning of Year			<u>133,174</u>		<u>124,022</u>
Fund Balances End of Year			<u>\$ 153,624</u>		<u>\$ 133,174</u>

City of Dalton, Georgia
Comparative Balance Sheet
Community Development Block Grant Fund
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 1	\$ 1
Receivables:		
Intergovernmental - federal	<u>73,661</u>	<u>73,852</u>
Total Assets	<u>\$ 73,662</u>	<u>\$ 73,853</u>
Liabilities		
Accounts payable	\$ 71,224	\$ 52,007
Interfund payable	<u>2,437</u>	<u>21,845</u>
Total Liabilities	<u>73,661</u>	<u>73,852</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>\$ 73,662</u>	<u>\$ 73,853</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, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	\$ 535,000	\$ 855,170	\$ 639,398	\$ (215,772)	\$ 636,314
Total Revenues	<u>535,000</u>	<u>855,170</u>	<u>639,398</u>	<u>(215,772)</u>	<u>636,314</u>
Expenditures					
Current:					
General Government:					
Purchased and contracted services	137,040	219,055	94,366	124,689	87,354
Health and Welfare:					
Other costs	142,940	228,478	220,868	7,610	133,376
Housing and Development:					
Other costs	255,020	407,637	324,164	83,473	415,584
Total Expenditures	<u>535,000</u>	<u>855,170</u>	<u>639,398</u>	<u>215,772</u>	<u>636,314</u>
Net Change in Fund Balances	<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
Comparative Balance Sheet
Community HOME Investment Program Grant
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ -	\$ 1
Total Assets	<u>\$ -</u>	<u>\$ 1</u>
Fund Balances		
Restricted - housing and development	-	1
Total Fund Balances	<u>\$ -</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, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Other Financing Sources (Uses)					
Transfers out	\$ -	\$ -	\$ (1)	\$ (1)	\$ -
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>(1)</u>	<u>\$ (1)</u>	<u>-</u>
Fund Balances Beginning of Year			<u>1</u>		<u>1</u>
Fund Balances End of Year			<u>\$ -</u>		<u>\$ 1</u>

City of Dalton, Georgia
Comparative Balance Sheet
Airport Improvement Grant Fund
December 31, 2021 and 2020

	2021	2020
Assets		
Receivables:		
Intergovernmental - federal	\$ 112,778	\$ 3,325
Intergovernmental - state	2,153	1,237
Total Assets	\$ 114,931	\$ 4,562
 Liabilities		
Accounts payable	\$ 5,015	\$ -
Interfund payable	109,916	4,562
Total Liabilities	\$ 114,931	\$ 4,562

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, 2021

(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	\$ 1,413,000	\$ 136,000	\$ 135,778	\$ (222)	\$ 99,771
Intergovernmental - state	<u>78,500</u>	<u>2,500</u>	<u>2,153</u>	<u>(347)</u>	<u>1,710</u>
Total Revenues	<u>1,491,500</u>	<u>138,500</u>	<u>137,931</u>	<u>(569)</u>	<u>101,481</u>
Expenditures					
Current:					
General Government:					
Other costs	-	-	-	-	34,191
Capital outlay:					
General Government:					
Capital outlay	<u>1,570,000</u>	<u>56,500</u>	<u>55,931</u>	<u>569</u>	<u>-</u>
Total Expenditures	<u>1,570,000</u>	<u>56,500</u>	<u>55,931</u>	<u>569</u>	<u>34,191</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,500)	82,000	82,000	-	67,290
Other Financing Sources (Uses)					
Transfers in	78,500	-	-	-	1,710
Transfers out	<u>-</u>	<u>(82,000)</u>	<u>(82,000)</u>	<u>-</u>	<u>(69,000)</u>
Total Other Financing Sources (Uses)	<u>78,500</u>	<u>(82,000)</u>	<u>(82,000)</u>	<u>-</u>	<u>(67,290)</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>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CARES Act Grant Fund
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	\$ -	\$ -	\$ -	\$ -	\$ 1,762,285
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,762,285</u>
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	(1,762,285)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,762,285)</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
Comparative Balance Sheet
ARPA Grant Fund
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 4,435,694	\$ -
Total Assets	\$ 4,435,694	\$ -
Liabilities		
Accounts payable	\$ 4,434,714	\$ -
Interfund payable	980	-
Total Liabilities	\$ 4,435,694	\$ -

City of Dalton, Georgia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - ARPA Grant Fund
 For the Year Ended December 31, 2021
 (With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	\$ 4,436,706	\$ 4,436,706	\$ 2,255	\$ (4,434,451)	\$ -
Investment earnings	-	910	905	(5)	-
Total Revenues	<u>4,436,706</u>	<u>4,437,616</u>	<u>3,160</u>	<u>(4,434,456)</u>	<u>-</u>
Expenditures					
Current:					
General Government:					
Purchased and contracted services	200,000	200,000	2,255	197,745	-
Other costs	4,236,706	4,236,706	-	4,236,706	-
Total Expenditures	<u>4,436,706</u>	<u>4,436,706</u>	<u>2,255</u>	<u>4,434,451</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	910	905	(5)	-
Other Financing Sources (Uses)					
Transfers out	-	(910)	(905)	5	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(910)</u>	<u>(905)</u>	<u>5</u>	<u>-</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
Comparative Balance Sheet
Tax Allocation District #1
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 19,353	\$ 19,320
Total Assets	<u>\$ 19,353</u>	<u>\$ 19,320</u>
Fund Balances		
Restricted - economic development	\$ 19,353	\$ 19,320
Total Fund Balances	<u>\$ 19,353</u>	<u>\$ 19,320</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Tax Allocation District #1
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Real and personal property taxes	\$ -	\$ 5	\$ 5	\$ -	\$ 18
Investment earnings	50	45	28	(17)	114
Total Revenues	<u>50</u>	<u>50</u>	<u>33</u>	<u>(17)</u>	<u>132</u>
Expenditures					
Current:					
General Government:					
Purchased and contracted services	1,550	1,550	-	1,550	15
Total Expenditures	<u>1,550</u>	<u>1,550</u>	<u>-</u>	<u>1,550</u>	<u>15</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,500)	(1,500)	33	1,533	117
Other Financing Sources (Uses)					
Transfers in	1,500	1,500	-	(1,500)	-
Total Other Financing Sources (Uses)	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	33	<u>\$ 33</u>	117
Fund Balances Beginning of Year			<u>19,320</u>		<u>19,203</u>
Fund Balances End of Year			<u>\$ 19,353</u>		<u>\$ 19,320</u>

**City of Dalton, Georgia
Comparative Balance Sheet
Tax Allocation District #3
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 69	\$ 69
Total Assets	<u>\$ 69</u>	<u>\$ 69</u>
Fund Balances		
Restricted - economic development	69	69
Total Fund Balances	<u>\$ 69</u>	<u>\$ 69</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Tax Allocation District #3
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ 1
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Expenditures					
Current:					
General Government:					
Purchased and contracted services	1,500	1,500	-	1,500	-
Total Expenditures	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,500)</u>	<u>(1,500)</u>	<u>-</u>	<u>1,500</u>	<u>1</u>
Other Financing Sources (Uses)					
Transfers in	1,500	1,500	-	(1,500)	-
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>1</u>
Fund Balances Beginning of Year			<u>69</u>		<u>68</u>
Fund Balances End of Year			<u>\$ 69</u>		<u>\$ 69</u>

City of Dalton, Georgia
Comparative Balance Sheet
Tax Allocation District #4
December 31, 2021 and 2020

	2021	2020
Assets		
Receivables:		
Accounts	\$ 10,000	\$ -
Taxes	4	-
Total Assets	\$ 10,004	\$ -
 Fund Balances		
Restricted - economic development	10,004	-
Total Fund Balances	\$ 10,004	\$ -

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Tax Allocation District #4
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Real and personal property taxes	\$ -	\$ 5	\$ 4	\$ (1)	\$ -
Application fees	-	10,000	10,000	-	-
Total Revenues	<u>-</u>	<u>10,005</u>	<u>10,004</u>	<u>(1)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ 10,005</u>	10,004	<u>\$ (1)</u>	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			<u>\$ 10,004</u>		<u>\$ -</u>

**City of Dalton, Georgia
Comparative Balance Sheet
Economic Development Fund
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 2,120,128	\$ 2,223,330
Receivables:		
Intergovernmental - local	<u>56,921</u>	<u>51,136</u>
Total Assets	<u>\$ 2,177,049</u>	<u>\$ 2,274,466</u>
Fund Balances		
Restricted - economic development	<u>\$ 2,177,049</u>	<u>\$ 2,274,466</u>
Total Fund Balances	<u>\$ 2,177,049</u>	<u>\$ 2,274,466</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Economic Development Fund
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Payments in lieu of taxes	\$ 71,000	\$ 57,000	\$ 56,921	\$ (79)	\$ 51,136
Investment earnings	-	3,200	3,162	(38)	9,080
Total Revenues	<u>71,000</u>	<u>60,200</u>	<u>60,083</u>	<u>(117)</u>	<u>60,216</u>
Expenditures					
Current:					
Economic development:					
Other costs	157,500	157,500	157,500	-	482,500
Total Expenditures	<u>157,500</u>	<u>157,500</u>	<u>157,500</u>	<u>-</u>	<u>482,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(86,500)</u>	<u>(97,300)</u>	<u>(97,417)</u>	<u>(117)</u>	<u>(422,284)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	2,500,000
Net Change in Fund Balances	<u>\$ (86,500)</u>	<u>\$ (97,300)</u>	<u>(97,417)</u>	<u>\$ (117)</u>	<u>2,077,716</u>
Fund Balances Beginning of Year			<u>2,274,466</u>		<u>196,750</u>
Fund Balances End of Year			<u>\$ 2,177,049</u>		<u>\$ 2,274,466</u>

NONMAJOR DEBT SERVICE FUND

City of Dalton, Georgia
Comparative Balance Sheet
Debt Service Fund
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 285,861	\$ 41,007
Receivables:		
Intergovernmental - local	-	95,094
Total Assets	<u>\$ 285,861</u>	<u>\$ 136,101</u>
Liabilities		
Accrued interest payable	\$ -	\$ 95,094
Total Liabilities	<u>-</u>	<u>95,094</u>
Fund Balances		
Restricted - debt service	<u>285,861</u>	<u>41,007</u>
Total Fund Balances	<u>285,861</u>	<u>41,007</u>
Total Liabilities and Fund Balances	<u>\$ 285,861</u>	<u>\$ 136,101</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, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021			2020	
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Investment earnings	\$ 85,000	\$ 25,000	\$ 24,639	\$ (361)	\$ 127,611
Total Revenues	<u>85,000</u>	<u>25,000</u>	<u>24,639</u>	<u>(361)</u>	<u>127,611</u>
Expenditures					
Debt Service:					
Principal retirement	275,000	3,175,000	3,175,000	-	270,000
Interest and fiscal charges	203,000	475,585	230,370	245,215	200,751
Revenue bond issuance costs	-	51,030	51,029	1	-
Total Expenditures	<u>478,000</u>	<u>3,701,615</u>	<u>3,456,399</u>	<u>245,216</u>	<u>470,751</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(393,000)</u>	<u>(3,676,615)</u>	<u>(3,431,760)</u>	<u>244,855</u>	<u>(343,140)</u>
Other Financing Sources (Uses)					
Revenue bonds issued	-	2,725,000	2,725,000	-	-
Premium on revenue bonds issued	-	558,615	558,614	1	-
Transfers in	393,000	393,000	393,000	-	375,098
Total Other Financing Sources (Uses)	<u>393,000</u>	<u>3,676,615</u>	<u>3,676,614</u>	<u>1</u>	<u>375,098</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	244,854	<u>\$ 244,856</u>	31,958
Fund Balances Beginning of Year			<u>41,007</u>		<u>9,049</u>
Fund Balances End of Year			<u>\$ 285,861</u>		<u>\$ 41,007</u>

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

2015 SPLOST Bonded Debt Capital Projects Fund – Established to account for a portion of 2015 SPLOST proceeds and related current and capital expenditure of those proceeds. The Building Authority issued debt during 2015 to prefund certain City and county-wide SPLOST projects, and the 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 expenditure 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, 2021

	<u>Bonded Capital Projects Fund</u>	<u>SPLOST 2020 Capital Projects Fund</u>	<u>SPLOST 2015 Capital Projects Fund</u>	<u>Capital Acquisition Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets					
Cash and cash equivalents	\$ -	\$ 5,150,926	\$ 3,206,789	\$ 2,078,752	\$ 10,436,467
Receivables:					
Accounts	16,406,555	932,199	-	-	17,338,754
Interfund	23	69,926	-	-	69,949
Total Assets	<u>\$ 16,406,578</u>	<u>\$ 6,153,051</u>	<u>\$ 3,206,789</u>	<u>\$ 2,078,752</u>	<u>\$ 27,845,170</u>
Liabilities					
Accounts payable	\$ 58,938	\$ 61,216	\$ 70,422	\$ 117,033	\$ 307,609
Interfund payable	-	-	23	-	23
Total Liabilities	<u>58,938</u>	<u>61,216</u>	<u>70,445</u>	<u>117,033</u>	<u>307,632</u>
Fund Balances					
Restricted for:					
Capital projects	16,347,640	6,091,835	3,136,344	1,961,719	27,537,538
Total Fund Balances	<u>16,347,640</u>	<u>6,091,835</u>	<u>3,136,344</u>	<u>1,961,719</u>	<u>27,537,538</u>
Total Liabilities and Fund Balances	<u>\$ 16,406,578</u>	<u>\$ 6,153,051</u>	<u>\$ 3,206,789</u>	<u>\$ 2,078,752</u>	<u>\$ 27,845,170</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, 2021

	Bonded Capital Projects Fund	SPLOST 2020 Capital Projects Fund	SPLOST 2015 Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Revenues					
Intergovernmental - state	\$ -	\$ 7,912,928	\$ -	\$ -	\$ 7,912,928
Investment earnings	9,322	3,235	8,908	2,014	23,479
Total Revenues	<u>9,322</u>	<u>7,916,163</u>	<u>8,908</u>	<u>2,014</u>	<u>7,936,407</u>
Expenditures					
Current:					
General government	10	-	-	78,264	78,274
Public safety	-	-	-	114,196	114,196
Public works	-	356,967	1,691,218	35,524	2,083,709
Culture and recreation	-	40	-	83,685	83,725
Total Current	<u>10</u>	<u>357,007</u>	<u>1,691,218</u>	<u>311,669</u>	<u>2,359,904</u>
Capital Outlay:					
General government	-	-	-	118,210	118,210
Public safety	-	1,036,635	-	-	1,036,635
Public works	408,952	524,709	942,694	-	1,876,355
Culture and recreation	23,025	271,356	-	27,970	322,351
Total Capital Outlay	<u>431,977</u>	<u>1,832,700</u>	<u>942,694</u>	<u>146,180</u>	<u>3,353,551</u>
Debt Service:					
Revenue bond issuance costs	270,107	-	-	-	270,107
Total Debt Service	<u>270,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,107</u>
Total Expenditures	<u>702,094</u>	<u>2,189,707</u>	<u>2,633,912</u>	<u>457,849</u>	<u>5,983,562</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(692,772)	5,726,456	(2,625,004)	(455,835)	1,952,845
Other Financing Sources (Uses)					
Revenue bonds issued	15,635,000	-	-	-	15,635,000
Premium on revenue bonds	1,405,412	-	-	-	1,405,412
Proceeds from sale of assets	-	-	-	175,509	175,509
Transfers in	-	365,979	200,000	1,300,000	1,865,979
Total Other Financing Sources (Uses)	<u>17,040,412</u>	<u>365,979</u>	<u>200,000</u>	<u>1,475,509</u>	<u>19,081,900</u>
Net Change in Fund Balances	16,347,640	6,092,435	(2,425,004)	1,019,674	21,034,745
Fund Balances Beginning of Year	-	(600)	5,561,348	942,045	6,502,793
Fund Balances End of Year	<u>\$ 16,347,640</u>	<u>\$ 6,091,835</u>	<u>\$ 3,136,344</u>	<u>\$ 1,961,719</u>	<u>\$ 27,537,538</u>

**City of Dalton, Georgia
Comparative Balance Sheet
Bonded Capital Projects Fund
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Assets		
Receivables:		
Accounts	\$ 16,406,555	\$ -
Interfund	23	-
Total Assets	<u>\$ 16,406,578</u>	<u>\$ -</u>
Liabilities		
Accounts payable	\$ 58,938	\$ -
Total Liabilities	<u>58,938</u>	<u>-</u>
Fund Balances		
Restricted - capital projects	16,347,640	-
Total Fund Balances	<u>16,347,640</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 16,406,578</u>	<u>\$ -</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -
Bonded Capital Projects Fund
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021	2020	Project to Date			
	Actual	Actual	Original Budget	Final Budget	Actual	Remaining Budget
Revenues						
Investment earnings	\$ 9,322	\$ -	\$ -	\$ 9,400	\$ 9,322	\$ 78
Total Revenues	<u>9,322</u>	<u>-</u>	<u>-</u>	<u>9,400</u>	<u>9,322</u>	<u>78</u>
Expenditures						
Current:						
General government:						
Administrative fees	10	-	-	6,400	10	6,390
Public Works:						
Stormwater projects	-	-	4,750,000	1,003,000	-	1,003,000
Total Current	<u>10</u>	<u>-</u>	<u>4,750,000</u>	<u>1,009,400</u>	<u>10</u>	<u>1,009,390</u>
Capital Outlay:						
Public Works:						
Market Street Project	408,952	-	8,000,000	5,500,000	408,952	5,091,048
Culture and Recreation:						
Aquatic Center	23,025	-	4,020,305	10,270,305	23,025	10,247,280
Total Capital Outlay	<u>431,977</u>	<u>-</u>	<u>12,020,305</u>	<u>15,770,305</u>	<u>431,977</u>	<u>15,338,328</u>
Debt Service:						
Revenue bond issuance costs	270,107	-	270,107	270,107	270,107	-
Total Debt Service	<u>270,107</u>	<u>-</u>	<u>270,107</u>	<u>270,107</u>	<u>270,107</u>	<u>-</u>
Total Expenditures	<u>702,094</u>	<u>-</u>	<u>17,040,412</u>	<u>17,049,812</u>	<u>702,094</u>	<u>16,347,718</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(692,772)</u>	<u>-</u>	<u>(17,040,412)</u>	<u>(17,040,412)</u>	<u>(692,772)</u>	<u>16,347,640</u>
Other Financing Sources (Uses)						
Revenue bonds issued	15,635,000	-	15,635,000	15,635,000	15,635,000	-
Premium on revenue bonds	1,405,412	-	1,405,412	1,405,412	1,405,412	-
Total Other Financing Sources (Uses)	<u>17,040,412</u>	<u>-</u>	<u>17,040,412</u>	<u>17,040,412</u>	<u>17,040,412</u>	<u>-</u>
Net Change in Fund Balances	<u>16,347,640</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,347,640</u>	<u>\$ 16,347,640</u>
Fund Balances Beginning of Year	<u>-</u>	<u>-</u>				
Fund Balances End of Year	<u>\$ 16,347,640</u>	<u>\$ -</u>				

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

City of Dalton, Georgia
Comparative Balance Sheet
SPLOST 2020 Capital Projects Fund
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 5,150,926	\$ -
Receivables:		
Accounts	932,199	-
Interfund	69,926	-
Total Assets	<u>\$ 6,153,051</u>	<u>\$ -</u>
Liabilities		
Accounts payable	\$ 61,216	\$ 600
Total Liabilities	<u>61,216</u>	<u>600</u>
Fund Balances		
Restricted - capital projects	<u>6,091,835</u>	<u>(600)</u>
Total Fund Balances	<u>6,091,835</u>	<u>(600)</u>
Total Liabilities and Fund Balances	<u>\$ 6,153,051</u>	<u>\$ -</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -
SPLOST 2020 Capital Projects Fund
For the Year Ended December 31, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021	2020	Project to Date			
	Actual	Actual	Original Budget	Final Budget	Actual	Remaining Budget
Revenues						
Intergovernmental - state	\$ 7,912,928	\$ -	\$ 19,099,000	\$ 19,099,000	\$ 7,912,928	\$ 11,186,072
Investment earnings	3,235	-	-	3,250	3,235	15
Total Revenues	<u>7,916,163</u>	<u>-</u>	<u>19,099,000</u>	<u>19,102,250</u>	<u>7,916,163</u>	<u>11,186,087</u>
Expenditures						
Current:						
Public Works:						
Roads, streets, & bridges	356,967	-	2,000,000	2,369,230	356,967	2,012,263
Culture and Recreation:						
John Davis Recreation Center	40	-	40	40	40	-
Health and Welfare:						
Building repairs	-	-	300,000	425,000	-	425,000
Total Current	<u>357,007</u>	<u>-</u>	<u>2,300,040</u>	<u>2,794,270</u>	<u>357,007</u>	<u>2,437,263</u>
Capital Outlay:						
Public Safety:						
Fire Department vehicles	1,036,635	-	2,612,000	2,612,000	1,036,635	1,575,365
Police Department vehicles	-	-	735,000	735,000	-	735,000
Police Department building	-	-	1,621,000	1,621,000	-	1,621,000
Public Works:						
Heavy equipment	524,709	-	531,000	531,000	524,709	6,291
Culture and Recreation:						
John Davis Recreation Center	-	-	8,499,960	4,099,960	-	4,099,960
Heritage Point Park	271,356	600	2,675,000	7,075,000	271,956	6,803,044
Health and Welfare:						
Senior Center vehicles	-	-	125,000	-	-	-
Total Capital Outlay	<u>1,832,700</u>	<u>600</u>	<u>16,798,960</u>	<u>16,673,960</u>	<u>1,833,300</u>	<u>14,840,660</u>
Total Expenditures	<u>2,189,707</u>	<u>600</u>	<u>19,099,000</u>	<u>19,468,230</u>	<u>2,190,307</u>	<u>17,277,923</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,726,456</u>	<u>(600)</u>	<u>-</u>	<u>(365,980)</u>	<u>5,725,856</u>	<u>6,091,836</u>
Other Financing Sources (Uses)						
Transfers in	365,979	-	-	365,980	365,979	1
Net Change in Fund Balances	6,092,435	(600)	\$ -	\$ -	\$ 6,091,835	\$ 6,091,835
Fund Balances Beginning of Year	<u>(600)</u>	<u>-</u>				
Fund Balances End of Year	<u>\$ 6,091,835</u>	<u>\$ (600)</u>				

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

City of Dalton, Georgia
Comparative Balance Sheet
SPLOST 2015 Capital Projects Fund
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 3,206,789	\$ 5,573,843
Total Assets	<u>\$ 3,206,789</u>	<u>\$ 5,573,843</u>
Liabilities		
Accounts payable	\$ 70,422	\$ 2,755
Interfund payable	23	9,740
Total Liabilities	<u>70,445</u>	<u>12,495</u>
Fund Balances		
Restricted - capital projects	<u>3,136,344</u>	<u>5,561,348</u>
Total Fund Balances	<u>3,136,344</u>	<u>5,561,348</u>
Total Liabilities and Fund Balances	<u>\$ 3,206,789</u>	<u>\$ 5,573,843</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, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021	2020	Project to Date			Remaining Budget
	Actual	Actual	Original Budget	Final Budget	Actual	
Revenues						
Intergovernmental - state	\$ -	\$ 421,258	\$ -	\$ 1,977,040	\$ 1,977,040	\$ -
Intergovernmental - local	-	656,108	24,913,115	26,689,958	26,689,958	-
Investment earnings	8,908	56,778	-	425,564	411,172	14,392
Total Revenues	<u>8,908</u>	<u>1,134,144</u>	<u>24,913,115</u>	<u>29,092,562</u>	<u>29,078,170</u>	<u>14,392</u>
Expenditures						
Current:						
Public Safety:						
Other costs	-	-	-	447	447	-
Public Works:						
Bridge maintenance	(21,078)	32,064	-	142,052	142,052	-
Drainage projects	547,621	30,304	-	2,773,489	586,055	2,187,434
Street resurfacing	1,164,675	306,965	5,000,000	6,905,670	6,905,670	-
Total Current	<u>1,691,218</u>	<u>369,333</u>	<u>5,000,000</u>	<u>9,821,658</u>	<u>7,634,224</u>	<u>2,187,434</u>
Capital Outlay:						
Public Safety:						
Police Department vehicles	-	22,268	1,123,957	1,123,510	1,123,509	1
Public Works:						
Bridge maintenance	-	17,885	1,000,000	1,341,143	1,341,143	-
Sidewalk construction	268,572	-	2,000,000	996,434	268,572	727,862
Guardrail project	-	28,360	-	28,360	28,360	-
Drainage projects	674,122	662,134	2,000,000	2,000,000	1,773,421	226,579
Culture and Recreation:						
Haig Mill recreation project	-	-	5,000,000	5,293,814	5,284,954	8,860
Total Capital Outlay	<u>942,694</u>	<u>730,647</u>	<u>11,123,957</u>	<u>10,783,261</u>	<u>9,819,959</u>	<u>963,302</u>
Debt Service:						
Principal retirement	-	-	8,505,956	8,504,958	8,504,958	-
Interest and fiscal charges	-	-	283,202	283,168	283,168	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>8,789,158</u>	<u>8,788,126</u>	<u>8,788,126</u>	<u>-</u>
Total Expenditures	<u>2,633,912</u>	<u>1,099,980</u>	<u>24,913,115</u>	<u>29,393,045</u>	<u>26,242,309</u>	<u>3,150,736</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,625,004)</u>	<u>34,164</u>	<u>-</u>	<u>(300,483)</u>	<u>2,835,861</u>	<u>3,136,344</u>
Other Financing Sources (Uses)						
Transfers in	200,000	-	-	300,483	300,483	-
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>300,483</u>	<u>300,483</u>	<u>-</u>
Net Change in Fund Balances	<u>(2,425,004)</u>	<u>34,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,136,344</u>	<u>\$ 3,136,344</u>
Fund Balances Beginning of Year	<u>5,561,348</u>	<u>5,527,184</u>				
Fund Balances End of Year	<u>\$ 3,136,344</u>	<u>\$ 5,561,348</u>				

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

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, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021	2020	Project to Date			Remaining Budget
	Actual	Actual	Original Budget	Final Budget	Actual	
Revenues						
Investment earnings	\$ -	\$ -	\$ -	\$ 26,413	\$ 11,846	\$ 14,567
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,413</u>	<u>11,846</u>	<u>14,567</u>
Expenditures						
Current:						
General Government:						
Other costs	-	-	113,000	-	-	-
Public Safety:						
Other costs	-	-	36,610	36,557	36,557	-
Culture and Recreation:						
Library	-	-	-	162,551	162,551	-
Other costs	-	-	87,000	82,454	82,454	-
Total Current	<u>-</u>	<u>-</u>	<u>236,610</u>	<u>281,562</u>	<u>281,562</u>	<u>-</u>
Capital Outlay:						
General Government:						
Communication project	-	95,534	-	3,901,222	3,901,223	(1)
Public Safety:						
Fire Department vehicles	-	-	1,565,000	1,558,372	1,558,372	-
Police Department vehicles	-	-	474,433	474,433	474,433	-
Culture and Recreation:						
Tennis courts	-	-	600,000	529,368	529,368	-
Lakeshore renovation	-	-	1,365,000	1,488,294	1,473,727	14,567
Brookwood Bridge	-	-	35,000	33,278	33,278	-
Total Capital Outlay	<u>-</u>	<u>95,534</u>	<u>4,039,433</u>	<u>7,984,967</u>	<u>7,970,401</u>	<u>14,566</u>
Debt Service:						
Issuance costs/fiscal fees	-	-	166,140	165,357	165,356	1
Total Debt Service	<u>-</u>	<u>-</u>	<u>166,140</u>	<u>165,357</u>	<u>165,356</u>	<u>1</u>
Total Expenditures	<u>-</u>	<u>95,534</u>	<u>4,442,183</u>	<u>8,431,886</u>	<u>8,417,319</u>	<u>14,567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(95,534)</u>	<u>(4,442,183)</u>	<u>(8,405,473)</u>	<u>(8,405,473)</u>	<u>-</u>
Other Financing Sources (Uses)						
Issuance of debt	-	-	4,442,183	8,505,956	8,505,956	-
Transfers out	-	-	-	(100,483)	(100,483)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>4,442,183</u>	<u>8,405,473</u>	<u>8,405,473</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>(95,534)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances Beginning of Year	<u>-</u>	<u>95,534</u>				
Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>				

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

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, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - local	\$ -	\$ -	\$ -	\$ -	\$ 274,494
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,494</u>
Expenditures					
Capital Outlay:					
Public Works:					
Road projects	-	-	-	-	274,494
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,494</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
Comparative Balance Sheet
Capital Acquisition Fund
December 31, 2021 and 2020**

	2021	2020
Assets		
Cash and cash equivalents	\$ 2,078,752	\$ 1,634,216
Total Assets	\$ 2,078,752	\$ 1,634,216
Liabilities		
Accounts payable	\$ 117,033	\$ 692,171
Total Liabilities	117,033	692,171
Fund Balances		
Restricted - capital projects	1,961,719	942,045
Total Fund Balances	1,961,719	942,045
Total Liabilities and Fund Balances	\$ 2,078,752	\$ 1,634,216

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, 2021
(With Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Investment earnings	\$ 5,000	\$ 2,050	\$ 2,014	\$ (36)	\$ 14,021
Total Revenues	<u>5,000</u>	<u>2,050</u>	<u>2,014</u>	<u>(36)</u>	<u>14,021</u>
Expenditures					
Current:					
General Government:					
Other costs	136,000	442,246	78,264	363,982	452,992
Public Safety:					
Other costs	198,000	271,180	114,196	156,984	254,014
Public Works:					
Other costs	61,000	35,524	35,524	-	-
Culture and Recreation:					
Other costs	145,000	83,685	83,685	-	25,555
Total Current	<u>540,000</u>	<u>832,635</u>	<u>311,669</u>	<u>520,966</u>	<u>732,561</u>
Capital Outlay:					
General Government:					
Facilities	-	-	-	-	508,003
Equipment	205,000	118,210	118,210	-	-
Public Safety:					
Equipment and vehicles	-	-	-	-	562,500
Public Works:					
Equipment and vehicles	-	187,220	-	187,220	534,220
Culture and Recreation:					
Facilities	7,000	83,500	4,120	79,380	-
Equipment	48,000	137,435	23,850	113,585	515,748
Total Capital Outlay	<u>260,000</u>	<u>526,365</u>	<u>146,180</u>	<u>380,185</u>	<u>2,120,471</u>
Total Expenditures	<u>800,000</u>	<u>1,359,000</u>	<u>457,849</u>	<u>901,151</u>	<u>2,853,032</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(795,000)</u>	<u>(1,356,950)</u>	<u>(455,835)</u>	<u>901,115</u>	<u>(2,839,011)</u>
Other Financing Sources (Uses)					
Proceeds from sale of assets	25,000	175,550	175,509	(41)	29,262
Transfers in	-	1,300,000	1,300,000	-	1,216,360
Transfers out	-	-	-	-	(165,246)
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>1,475,550</u>	<u>1,475,509</u>	<u>(41)</u>	<u>1,080,376</u>
Net Change in Fund Balances	<u>\$ (770,000)</u>	<u>\$ 118,600</u>	1,019,674	<u>\$ 901,074</u>	(1,758,635)
Fund Balances Beginning of Year			942,045		2,700,680
Fund Balances End of Year			<u>\$ 1,961,719</u>		<u>\$ 942,045</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 by hosting conventions, special events, and trade shows for the benefit of the City of Dalton and Whitfield County. The City operates this entity in conjunction with Whitfield County, and has a fifty percent equity interest.

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

City of Dalton, Georgia
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2021

	Municipal Golf Course	Municipal Airport	Northwest Georgia Trade and Convention Center Authority	Dalton/Whitfield Regional Solid Waste Mgt Authority	Total Nonmajor Enterprise Funds
Assets					
Current Assets:					
Cash and cash equivalents	\$ 20,000	\$ 64,343	\$ -	\$ -	\$ 84,343
Receivables:					
Accounts	179	-	-	-	179
Interfund	-	59,000	-	-	59,000
Inventory	34,600	36,395	-	-	70,995
Prepaid items	-	16,725	-	-	16,725
Total Current Assets	<u>54,779</u>	<u>176,463</u>	<u>-</u>	<u>-</u>	<u>231,242</u>
Noncurrent Assets:					
Capital Assets:					
Construction in progress	-	25,412	-	-	25,412
Land	739,352	3,786,177	-	-	4,525,529
Depreciable capital assets, net	683,109	5,161,321	-	-	5,844,430
Other Assets:					
Net pension asset	14,912	-	-	-	14,912
Investment in joint ventures	-	-	6,430,933	14,974,120	21,405,053
Total Noncurrent Assets	<u>1,437,373</u>	<u>8,972,910</u>	<u>6,430,933</u>	<u>14,974,120</u>	<u>31,815,336</u>
Total Assets	<u>1,492,152</u>	<u>9,149,373</u>	<u>6,430,933</u>	<u>14,974,120</u>	<u>32,046,578</u>
Deferred Outflows of Resources	<u>85,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,518</u>
Total Assets and Deferred Outflows	<u>\$ 1,577,670</u>	<u>\$ 9,149,373</u>	<u>\$ 6,430,933</u>	<u>\$ 14,974,120</u>	<u>\$ 32,132,096</u>
Liabilities					
Current Liabilities:					
Accounts payable	22,653	22,145	-	-	44,798
Accrued expenses	11,511	3,814	-	-	15,325
Unearned revenue	23,484	585	-	-	24,069
Interfund payable	146,566	-	-	-	146,566
Compensated absences payable	36,000	4,000	-	-	40,000
Total Current Liabilities	<u>240,214</u>	<u>30,544</u>	<u>-</u>	<u>-</u>	<u>270,758</u>
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	68,981	15,080	-	-	84,061
Net OPEB liability	263,482	-	-	-	263,482
Total Long-Term Liabilities	<u>332,463</u>	<u>15,080</u>	<u>-</u>	<u>-</u>	<u>347,543</u>
Total Liabilities	<u>572,677</u>	<u>45,624</u>	<u>-</u>	<u>-</u>	<u>618,301</u>
Deferred Inflows of Resources	<u>293,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,094</u>
Net Position					
Net investment in capital assets	1,422,461	8,972,910	-	-	10,395,371
Unrestricted	(710,562)	130,839	6,430,933	14,974,120	20,825,330
Total Net Position	<u>711,899</u>	<u>9,103,749</u>	<u>6,430,933</u>	<u>14,974,120</u>	<u>31,220,701</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 1,577,670</u>	<u>\$ 9,149,373</u>	<u>\$ 6,430,933</u>	<u>\$ 14,974,120</u>	<u>\$ 32,132,096</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, 2021

	Municipal Golf Course	Municipal Airport	Northwest Georgia Trade and Convention Center	Dalton/Whitfield Regional Solid Waste Mgt Authority	Total Nonmajor Enterprise Funds
Operating Revenues					
Charges for services	\$ 916,654	\$ 559,787	\$ -	\$ -	\$ 1,476,441
Merchandise sales	130,392	-	-	-	130,392
Tournaments	126,012	-	-	-	126,012
Concessions	67,121	-	-	-	67,121
Miscellaneous	1,302	256	-	-	1,558
Total Operating Revenues	<u>1,241,481</u>	<u>560,043</u>	<u>-</u>	<u>-</u>	<u>1,801,524</u>
Operating Expenses					
Personal services and benefits	644,736	181,667	-	-	826,403
Purchased and contracted services	144,476	133,927	-	-	278,403
Supplies	283,282	287,746	-	-	571,028
Depreciation	94,247	454,194	-	-	548,441
Total Operating Expenses	<u>1,166,741</u>	<u>1,057,534</u>	<u>-</u>	<u>-</u>	<u>2,224,275</u>
Operating Income (Loss)	<u>74,740</u>	<u>(497,491)</u>	<u>-</u>	<u>-</u>	<u>(422,751)</u>
Non-Operating Revenues (Expenses)					
Investment earnings	-	107	-	-	107
Income (loss) from joint ventures	-	-	(776,070)	1,646,502	870,432
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>107</u>	<u>(776,070)</u>	<u>1,646,502</u>	<u>870,539</u>
Income (Loss) Before Transfers In (Out)	74,740	(497,384)	(776,070)	1,646,502	447,788
Transfers in (out)	254,035	107,412	598,893	-	960,340
Change in Net Position	328,775	(389,972)	(177,177)	1,646,502	1,408,128
Net Position Beginning of Year	<u>383,124</u>	<u>9,493,721</u>	<u>6,608,110</u>	<u>13,327,618</u>	<u>29,812,573</u>
Net Position End of Year	<u>\$ 711,899</u>	<u>\$ 9,103,749</u>	<u>\$ 6,430,933</u>	<u>\$ 14,974,120</u>	<u>\$ 31,220,701</u>

City of Dalton, Georgia
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2021

	Municipal Golf Course	Municipal Airport	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,245,257	\$ 548,230	\$ 1,793,487
Cash payments for personnel services and benefits	(556,576)	(176,062)	(732,638)
Cash payments for goods, services, claims, and fees	(411,712)	(437,613)	(849,325)
Net Cash Provided by (Used in) Operating Activities	<u>276,969</u>	<u>(65,445)</u>	<u>211,524</u>
Cash Flows from Noncapital Financing Activities			
Interfund loans received (paid)	(256,360)	(59,000)	(315,360)
Proceeds from interfund transfers	254,035	107,412	361,447
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(2,325)</u>	<u>48,412</u>	<u>46,087</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(260,325)	(25,412)	(285,737)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(260,325)</u>	<u>(25,412)</u>	<u>(285,737)</u>
Cash Flows from Investing Activities			
Investment earnings	-	107	107
Net Cash Provided by (Used in) Investing Activities	<u>-</u>	<u>107</u>	<u>107</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,319	(42,338)	(28,019)
Cash and Cash Equivalents Beginning of Year	<u>5,681</u>	<u>106,681</u>	<u>112,362</u>
Cash and Cash Equivalents End of Year	<u>\$ 20,000</u>	<u>\$ 64,343</u>	<u>\$ 84,343</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ 74,740	\$ (497,491)	\$ (422,751)
Adjustments:			
Depreciation	94,247	454,194	548,441
Pension (benefit)/expense	36,945	-	36,945
OPEB (benefit)/expense	38,268	-	38,268
(Increase) Decrease in Assets:			
Accounts receivable	(179)	690	511
Inventory	3,910	(20,544)	(16,634)
Prepaid items	-	(16,725)	(16,725)
Increase (Decrease) in Liabilities:			
Accounts payable	12,136	21,329	33,465
Accrued expenses	2,576	499	3,075
Unearned revenue	3,955	(12,503)	(8,548)
Compensated absences payable	10,371	5,106	15,477
Net Cash Provided by (Used in) Operating Activities	<u>\$ 276,969</u>	<u>\$ (65,445)</u>	<u>\$ 211,524</u>

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2021

	Electric System	Gas System	Water System	Sewer System	Information Technology System	Total
Assets						
Current Assets:						
Cash and cash equivalents	\$ 465,000	\$ 111,000	\$ 78,000	\$ 72,000	\$ 75,000	\$ 801,000
Short-term investments	148,000	35,000	25,000	23,000	24,000	255,000
Restricted customer deposit fund	1,986,000	474,000	334,000	307,000	-	3,101,000
Accounts receivable, net	9,992,000	2,329,000	1,638,000	1,505,000	473,000	15,937,000
Unbilled revenues	8,223,000	1,781,000	1,425,000	937,000	-	12,366,000
Interest receivable	270,000	-	1,000	1,000	1,000	273,000
Fuel stocks	1,676,000	3,110,000	-	-	-	4,786,000
Materials and supplies inventory	15,174,000	546,000	857,000	55,000	2,178,000	18,810,000
Deposits and prepaid items	902,000	216,000	127,000	116,000	124,000	1,485,000
Total Current Assets	38,836,000	8,602,000	4,485,000	3,016,000	2,875,000	57,814,000
Noncurrent Assets:						
Construction in progress	280,437,000	-	64,405,000	3,638,000	-	348,480,000
Nuclear fuel, at amortized cost	20,452,000	-	-	-	-	20,452,000
Depreciable capital assets, net	357,078,000	24,702,000	173,683,000	143,618,000	44,657,000	743,738,000
Restricted combined utilities renewals/extensions fund	293,000	21,000	138,000	135,000	73,000	660,000
Restricted combined utilities construction fund	71,849,000	-	-	-	-	71,849,000
Restricted nuclear decommissioning fund	42,686,000	-	-	-	-	42,686,000
Net pension asset	173,000	104,000	249,000	118,000	48,000	692,000
Regulatory asset, net	39,116,000	5,270,000	12,650,000	5,973,000	2,461,000	65,470,000
Total Noncurrent Assets	812,084,000	30,097,000	251,125,000	153,482,000	47,239,000	1,294,027,000
Total Assets	850,920,000	38,699,000	255,610,000	156,498,000	50,114,000	1,351,841,000
Deferred Outflows of Resources	1,398,000	839,000	2,013,000	950,000	391,000	5,591,000
Total Assets and Deferred Outflows	\$ 852,318,000	\$ 39,538,000	\$ 257,623,000	\$ 157,448,000	\$ 50,505,000	\$ 1,357,432,000

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2021

	Electric System	Gas System	Water System	Sewer System	Information Technology System	Total
Liabilities						
Current Liabilities:						
Customer deposits	\$ 2,583,000	\$ 617,000	\$ 434,000	\$ 398,000	\$ -	\$ 4,032,000
Current maturities of long-term debt	2,703,000	73,000	2,260,000	97,000	-	5,133,000
Accounts payable and accrued expenses	<u>16,311,000</u>	<u>6,314,000</u>	<u>1,682,000</u>	<u>1,769,000</u>	<u>1,630,000</u>	<u>27,706,000</u>
Total Current Liabilities	<u>21,597,000</u>	<u>7,004,000</u>	<u>4,376,000</u>	<u>2,264,000</u>	<u>1,630,000</u>	<u>36,871,000</u>
Long-Term Liabilities:						
Long-term debt	95,020,000	1,905,000	59,043,000	2,539,000	-	158,507,000
Net OPEB liability	2,869,000	1,721,000	4,130,000	1,950,000	803,000	11,473,000
Asset retirement obligations	<u>98,290,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,290,000</u>
Total Long-Term Liabilities	<u>196,179,000</u>	<u>3,626,000</u>	<u>63,173,000</u>	<u>4,489,000</u>	<u>803,000</u>	<u>268,270,000</u>
Total Liabilities	<u>217,776,000</u>	<u>10,630,000</u>	<u>67,549,000</u>	<u>6,753,000</u>	<u>2,433,000</u>	<u>305,141,000</u>
Deferred Inflows of Resources	<u>8,022,000</u>	<u>1,871,000</u>	<u>4,491,000</u>	<u>2,120,000</u>	<u>873,000</u>	<u>17,377,000</u>
Net Position						
Net investment in capital assets	487,386,000	22,724,000	176,785,000	144,620,000	44,657,000	876,172,000
Restricted for:						
Debt service	71,849,000	-	-	-	-	71,849,000
Capital projects	290,000	21,000	140,000	135,000	74,000	660,000
Nuclear decommissioning	42,686,000	-	-	-	-	42,686,000
Pension	3,525,000	2,115,000	5,076,000	2,398,000	987,000	14,101,000
OPEB	842,000	506,000	1,213,000	573,000	236,000	3,370,000
Unrestricted	<u>19,942,000</u>	<u>1,671,000</u>	<u>2,369,000</u>	<u>849,000</u>	<u>1,245,000</u>	<u>26,076,000</u>
Total Net Position	<u>626,520,000</u>	<u>27,037,000</u>	<u>185,583,000</u>	<u>148,575,000</u>	<u>47,199,000</u>	<u>1,034,914,000</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 852,318,000</u>	<u>\$ 39,538,000</u>	<u>\$ 257,623,000</u>	<u>\$ 157,448,000</u>	<u>\$ 50,505,000</u>	<u>\$ 1,357,432,000</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, 2021

	Electric System	Gas System	Water System	Sewer System	Information Technology System	Total
Operating Revenues						
Electric	\$ 134,489,000	\$ -	\$ -	\$ -	\$ -	\$ 134,489,000
Parity income	2,807,000	-	-	-	-	2,807,000
Natural gas	-	32,777,000	-	-	-	32,777,000
Water	-	-	23,064,000	-	-	23,064,000
Wastewater	-	-	-	21,189,000	-	21,189,000
Information technology	-	-	-	-	22,158,000	22,158,000
Total Operating Revenues	<u>137,296,000</u>	<u>32,777,000</u>	<u>23,064,000</u>	<u>21,189,000</u>	<u>22,158,000</u>	<u>236,484,000</u>
Operating Expenses						
Production	24,870,000	-	4,448,000	11,001,000	-	40,319,000
Purchased electricity	64,181,000	-	-	-	-	64,181,000
Purchased natural gas	-	21,445,000	-	-	-	21,445,000
Distribution	8,067,000	2,254,000	4,362,000	1,825,000	10,157,000	26,665,000
Depreciation and amortization	9,875,000	858,000	6,144,000	5,580,000	3,686,000	26,143,000
General and administrative	4,338,000	2,602,000	6,246,000	2,949,000	1,215,000	17,350,000
Total Operating Expenses	<u>111,331,000</u>	<u>27,159,000</u>	<u>21,200,000</u>	<u>21,355,000</u>	<u>15,058,000</u>	<u>196,103,000</u>
Operating Income (Loss)	<u>25,965,000</u>	<u>5,618,000</u>	<u>1,864,000</u>	<u>(166,000)</u>	<u>7,100,000</u>	<u>40,381,000</u>
Non-Operating Revenues (Expenses)						
Interest income	1,277,000	12,000	18,000	8,000	3,000	1,318,000
Interest expense	(3,622,000)	(72,000)	(2,246,000)	(97,000)	-	(6,037,000)
Net increase (decrease) in fair value of investments	(1,542,000)	4,000	3,000	1,000	(5,000)	(1,539,000)
Miscellaneous income (expense)	329,000	78,000	55,000	50,000	53,000	565,000
Total Non-Operating Revenues (Expenses)	<u>(3,558,000)</u>	<u>22,000</u>	<u>(2,170,000)</u>	<u>(38,000)</u>	<u>51,000</u>	<u>(5,693,000)</u>
Income Before Reallocations and Transfers	<u>22,407,000</u>	<u>5,640,000</u>	<u>(306,000)</u>	<u>(204,000)</u>	<u>7,151,000</u>	<u>34,688,000</u>
Reallocations and Transfers						
Reallocations	1,638,000	(3,130,000)	10,399,000	(492,000)	(8,415,000)	-
Transfers out	(6,096,000)	(1,455,000)	(1,024,000)	(941,000)	(984,000)	(10,500,000)
Total Reallocations and Transfers	<u>(4,458,000)</u>	<u>(4,585,000)</u>	<u>9,375,000</u>	<u>(1,433,000)</u>	<u>(9,399,000)</u>	<u>(10,500,000)</u>
Change in Net Position	17,949,000	1,055,000	9,069,000	(1,637,000)	(2,248,000)	24,188,000
Net Position Beginning of Year	<u>608,571,000</u>	<u>25,982,000</u>	<u>176,514,000</u>	<u>150,212,000</u>	<u>49,447,000</u>	<u>1,010,726,000</u>
Net Position End of Year	<u>\$ 626,520,000</u>	<u>\$ 27,037,000</u>	<u>\$ 185,583,000</u>	<u>\$ 148,575,000</u>	<u>\$ 47,199,000</u>	<u>\$ 1,034,914,000</u>

City of Dalton, Georgia
Comparative Statement of Net Position
Municipal Golf Course Fund
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 20,000	\$ 5,681
Accounts receivable	179	-
Inventory	<u>34,600</u>	<u>38,510</u>
Total Current Assets	<u>54,779</u>	<u>44,191</u>
Noncurrent Assets:		
Capital Assets:		
Land	739,352	739,352
Depreciable capital assets, net	<u>683,109</u>	<u>517,031</u>
Total Capital Assets	<u>1,422,461</u>	<u>1,256,383</u>
Other Assets:		
Net pension asset	<u>14,912</u>	<u>-</u>
Total Noncurrent Assets	<u>1,437,373</u>	<u>1,256,383</u>
Total Assets	<u>1,492,152</u>	<u>1,300,574</u>
Deferred Outflows of Resources	<u>85,518</u>	<u>49,470</u>
Total Assets and Deferred Outflows	<u>\$ 1,577,670</u>	<u>\$ 1,350,044</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 22,653	\$ 10,517
Accrued expenses	11,511	8,935
Unearned revenue	23,484	19,529
Interfund payable	146,566	402,926
Compensated absences payable	<u>36,000</u>	<u>36,000</u>
Total Current Liabilities	<u>240,214</u>	<u>477,907</u>
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	68,981	58,610
Net pension liability	-	8,788
Net OPEB liability	<u>263,482</u>	<u>164,252</u>
Total Long-Term Liabilities	<u>332,463</u>	<u>231,650</u>
Total Liabilities	<u>572,677</u>	<u>709,557</u>
Deferred Inflows of Resources	<u>293,094</u>	<u>257,363</u>
Net Position		
Net investment in capital assets	1,422,461	1,256,383
Unrestricted	<u>(710,562)</u>	<u>(873,259)</u>
Total Net Position	<u>711,899</u>	<u>383,124</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 1,577,670</u>	<u>\$ 1,350,044</u>

City of Dalton, Georgia
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Municipal Golf Course Fund
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Charges for services	\$ 916,654	\$ 737,109
Merchandise sales	130,392	72,527
Tournaments	126,012	59,984
Concessions	67,121	26,471
Miscellaneous	<u>1,302</u>	<u>73</u>
Total Operating Revenues	<u>1,241,481</u>	<u>896,164</u>
Operating Expenses		
Personal services and benefits	644,736	478,134
Purchased and contracted services	144,476	201,764
Supplies	283,282	145,638
Depreciation	<u>94,247</u>	<u>116,035</u>
Total Operating Expenses	<u>1,166,741</u>	<u>941,571</u>
Income (Loss) Before Transfers In	74,740	(45,407)
Transfers in (out)	<u>254,035</u>	<u>-</u>
Change in Net Position	328,775	(45,407)
Net Position Beginning of Year	<u>383,124</u>	<u>428,531</u>
Net Position End of Year	<u>\$ 711,899</u>	<u>\$ 383,124</u>

City of Dalton, Georgia
Comparative Statement of Net Position
Dalton Municipal Airport Fund
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 64,343	\$ 106,681
Receivables:		
Accounts	-	690
Interfund	59,000	-
Inventory	36,395	15,851
Prepaid items	16,725	-
Total Current Assets	<u>176,463</u>	<u>123,222</u>
Noncurrent Assets:		
Capital Assets:		
Construction in progress	25,412	-
Land	3,786,177	3,786,177
Depreciable capital assets, net	5,161,321	5,615,515
Total Noncurrent Assets	<u>8,972,910</u>	<u>9,401,692</u>
Total Assets	<u>\$ 9,149,373</u>	<u>\$ 9,524,914</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 22,145	\$ 816
Accrued expenses	3,814	3,315
Unearned revenue	585	13,088
Compensated absences payable	4,000	4,000
Total Current Liabilities	<u>30,544</u>	<u>21,219</u>
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	15,080	9,974
Total Liabilities	<u>45,624</u>	<u>31,193</u>
Net Position		
Net investment in capital assets	8,972,910	9,401,692
Unrestricted	130,839	92,029
Total Net Position	<u>9,103,749</u>	<u>9,493,721</u>
Total Liabilities and Net Position	<u>\$ 9,149,373</u>	<u>\$ 9,524,914</u>

City of Dalton, Georgia
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Dalton Municipal Airport Fund
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Charges for services	\$ 559,787	\$ 429,801
Miscellaneous	256	400
Total Operating Revenues	<u>560,043</u>	<u>430,201</u>
Operating Expenses		
Personal services and benefits	181,667	159,528
Purchased and contracted services	133,927	143,205
Supplies	287,746	184,944
Depreciation	454,194	454,113
Total Operating Expenses	<u>1,057,534</u>	<u>941,790</u>
Operating (Loss)	<u>(497,491)</u>	<u>(511,589)</u>
Nonoperating Revenues (Expenses)		
Investment earnings	107	309
Gain (loss) on sale of assets	-	(6,675)
Total Nonoperating Revenues (Expenses)	<u>107</u>	<u>(6,366)</u>
Income (Loss) Before Transfers In	<u>(497,384)</u>	<u>(517,955)</u>
Transfers In (Out)		
Transfers in	107,412	234,246
Net Transfers	<u>107,412</u>	<u>234,246</u>
Change in Net Position	(389,972)	(283,709)
Net Position Beginning of Year	<u>9,493,721</u>	<u>9,777,430</u>
Net Position End of Year	<u>\$ 9,103,749</u>	<u>\$ 9,493,721</u>

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. The City transferred the risk of loss to a commercial insurer for workers' compensation insurance effective January 1, 2020.

Health Insurance Fund – This fund is used to account for the financing of health insurance provided to other departments of the City on a cost reimbursement basis. Significant activity began effective January 1, 2020, when the City became self-insured for health insurance.

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

City of Dalton, Georgia
Combining Statement of Net Position
Internal Service Funds
December 31, 2021

	<u>Workers'</u> <u>Compensation</u> <u>Fund</u>	<u>Health</u> <u>Insurance</u> <u>Fund</u>	<u>Risk</u> <u>Pool</u> <u>Fund</u>	<u>Total</u> <u>Internal Service</u> <u>Funds</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ -	\$ 851,665	\$ 28,816	\$ 880,481
Accounts receivable	-	<u>398,988</u>	<u>-</u>	<u>398,988</u>
Total Assets	<u>\$ -</u>	<u>\$ 1,250,653</u>	<u>\$ 28,816</u>	<u>\$ 1,279,469</u>
Liabilities				
Current Liabilities:				
Accounts payable	\$ -	\$ 1,113,180	\$ 7,301	\$ 1,120,481
Claims payable	-	<u>150,307</u>	<u>21,515</u>	<u>171,822</u>
Total Liabilities	<u>-</u>	<u>1,263,487</u>	<u>28,816</u>	<u>1,292,303</u>
Net Position				
Unrestricted	-	<u>(12,834)</u>	<u>-</u>	<u>(12,834)</u>
Total Net Position	<u>-</u>	<u>(12,834)</u>	<u>-</u>	<u>(12,834)</u>
Total Liabilities and Net Position	<u>\$ -</u>	<u>\$ 1,250,653</u>	<u>\$ 28,816</u>	<u>\$ 1,279,469</u>

City of Dalton, Georgia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2021

	<u>Workers' Compensation Fund</u>	<u>Health Insurance Fund</u>	<u>Risk Pool Fund</u>	<u>Total Internal Service Funds</u>
Operating Revenues				
Charges for services	\$ -	\$ 9,101,591	\$ 240,519	\$ 9,342,110
Operating Expenses				
Claims	39	6,898,652	240,519	7,139,210
Premiums and administrative fees	-	1,958,808	-	1,958,808
Total Operating Expenses	<u>39</u>	<u>8,857,460</u>	<u>240,519</u>	<u>9,098,018</u>
Operating Income (Loss)	<u>(39)</u>	<u>244,131</u>	<u>-</u>	<u>244,092</u>
Non-Operating Revenues and Expenses				
Investment earnings	<u>39</u>	<u>810</u>	<u>-</u>	<u>849</u>
Change in Net Position	-	244,941	-	244,941
Net Position Beginning of Year	<u>-</u>	<u>(257,775)</u>	<u>-</u>	<u>(257,775)</u>
Net Position End of Year	<u>\$ -</u>	<u>\$ (12,834)</u>	<u>\$ -</u>	<u>\$ (12,834)</u>

City of Dalton, Georgia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2021

	Workers' Compensation Fund	Health Insurance Fund	Risk Pool Fund	Total Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash received from interfund services provided	\$ 100,431	\$ 9,176,576	\$ 240,519	\$ 9,517,526
Cash payments for claims and fees	<u>(309,143)</u>	<u>(8,909,311)</u>	<u>(211,703)</u>	<u>(9,430,157)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(208,712)</u>	<u>267,265</u>	<u>28,816</u>	<u>87,369</u>
Cash Flows from Investing Activities				
Investment earnings	<u>39</u>	<u>810</u>	<u>-</u>	<u>849</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(208,673)	268,075	28,816	88,218
Cash and Cash Equivalents Beginning of Year	<u>208,673</u>	<u>583,590</u>	<u>-</u>	<u>792,263</u>
Cash and Cash Equivalents End of Year	<u>\$ -</u>	<u>\$ 851,665</u>	<u>\$ 28,816</u>	<u>\$ 880,481</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	\$ (39)	\$ 244,131	\$ -	\$ 244,092
(Increase) Decrease in Assets:				
Accounts receivable	100,431	74,985	-	175,416
Increase (Decrease) in Liabilities:				
Accounts payable	(158,305)	872,553	7,301	721,549
Claims payable	<u>(150,799)</u>	<u>(924,404)</u>	<u>21,515</u>	<u>(1,053,688)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (208,712)</u>	<u>\$ 267,265</u>	<u>\$ 28,816</u>	<u>\$ 87,369</u>

City of Dalton, Georgia
Comparative Statement of Net Position
Workers' Compensation Fund
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 208,673
Accounts receivable	-	100,431
Total Assets	\$ -	\$ 309,104
 Liabilities		
Current Liabilities:		
Accounts payable	\$ -	\$ 158,305
Claims payable	-	150,799
Total Liabilities	\$ -	\$ 309,104

City of Dalton, Georgia
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Workers' Compensation Fund
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Expenses		
Claims	\$ 39	\$ 69,729
Premiums and administrative fees	-	13,184
Total Operating Expenses	<u>39</u>	<u>82,913</u>
Operating Income (Loss)	<u>(39)</u>	<u>(82,913)</u>
Non-Operating Revenues and Expenses		
Investment earnings	<u>39</u>	<u>3,221</u>
Change in Net Position	-	(79,692)
Net Position Beginning of Year	<u>-</u>	<u>79,692</u>
Net Position End of Year	<u>\$ -</u>	<u>\$ -</u>

City of Dalton, Georgia
Comparative Statement of Net Position
Health Insurance Fund
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 851,665	\$ 583,590
Accounts receivable	398,988	473,973
Total Assets	<u>\$ 1,250,653</u>	<u>\$ 1,057,563</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 1,113,180	\$ 240,627
Claims payable	150,307	1,074,711
Total Liabilities	<u>1,263,487</u>	<u>1,315,338</u>
Net Position		
Unrestricted	<u>(12,834)</u>	<u>(257,775)</u>
Total Net Position	<u>(12,834)</u>	<u>(257,775)</u>
Total Liabilities and Net Position	<u>\$ 1,250,653</u>	<u>\$ 1,057,563</u>

City of Dalton, Georgia
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Health Insurance Fund
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Charges for services	\$ 9,101,591	\$ 7,825,453
Operating Expenses		
Claims	6,898,652	6,318,238
Premiums and administrative fees	1,958,808	1,767,674
Total Operating Expenses	<u>8,857,460</u>	<u>8,085,912</u>
Operating Income (Loss)	<u>244,131</u>	<u>(260,459)</u>
Non-Operating Revenues and Expenses		
Investment earnings	810	2,684
Change in Net Position	244,941	(257,775)
Net Position Beginning of Year	<u>(257,775)</u>	<u>-</u>
Net Position End of Year	<u>\$ (12,834)</u>	<u>\$ (257,775)</u>

City of Dalton, Georgia
Comparative Statement of Net Position
Risk Pool Fund
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets:		
Cash and cash equivalents	\$ 28,816	\$ -
Total Assets	\$ 28,816	\$ -
 Liabilities		
Current Liabilities:		
Accounts payable	\$ 7,301	\$ -
Claims payable	21,515	-
Total Liabilities	\$ 28,816	\$ -

City of Dalton, Georgia
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Risk Pool Fund
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Charges for services	\$ 240,519	\$ -
Operating Expenses		
Claims	240,519	-
Total Operating Expenses	<u>240,519</u>	<u>-</u>
Change in Net Position	-	-
Net Position Beginning of Year	<u>-</u>	<u>-</u>
Net Position End of Year	<u>\$ -</u>	<u>\$ -</u>

FIDUCIARY FUNDS

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

Pension Trust Fund – Established to account for the activities of the Mayor and Council of the City of Dalton Employee’s Pension Plan.

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

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

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

City of Dalton, Georgia
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Trust Funds - Pension Trust Fund and OPEB Trust Fund
December 31, 2021

	Pension Trust		
	Fund	OPEB Trust Fund	Total Trust Funds
Assets			
Cash and cash equivalents	\$ 624,417	\$ -	\$ 624,417
Investments, at fair value:			
Georgia Municipal Employees Benefit System			
OPEB Trust Account	-	2,698,487	2,698,487
MetLife Equity Index Fund	15,963,869	-	15,963,869
MetLife Core Bond Index Fund	36,794,490	-	36,794,490
MetLife Goldman Sachs Fund	11,832,962	-	11,832,962
Vanguard Institutional Index Fund	55,009,283	-	55,009,283
Vanguard Small Cap Index Fund	18,981,860	-	18,981,860
Vanguard Bond Market Index Fund	16,286,237	-	16,286,237
Prepaid items	100	100,465	100,565
Total Assets	\$ 155,493,218	\$ 2,798,952	\$ 158,292,170
Liabilities			
Current Liabilities:			
Accounts payable	\$ 10,452	\$ 290,878	301,330
Total Liabilities	10,452	290,878	301,330
Net Position			
Restricted for pension	155,482,766	-	155,482,766
Restricted for OPEB	-	2,508,074	2,508,074
Total Net Position	155,482,766	2,508,074	157,990,840
Total Liabilities and Net Position	\$ 155,493,218	\$ 2,798,952	\$ 158,292,170

City of Dalton, Georgia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Trust Funds - Pension Trust Fund and OPEB Trust Fund
For the Year Ended December 31, 2021

	Pension Trust		
	Fund	OPEB Trust Fund	Total Trust Funds
Additions			
Contributions:			
Employer	\$ 3,251,149	\$ -	\$ 3,251,149
Plan members	<u>646,835</u>	<u>195,291</u>	<u>842,126</u>
Total contributions	<u>3,897,984</u>	<u>195,291</u>	<u>4,093,275</u>
Investment income:			
Interest and dividends	2,301,439	34,226	2,335,665
Net increase in fair value of investments	<u>16,474,632</u>	<u>454,970</u>	<u>16,929,602</u>
Total investment income	18,776,071	489,196	19,265,267
Less: investment expense	<u>186,114</u>	<u>8,418</u>	<u>194,532</u>
Net investment earnings	<u>18,589,957</u>	<u>480,778</u>	<u>19,070,735</u>
Total Additions	<u>22,487,941</u>	<u>676,069</u>	<u>23,164,010</u>
Deductions			
Administrative expenses	59,500	31,040	90,540
Premium payments	-	1,376,521	1,376,521
Benefit payments	<u>7,845,115</u>	<u>-</u>	<u>7,845,115</u>
Total Deductions	<u>7,904,615</u>	<u>1,407,561</u>	<u>9,312,176</u>
Change in Net Position	14,583,326	(731,492)	13,851,834
Net Position Beginning of Year	<u>140,899,440</u>	<u>3,239,566</u>	<u>144,139,006</u>
Net Position End of Year	<u>\$ 155,482,766</u>	<u>\$ 2,508,074</u>	<u>\$ 157,990,840</u>

City of Dalton, Georgia
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds - Municipal Court Custodial Fund and Police Custodial Fund
December 31, 2021

	<u>Municipal Court Custodial Fund</u>	<u>Police Custodial Fund</u>	<u>Total Custodial Funds</u>
Assets			
Cash and cash equivalents	\$ 25,108	\$ 242,429	\$ 267,537
Total Assets	<u>\$ 25,108</u>	<u>\$ 242,429</u>	<u>\$ 267,537</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 25,108	\$ -	25,108
Total Liabilities	<u>25,108</u>	<u>-</u>	<u>25,108</u>
Net Position			
Restricted for others	-	242,429	242,429
Total Net Position	<u>-</u>	<u>242,429</u>	<u>242,429</u>
Total Liabilities and Net Position	<u>\$ 25,108</u>	<u>\$ 242,429</u>	<u>\$ 267,537</u>

City of Dalton, Georgia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds - Municipal Court Custodial Fund and Police Custodial Fund
For the Year Ended December 31, 2021

	<u>Municipal Court Custodial Fund</u>	<u>Police Custodial Fund</u>	<u>Total Custodial Funds</u>
Additions			
Fine/confiscation collections	\$ 204,569	\$ -	\$ 204,569
Total Additions	<u>204,569</u>	<u>-</u>	<u>204,569</u>
Deductions			
Fine/confiscation remittances	214,556	10,485	225,041
Total Deductions	<u>214,556</u>	<u>10,485</u>	<u>225,041</u>
Change in Net Position	(9,987)	(10,485)	(20,472)
Net Position Beginning of Year	<u>9,987</u>	<u>252,914</u>	<u>262,901</u>
Net Position End of Year	<u>\$ -</u>	<u>\$ 242,429</u>	<u>\$ 242,429</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 its activity is required to be disclosed in the financial section of the City's Annual Comprehensive Financial Report.

City of Dalton, Georgia
Comparative Statement of Net Position
Discretely Presented Component Unit - City of Dalton Building Authority
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 25,285,570	\$ 22,478,827
Capital leases receivable	9,988,000	9,713,000
Total Current Assets	<u>35,273,570</u>	<u>32,191,827</u>
Noncurrent Assets:		
Capital leases receivable (less current portion)	34,064,000	28,327,000
Total Assets	<u>\$ 69,337,570</u>	<u>\$ 60,518,827</u>
Liabilities		
Current Liabilities:		
Accounts payable	25,166,694	22,410,966
Revenue bonds payable	9,988,000	9,438,000
Recovery zone economic development bonds payable	-	275,000
Total Current Liabilities	<u>35,154,694</u>	<u>32,123,966</u>
Long-Term Liabilities:		
Revenue bonds payable (less current portion)	34,064,000	25,427,000
Recovery zone economic development bonds payable (less current portion)	-	2,900,000
Total Long-Term Liabilities	<u>34,064,000</u>	<u>28,327,000</u>
Total Liabilities	<u>69,218,694</u>	<u>60,450,966</u>
Net Position		
Unrestricted	118,876	67,861
Total Net Position	<u>118,876</u>	<u>67,861</u>
Total Liabilities and Net Position	<u>\$ 69,337,570</u>	<u>\$ 60,518,827</u>

City of Dalton, Georgia
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Discretely Presented Component Unit - City of Dalton Building Authority
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues (Expenses)		
Bond issuance fees	\$ 60,990	\$ 50,160
Fiscal and administrative fees	(9,975)	(27,791)
Total Operating Revenues (Expenses)	<u>51,015</u>	<u>22,369</u>
Non-Operating Revenues (Expenses)		
Interest earnings	8,533	1,018
Interest and fiscal charges, net of subsidy	(829,287)	(353,492)
Total Non-Operating Revenues (Expenses)	<u>(820,754)</u>	<u>(352,474)</u>
Income (Loss) Before Transfers In (Out)	<u>(769,739)</u>	<u>(330,105)</u>
Transfers In (Out)		
Transfers in (inflows of debt service principal and interest from the City of Dalton, City of Dalton Board of Education, and Whitfield County)	853,723	448,586
Transfer out (outflows of interest earnings and interest subsidy to the City of Dalton, City of Dalton Board of Education, and Whitfield County)	(32,969)	(95,987)
Total Transfers In (Out)	<u>820,754</u>	<u>352,599</u>
Change in Net Position	51,015	22,494
Net Position Beginning of Year	<u>67,861</u>	<u>45,367</u>
Net Position End of Year	<u>\$ 118,876</u>	<u>\$ 67,861</u>

City of Dalton, Georgia
Comparative Statement of Cash Flows
Discretely Presented Component Unit - City of Dalton Building Authority
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Bond issuance fees	\$ 60,990	\$ 50,160
Fiscal and administrative fees	(7,580)	(27,791)
Net Cash Provided by (Used in) Operating Activities	<u>53,410</u>	<u>22,369</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from issuance of debt, net of issuance costs	20,002,890	26,219,250
Payments to City of Dalton and Whitfield County for capital use of debt proceeds	(13,931,935)	(2,069,804)
Receipts from City of Dalton, City of Dalton Board of Education, and Whitfield County for sinking fund payments	-	2,964,015
Receipts from City of Dalton, City of Dalton Board of Education, and Whitfield County for payment of debt and interest	9,851,132	372,114
Interest subsidy received on capital debt	24,436	95,094
Interest earnings, net of fees	8,533	1,018
Principal paid on capital debt	(12,348,000)	(5,712,000)
Interest paid on capital debt	(853,723)	(448,586)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>2,753,333</u>	<u>21,421,101</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,806,743	21,443,470
Cash and Cash Equivalents Beginning of Year	<u>22,478,827</u>	<u>1,035,357</u>
Cash and Cash Equivalents End of Year	<u>\$ 25,285,570</u>	<u>\$ 22,478,827</u>

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities										
Net investment in capital assets	\$ 72,911,193	\$ 73,764,869	\$ 73,121,548	\$ 67,728,129	\$ 75,726,246	\$ 81,410,981	\$ 84,604,366	\$ 85,392,649	\$ 84,330,845	\$ 66,137,063
Restricted	240,347	251,557	262,248	8,151,582	8,541,404	7,061,016	8,342,082	10,018,388	10,520,530	31,432,478
Unrestricted	<u>15,011,536</u>	<u>15,567,935</u>	<u>18,273,295</u>	<u>2,830,865</u>	<u>2,313,750</u>	<u>(7,663,963)</u>	<u>(5,239,030)</u>	<u>(3,698,707)</u>	<u>3,398,517</u>	<u>4,376,210</u>
Total governmental activities	\$ 88,163,076	\$ 89,584,361	\$ 91,657,091	\$ 78,710,576	\$ 86,581,400	\$ 80,808,034	\$ 87,707,418	\$ 91,712,330	\$ 98,249,892	\$ 101,945,751
Business-type activities										
Net investment in capital assets	\$ 687,108,798	\$ 698,090,762	\$ 710,531,416	\$ 725,497,305	\$ 744,179,712	\$ 658,650,654	\$ 721,653,192	\$ 814,056,708	\$ 803,826,075	\$ 886,567,371
Restricted	75,034,000	73,322,000	86,089,000	97,394,000	96,509,000	214,165,000	190,433,000	143,023,000	185,424,000	132,666,000
Unrestricted	<u>43,307,413</u>	<u>40,716,151</u>	<u>35,507,326</u>	<u>36,613,661</u>	<u>44,191,799</u>	<u>45,013,262</u>	<u>44,382,777</u>	<u>46,533,825</u>	<u>49,754,537</u>	<u>45,486,887</u>
Total business-type activities	\$ 805,450,211	\$ 812,128,913	\$ 832,127,742	\$ 859,504,966	\$ 884,880,511	\$ 917,828,916	\$ 956,468,969	\$ 1,003,613,533	\$ 1,039,004,612	\$ 1,064,720,258
Primary government										
Net investment in capital assets	\$ 760,019,991	\$ 771,855,631	\$ 783,652,964	\$ 793,225,434	\$ 819,905,958	\$ 740,061,635	\$ 806,257,558	\$ 899,449,357	\$ 888,156,920	\$ 952,704,434
Restricted	75,274,347	73,573,557	86,351,248	105,545,582	105,050,404	221,226,016	198,775,082	153,041,388	195,944,530	164,098,478
Unrestricted	<u>58,318,949</u>	<u>56,284,086</u>	<u>53,780,621</u>	<u>39,444,526</u>	<u>46,505,549</u>	<u>37,349,299</u>	<u>39,143,747</u>	<u>42,835,118</u>	<u>53,153,054</u>	<u>49,863,097</u>
Total primary government	\$ 893,613,287	\$ 901,713,274	\$ 923,784,833	\$ 938,215,542	\$ 971,461,911	\$ 998,636,950	\$ 1,044,176,387	\$ 1,095,325,863	\$ 1,137,254,504	\$ 1,166,666,009

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Expenses										
Governmental activities										
General government	\$ 3,302,093	\$ 2,633,853	\$ 2,579,345	\$ 2,971,036	\$ 3,029,543	\$ 2,574,600	\$ 2,932,157	\$ 3,793,196	\$ 3,656,268	\$ 4,510,143
Judicial	369,253	397,765	371,645	437,044	433,156	424,203	409,440	392,841	416,055	287,867
Public safety	13,990,949	15,095,340	15,070,993	15,703,840	16,548,965	16,145,618	17,511,903	16,577,990	16,192,777	18,588,626
Public works	9,010,672	8,447,680	8,252,341	9,170,285	9,367,281	9,403,531	10,361,515	10,819,102	8,589,780	10,691,036
Health and welfare	488,545	487,293	508,735	522,072	468,925	419,892	474,442	440,499	508,059	663,315
Culture and recreation	4,967,978	5,088,564	4,989,858	5,390,895	5,833,592	5,627,651	5,872,966	5,879,397	5,630,740	5,260,407
Housing and development	379,694	389,213	396,836	454,327	260,840	121,645	296,359	332,616	910,073	1,526,828
Interest on long-term debt	459,985	274,506	281,844	270,543	372,838	324,325	282,702	244,914	200,751	482,128
Total governmental activities expenses	<u>32,969,169</u>	<u>32,814,214</u>	<u>32,451,597</u>	<u>34,920,042</u>	<u>36,315,140</u>	<u>35,041,465</u>	<u>38,141,484</u>	<u>38,480,555</u>	<u>36,104,503</u>	<u>42,010,350</u>
Business-type activities										
Electric system	80,988,971	87,048,375	95,797,217	90,044,256	94,539,437	95,303,240	84,556,426	84,920,632	80,473,178	114,921,651
Gas system	15,924,970	18,785,179	23,036,534	18,640,407	17,682,431	25,731,143	27,824,233	24,415,972	18,880,574	27,219,244
Water system	16,929,002	17,926,588	17,745,718	18,085,121	18,225,184	18,128,394	22,897,890	22,988,674	23,358,791	23,412,300
Wastewater system	19,170,608	20,623,351	19,796,633	20,152,765	20,743,975	19,269,419	20,089,467	19,393,848	19,903,976	21,418,300
Information technology system	19,276,365	20,223,612	19,076,834	19,738,019	19,376,077	16,522,358	16,239,082	15,878,431	15,731,432	15,052,514
Landfill	365,350	439,487	189,472	-	-	-	-	-	-	-
Convention Center	547,930	557,720	499,660	593,614	492,074	515,534	471,563	540,487	848,713	776,070
Municipal golf course	858,544	981,056	814,233	925,758	901,402	898,210	907,034	953,133	944,916	1,163,606
Municipal airport	518,119	604,497	904,203	813,242	846,647	853,995	873,083	993,797	942,208	1,057,142
Total business-type activities expenses	<u>154,579,859</u>	<u>167,189,865</u>	<u>177,860,504</u>	<u>168,993,182</u>	<u>172,807,227</u>	<u>177,222,293</u>	<u>173,858,778</u>	<u>170,084,974</u>	<u>161,083,788</u>	<u>205,020,827</u>
Total primary government expenses	<u>\$ 187,549,028</u>	<u>\$ 200,004,079</u>	<u>\$ 210,312,101</u>	<u>\$ 203,913,224</u>	<u>\$ 209,122,367</u>	<u>\$ 212,263,758</u>	<u>\$ 212,000,262</u>	<u>\$ 208,565,529</u>	<u>\$ 197,188,291</u>	<u>\$ 247,031,177</u>

(continued)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 986,862	\$ 982,441	\$ 968,883	\$ 957,103	\$ 969,673	\$ 988,534	\$ 898,003	\$ 344,986	\$ 341,327	\$ 467,925
Judicial	767,234	751,680	884,819	689,686	803,218	743,691	715,497	592,789	507,195	629,098
Public safety	604,417	657,613	711,717	440,278	493,428	650,221	659,703	771,204	783,270	849,714
Public works	142,808	157,151	181,188	173,184	163,724	231,156	215,827	135,324	139,385	134,909
Health and welfare	46,253	54,355	51,710	47,783	50,800	51,076	49,575	53,300	22,335	205,654
Culture and recreation	324,948	395,533	373,946	374,869	400,749	405,590	378,835	335,074	287,737	398,253
Economic development	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	2,258,686	657,771	1,003,133	2,681,730	1,699,959	2,092,951	1,965,144	3,278,259	4,258,266	2,088,783
Capital grants and contributions	<u>1,182,154</u>	<u>2,669,259</u>	<u>1,317,808</u>	<u>1,895,627</u>	<u>10,147,970</u>	<u>10,100,807</u>	<u>8,335,199</u>	<u>2,434,707</u>	<u>1,001,027</u>	<u>7,159,521</u>
Total governmental activities program revenues	<u>6,313,362</u>	<u>6,325,803</u>	<u>5,493,204</u>	<u>7,260,260</u>	<u>14,729,521</u>	<u>15,264,026</u>	<u>13,217,783</u>	<u>7,945,643</u>	<u>7,340,542</u>	<u>11,933,857</u>

(continued)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Business-type activities										
Charges for services										
Electric system	\$ 102,836,000	\$ 106,843,000	\$ 112,194,000	\$ 119,596,000	\$ 121,900,000	\$ 119,178,000	\$ 118,828,000	\$ 125,113,000	\$ 118,143,000	\$ 137,296,000
Gas system	15,938,000	20,828,000	26,159,000	19,963,000	19,621,000	28,176,000	30,855,000	27,178,000	21,421,000	32,777,000
Water system	19,449,000	19,119,000	20,127,000	20,491,000	20,824,000	20,128,000	20,246,000	21,161,000	22,070,000	23,064,000
Wastewater system	19,438,000	19,204,000	20,772,000	21,863,000	21,878,000	22,306,000	21,720,000	21,616,000	20,099,000	21,189,000
Information technology system	19,281,000	19,620,000	20,065,000	20,148,000	20,995,000	21,401,000	22,341,000	22,548,000	22,078,000	22,158,000
Landfill	-	-	-	448,366	522,810	651,831	828,412	1,725,208	1,200,962	1,646,502
Municipal golf course	1,033,346	927,834	915,270	868,829	923,590	820,183	494,420	908,766	896,164	1,241,481
Municipal airport	<u>117,765</u>	<u>211,314</u>	<u>558,553</u>	<u>455,791</u>	<u>494,593</u>	<u>468,152</u>	<u>462,829</u>	<u>522,761</u>	<u>430,201</u>	<u>560,043</u>
Total business-type activities program revenues	<u>178,093,111</u>	<u>186,753,148</u>	<u>200,790,823</u>	<u>203,833,986</u>	<u>207,158,993</u>	<u>213,129,166</u>	<u>215,775,661</u>	<u>220,772,735</u>	<u>206,338,327</u>	<u>239,932,026</u>
Total primary government program revenues	<u>\$ 184,406,473</u>	<u>\$ 193,078,951</u>	<u>\$ 206,284,027</u>	<u>\$ 211,094,246</u>	<u>\$ 221,888,514</u>	<u>\$ 228,393,192</u>	<u>\$ 228,993,444</u>	<u>\$ 228,718,378</u>	<u>\$ 213,678,869</u>	<u>\$ 251,865,883</u>
Net revenues (expenses)										
Governmental activities	\$ (26,655,807)	\$ (26,488,411)	\$ (26,958,393)	\$ (27,659,782)	\$ (21,585,619)	\$ (19,777,439)	\$ (24,923,701)	\$ (30,534,912)	\$ (28,763,961)	\$ (30,076,493)
Business-type activities	<u>23,513,252</u>	<u>19,563,283</u>	<u>22,930,319</u>	<u>34,840,804</u>	<u>34,351,766</u>	<u>35,906,873</u>	<u>41,916,883</u>	<u>50,687,761</u>	<u>45,254,539</u>	<u>34,911,199</u>
Total primary government net revenue (expense)	<u>\$ (3,142,555)</u>	<u>\$ (6,925,128)</u>	<u>\$ (4,028,074)</u>	<u>\$ 7,181,022</u>	<u>\$ 12,766,147</u>	<u>\$ 16,129,434</u>	<u>\$ 16,993,182</u>	<u>\$ 20,152,849</u>	<u>\$ 16,490,578</u>	<u>\$ 4,834,706</u>

(continued)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for:										
General purposes	\$ 9,303,685	\$ 7,876,135	\$ 8,371,150	\$ 9,143,523	\$ 8,197,757	\$ 8,552,650	\$ 8,705,712	\$ 8,879,845	\$ 8,037,569	\$ 7,903,363
Debt service	4,683	-	-	-	-	-	-	-	-	-
Selective taxes	6,103,688	9,380,518	9,843,608	9,932,992	9,378,765	10,149,190	10,916,682	12,002,362	12,607,683	13,963,328
Hotel/motel taxes	1,093,798	1,170,315	1,235,285	1,364,880	1,410,761	1,501,172	1,564,560	1,566,635	1,090,983	1,562,219
Investment earnings	253,696	241,177	222,324	224,686	227,495	299,310	502,978	684,787	444,764	96,332
Donations	1,820,028	346,807	63,476	20,891	50,252	261,115	714,102	451,396	23,078	37,915
Miscellaneous	596,278	514,289	465,825	559,299	633,166	497,349	729,120	736,893	353,352	659,535
Transfers	<u>9,281,511</u>	<u>8,380,455</u>	<u>8,829,455</u>	<u>9,400,547</u>	<u>9,567,313</u>	<u>6,737,695</u>	<u>8,689,931</u>	<u>10,217,906</u>	<u>12,744,094</u>	<u>9,539,660</u>
Total governmental activities general revenues and other changes in net position	<u>28,457,367</u>	<u>27,909,696</u>	<u>29,031,123</u>	<u>30,646,818</u>	<u>29,465,509</u>	<u>27,998,481</u>	<u>31,823,085</u>	<u>34,539,824</u>	<u>35,301,523</u>	<u>33,762,352</u>
Business-type activities										
Investment earnings	1,192,689	(4,695,126)	5,663,965	1,715,779	180,242	1,371,485	2,831,601	5,092,709	2,242,309	(220,893)
Contributions	597,000	-	-	-	-	-	2,000,000	1,000,000	-	-
Miscellaneous	333,000	191,000	234,000	150,000	410,850	591,000	581,500	582,000	638,325	565,000
Transfers	<u>(9,281,511)</u>	<u>(8,380,455)</u>	<u>(8,829,455)</u>	<u>(9,400,547)</u>	<u>(9,567,313)</u>	<u>(6,737,695)</u>	<u>(8,689,931)</u>	<u>(10,217,906)</u>	<u>(12,744,094)</u>	<u>(9,539,660)</u>
Total business-type activities general revenues and other changes in net position	<u>(7,158,822)</u>	<u>(12,884,581)</u>	<u>(2,931,490)</u>	<u>(7,534,768)</u>	<u>(8,976,221)</u>	<u>(4,775,210)</u>	<u>(3,276,830)</u>	<u>(3,543,197)</u>	<u>(9,863,460)</u>	<u>(9,195,553)</u>
Total primary government general revenues and other changes in net position	<u>\$ 21,298,545</u>	<u>\$ 15,025,115</u>	<u>\$ 26,099,633</u>	<u>\$ 23,112,050</u>	<u>\$ 20,489,288</u>	<u>\$ 23,223,271</u>	<u>\$ 28,546,255</u>	<u>\$ 30,996,627</u>	<u>\$ 25,438,063</u>	<u>\$ 24,566,799</u>
Change in net position										
Governmental activities	\$ 1,801,560	\$ 1,421,285	\$ 2,072,730	\$ 2,987,036	\$ 7,879,890	\$ 8,221,042	\$ 6,899,384	\$ 4,004,912	\$ 6,537,562	\$ 3,685,859
Business-type activities	<u>16,354,430</u>	<u>6,678,702</u>	<u>19,998,829</u>	<u>27,306,036</u>	<u>25,375,545</u>	<u>31,131,663</u>	<u>38,640,053</u>	<u>47,144,564</u>	<u>35,391,079</u>	<u>25,715,646</u>
Total primary government change in net position	<u>\$ 18,155,990</u>	<u>\$ 8,099,987</u>	<u>\$ 22,071,559</u>	<u>\$ 30,293,072</u>	<u>\$ 33,255,435</u>	<u>\$ 39,352,705</u>	<u>\$ 45,539,437</u>	<u>\$ 51,149,476</u>	<u>\$ 41,928,641</u>	<u>\$ 29,401,505</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General fund										
Nonspendable	\$ 207,539	\$ 212,643	\$ 179,680	\$ 155,856	\$ 249,062	\$ 171,680	\$ 157,986	\$ 185,196	\$ 144,225	\$ 128,121
Restricted	91,029	91,029	96,029	96,029	99,974	114,974	293,499	323,075	321,417	321,417
Unrestricted	<u>19,548,598</u>	<u>20,788,168</u>	<u>22,097,252</u>	<u>21,579,429</u>	<u>20,912,480</u>	<u>23,563,828</u>	<u>25,847,595</u>	<u>24,393,127</u>	<u>26,067,467</u>	<u>27,743,722</u>
Total general fund	<u>\$ 19,847,166</u>	<u>\$ 21,091,840</u>	<u>\$ 22,372,961</u>	<u>\$ 21,831,314</u>	<u>\$ 21,261,516</u>	<u>\$ 23,850,482</u>	<u>\$ 26,299,080</u>	<u>\$ 24,901,398</u>	<u>\$ 26,533,109</u>	<u>\$ 28,193,260</u>
Nonmajor governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ -	\$ -	\$ -	\$ -
Restricted	<u>99,366</u>	<u>129,188</u>	<u>78,958</u>	<u>7,974,454</u>	<u>8,204,724</u>	<u>6,470,325</u>	<u>7,514,261</u>	<u>8,672,492</u>	<u>8,970,831</u>	<u>30,183,499</u>
Total nonmajor governmental funds	<u>\$ 99,366</u>	<u>\$ 129,188</u>	<u>\$ 78,958</u>	<u>\$ 7,974,454</u>	<u>\$ 8,204,724</u>	<u>\$ 6,470,365</u>	<u>\$ 7,514,261</u>	<u>\$ 8,672,492</u>	<u>\$ 8,970,831</u>	<u>\$ 30,183,499</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues										
Taxes	\$ 16,505,854	\$ 18,426,968	\$ 19,450,043	\$ 19,727,131	\$ 18,940,840	\$ 20,473,181	\$ 21,219,393	\$ 22,483,049	\$ 21,636,327	\$ 23,541,568
Licenses and permits	986,862	982,441	968,883	957,103	969,673	988,534	898,003	344,986	341,327	355,719
Intergovernmental revenues	3,440,782	3,327,030	2,320,941	4,577,357	11,847,929	12,193,758	10,300,343	5,712,966	5,240,793	8,893,304
Charges for services	1,263,013	1,336,866	1,476,461	1,277,199	1,409,091	1,413,867	1,501,341	1,349,088	1,295,386	1,840,049
Fines and forfeitures	453,345	484,730	549,231	405,566	456,663	454,847	448,006	460,003	444,536	499,785
Investment earnings	250,949	238,043	219,226	221,899	224,509	295,916	497,526	680,144	438,859	95,522
Miscellaneous	2,558,705	994,634	752,890	591,054	815,699	975,514	763,251	808,703	371,174	514,591
Total Revenues	<u>25,459,510</u>	<u>25,790,712</u>	<u>25,737,675</u>	<u>27,757,309</u>	<u>34,664,404</u>	<u>36,795,617</u>	<u>35,627,863</u>	<u>31,838,939</u>	<u>29,768,402</u>	<u>35,740,538</u>
Expenditures										
General government	2,139,627	2,219,861	2,146,368	2,399,552	2,596,194	2,222,011	2,495,241	3,683,839	3,440,615	3,190,338
Judicial	362,015	381,534	414,003	437,298	433,736	436,770	403,231	404,296	427,469	437,671
Public safety	13,445,167	13,965,925	15,017,013	15,391,367	15,814,820	16,356,131	16,740,427	17,423,011	18,871,214	17,241,892
Public works	7,236,418	6,746,059	7,294,473	7,636,525	7,857,512	8,226,802	8,512,089	9,468,123	7,644,743	8,987,152
Health and welfare	463,605	447,700	479,815	507,489	441,560	412,987	447,949	451,721	561,809	586,254
Culture and recreation	3,501,067	3,542,935	3,711,990	3,892,767	4,272,271	4,114,484	4,115,504	4,330,337	4,314,975	3,757,455
Housing and development	322,625	370,981	463,332	448,165	425,513	351,590	354,964	821,115	1,115,534	1,226,108
Capital outlay	6,656,062	5,492,823	3,017,443	6,647,103	9,752,687	10,579,620	6,649,492	3,317,667	3,769,477	3,760,888
Debt service:										
Principal retirement	598,561	603,204	509,958	513,798	2,604,114	2,650,290	2,450,074	2,481,859	270,000	3,175,000
Interest and fiscal charges	293,792	274,506	281,844	270,543	372,838	324,325	282,702	244,914	200,751	230,370
Debt issuance costs	-	-	-	165,356	-	-	-	-	-	321,136
Total Expenditures	<u>35,018,939</u>	<u>34,045,528</u>	<u>33,336,239</u>	<u>38,309,963</u>	<u>44,571,245</u>	<u>45,675,010</u>	<u>42,451,673</u>	<u>42,626,882</u>	<u>40,616,587</u>	<u>42,914,264</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,559,429)</u>	<u>(8,254,816)</u>	<u>(7,598,564)</u>	<u>(10,552,654)</u>	<u>(9,906,841)</u>	<u>(8,879,393)</u>	<u>(6,823,810)</u>	<u>(10,787,943)</u>	<u>(10,848,185)</u>	<u>(7,173,726)</u>

(continued)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Other Financing Sources (Uses)										
Issuance of debt	\$ -	\$ 1,148,857	\$ -	\$ 8,505,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,360,000
Bond premium	-	-	-	-	-	-	-	-	-	1,964,026
Proceeds from sale of assets	-	-	-	-	-	-	282,864	330,586	34,141	182,859
Transfers in	13,521,540	11,547,319	11,535,763	13,817,596	13,068,767	11,842,350	13,005,179	14,979,992	19,592,913	13,321,517
Transfers out	<u>(4,526,557)</u>	<u>(3,166,864)</u>	<u>(2,706,308)</u>	<u>(4,417,049)</u>	<u>(3,501,454)</u>	<u>(2,108,350)</u>	<u>(2,971,739)</u>	<u>(4,762,086)</u>	<u>(6,848,819)</u>	<u>(3,781,857)</u>
Total Other Financing Sources (Uses)	<u>8,994,983</u>	<u>9,529,312</u>	<u>8,829,455</u>	<u>17,906,503</u>	<u>9,567,313</u>	<u>9,734,000</u>	<u>10,316,304</u>	<u>10,548,492</u>	<u>12,778,235</u>	<u>30,046,545</u>
Net Change in Fund Balance	<u>\$ (564,446)</u>	<u>\$ 1,274,496</u>	<u>\$ 1,230,891</u>	<u>\$ 7,353,849</u>	<u>\$ (339,528)</u>	<u>\$ 854,607</u>	<u>\$ 3,492,494</u>	<u>\$ (239,451)</u>	<u>\$ 1,930,050</u>	<u>\$ 22,872,819</u>
Debt service as a % of noncapital expenditures	3.1%	3.1%	2.6%	3.0%	8.5%	8.5%	7.6%	6.9%	1.3%	9.5%

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

Fiscal Year	Real Property	Personal Property	Public Utilities	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
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
2016	2,101,523,870	1,554,900,785	25,412,165	310,145,903	3,371,690,917	2.506
2017	2,198,330,501	1,588,229,275	23,732,060	316,394,309	3,493,897,527	2.506
2018	2,191,478,801	1,690,279,886	23,110,695	324,560,279	3,580,309,103	2.505
2019	2,276,262,177	1,666,670,790	21,956,165	329,697,205	3,635,191,927	2.482
2020	2,257,004,573	1,713,045,615	21,287,140	340,470,135	3,650,867,193	2.237
2021	2,302,008,095	1,556,143,374	21,011,288	324,352,155	3,554,810,602	2.208

Source: Whitfield County Board of Tax Assessors

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

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

Fiscal Year	City Millage	Dalton Public Schools Millage	Dalton Public			Whitfield County Millage	Total Direct and Overlapping Rates
			Schools Debt Service Millage	Special Districts Millage			
2012	2.697	7.845	0.000	0.950	6.061	17.553	
2013	2.616	7.845	0.000	0.950	6.061	17.472	
2014	2.537	8.200	0.000	0.950	6.061	17.748	
2015	2.511	8.200	0.000	0.950	7.061	18.722	
2016	2.506	8.200	0.000	0.950	9.561	21.217	
2017	2.506	8.200	0.000	0.950	9.329	20.985	
2018	2.505	8.200	0.570	2.500	9.312	23.087	
2019	2.482	8.200	0.570	2.500	8.812	22.564	
2020	2.237	8.200	0.570	2.500	8.312	21.819	
2021	2.208	8.095	0.570	2.500	7.312	20.685	

Source: Whitfield County Board of Tax Assessors

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

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

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

Taxpayer	2021			2012		
	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.	\$ 512,556,776	1	14.4%	\$ 548,675,935	1	16.3%
Mohawk Industries, Inc.	186,744,312	2	5.3%	131,661,460	2	3.9%
Tarkett USA (2)	100,790,150	3	2.8%	-	NA	0.0%
The Peoples Group	85,288,667	4	2.4%	39,706,166	6	1.2%
Engineered Floors, LLC (1)	83,148,210	5	2.3%	-	NA	0.0%
Dalton Whitfield Joint Development Authority	54,892,374	6	1.5%	-	NA	0.0%
Indian Summer Carpet Mills, Inc.	23,517,079	7	0.7%	17,358,563	9	0.5%
Charter Communications	23,101,759	8	0.6%	-	NA	0.0%
Shiroki Georgia, LLC	22,773,202	9	0.6%	15,933,724	10	0.5%
Columbia Recycling	19,819,944	10	0.6%	-	NA	0.0%
Beaulieu of America, LLC (1)	-	NA	0.0%	119,745,632	3	3.6%
J & J Industries (1)	-	NA	0.0%	79,390,232	4	2.4%
Tandus Centiva, Inc. (2)	-	NA	0.0%	57,359,241	5	1.7%
CBL & Associates Properties, Inc.	-	NA	0.0%	26,748,527	8	0.8%
Lexmark Carpet Mills, Inc. (2)	-	NA	0.0%	30,205,298	7	0.9%

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

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

Fiscal Year	Taxes Levied	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 8,608,658	\$ (41,203)	\$ 8,567,455	\$ 7,595,137	88.7%	\$ 972,272	\$ 8,567,409	100.0%
2013	8,281,354	(1,013)	8,280,341	7,339,021	88.6%	941,225	8,280,246	100.0%
2014	8,325,685	(122,731)	8,202,954	7,348,018	89.6%	854,865	8,202,883	100.0%
2015	8,366,569	(10,792)	8,355,777	7,466,921	89.4%	888,690	8,355,611	100.0%
2016	8,206,241	(17,806)	8,188,435	7,420,789	90.6%	767,417	8,188,206	100.0%
2017	8,603,323	(86,925)	8,516,398	7,625,345	89.5%	890,895	8,516,240	100.0%
2018	8,844,077	(189,333)	8,654,744	8,084,007	93.4%	559,149	8,643,156	99.9%
2019	8,918,132	(37,655)	8,880,477	8,286,628	93.3%	575,102	8,861,730	99.8%
2020	8,039,817	(25,498)	8,014,319	7,095,136	88.5%	860,132	7,955,268	99.3%
2021	7,788,703	36,744	7,825,447	7,116,547	90.9%	-	7,116,547	90.9%

Source: Whitfield County Board of Tax Assessors

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	Asset Retirement Obligations			
2012	\$ -	\$ 5,150,000	\$ 453,484	\$ -	\$ 36,954,000	\$ 42,557,484	4.5%	\$ 1,274
2013	-	5,831,137	318,000	-	38,479,000	44,628,137	4.5%	1,336
2014	-	5,374,179	265,000	-	40,078,000	45,717,179	4.4%	1,364
2015	-	13,419,337	212,000	-	55,641,000	69,272,337	6.5%	2,046
2016	-	10,868,223	159,000	-	62,848,000	73,875,223	6.4%	2,168
2017	-	8,270,933	106,000	74,953,000	64,695,000	148,024,933	12.9%	4,386
2018	-	5,873,859	53,000	73,308,000	84,341,000	163,575,859	13.9%	4,877
2019	-	3,445,000	-	71,055,000	87,285,000	161,785,000	13.2%	4,806
2020	-	3,175,000	-	168,619,000	90,041,000	261,835,000	18.7%	7,608
2021	-	20,324,026	-	163,640,000	98,290,000	282,254,026	NA	NA

NA Not yet available

Note: Details regarding the City's outstanding debt are disclosed in Note 3-l 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
2012	\$ -	0.0%	\$ -
2013	-	0.0%	-
2014	-	0.0%	-
2015	-	0.0%	-
2016	-	0.0%	-
2017	-	0.0%	-
2018	-	0.0%	-
2019	-	0.0%	-
2020	-	0.0%	-
2021	-	0.0%	-

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

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

City of Dalton, Georgia
Direct and Overlapping Governmental Activities Debt
As of December 31, 2021
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Applicable Percentage</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Dalton Public School System agreement with City - 2018 General Obligation Bonds	\$ 40,380,000	100.0%	\$ 40,380,000
Dalton Public School System agreement with Building Authority - Revenue Bonds, Series 2018	5,730,000	100.0%	5,730,000
Whitfield County agreement with Building Authority - Series 2020 Bonds	19,962,000	32.0%	<u>6,386,791</u>
Total overlapping debt			52,496,791
City direct debt			<u>20,324,026</u>
Total direct and overlapping debt			<u>\$ 72,820,817</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: 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.

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

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

	For the year ending December 31,									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	\$ 366,434,391	\$ 362,141,093	\$ 375,304,806	\$ 376,094,549	\$ 368,183,682	\$ 381,029,184	\$ 390,486,938	\$ 396,488,913	\$ 399,133,733	\$ 387,916,276
Total net debt applicable to limit	-	-	-	-	-	-	40,380,000	40,380,000	40,380,000	40,380,000
Legal debt margin	<u>\$ 366,434,391</u>	<u>\$ 362,141,093</u>	<u>\$ 375,304,806</u>	<u>\$ 376,094,549</u>	<u>\$ 368,183,682</u>	<u>\$ 381,029,184</u>	<u>\$ 350,106,938</u>	<u>\$ 356,108,913</u>	<u>\$ 358,753,733</u>	<u>\$ 347,536,276</u>
Total net debt applicable to limit as a % of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.3%	10.2%	10.1%	10.4%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$ 3,554,810,602
Add: exempt property	<u>324,352,155</u>
Total assessed value	3,879,162,757
	10.0%
Debt limit (10% of assessed value)	<u>\$ 387,916,276</u>
Debt applicable to limit	
Total general obligation debt	<u>\$ 40,380,000</u>
Legal debt margin	<u>\$ 347,536,276</u>

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

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

Fiscal Year	Utility Revenue Bonds					
	Utility Service Charges	Utility Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
2012	\$ 176,942,000	\$ 124,071,000	\$ 43,245,000	\$ -	\$ -	-
2013	185,614,000	133,951,000	42,490,000	-	-	-
2014	199,317,000	147,769,000	51,548,000	-	-	-
2015	202,061,000	137,377,000	64,684,000	-	-	-
2016	205,218,000	141,634,000	63,584,000	-	-	-
2017	211,189,000	151,736,000	59,453,000	-	2,414,000	24.6
2018	213,990,000	143,950,000	70,040,000	2,172,000	3,020,000	13.5
2019	217,616,000	139,651,000	77,965,000	2,202,000	2,915,000	15.2
2020	203,811,000	129,595,000	74,216,000	2,312,000	5,524,000	9.5
2021	236,484,000	169,960,000	66,524,000	5,020,000	6,376,000	5.8

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
2012	33,413 *	\$ 953,874	\$ 28,548	10.4%	7,225
2013	33,414 *	983,407	29,431	9.2%	7,518
2014	33,529 *	1,028,267	30,668	7.2%	7,703
2015	33,853 *	1,067,689	31,539	5.9%	7,835
2016	34,077 *	1,153,063	33,837	6.0%	7,966
2017	33,748 *	1,146,858	33,983	5.6%	7,899
2018	33,540 *	1,173,363	34,984	5.0%	7,998
2019	33,665 *	1,222,578	36,316	4.9%	7,921
2020	34,417	1,403,559	40,781	4.0%	7,883
2021	NA	NA	NA	3.0%	7,801

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

* Estimated

NA Not yet available

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

Taxpayer	2021			2012		
	Employees (1)	Rank	Percentage of Total City Employees	Employees (1)	Rank	Percentage of Total City Employees
Shaw Industries, Inc.	4,429	1	12.9%	4,488	1	13.4%
Mohawk Industries, Inc.	1,916	2	5.6%	2,028	2	6.1%
Hamilton Medical Center	1,841	3	5.3%	1,224	4	3.7%
Dalton Public School System	1,091	4	3.2%	908	5	2.7%
Engineered Floors, LLC (2)	914	5	2.7%	-	NA	0.0%
City of Dalton, Georgia	706	6	2.1%	653	8	2.0%
Tarket USA (3)	680	7	2.0%	-	NA	0.0%
Wal-Mart Stores, LP	374	8	1.1%	352	10	1.1%
Shiroki Georgia, LLC	283	9	0.8%	-	NA	0.0%
Columbia Recycling Corp.	267	10	0.8%	420	9	1.3%
Beaulieu of America, LLC (2)	-	NA	0.0%	1,541	3	4.6%
Tandus Centiva, Inc. (3)	-	NA	0.0%	822	6	2.5%
J & J Industries (2)	-	NA	0.0%	723	7	2.2%

NA Information not available

(1) Includes City of Dalton only

(2) J & J Industries and Beaulieu of America, LLC were purchased by Engineered Floors, LLC

(3) Tandus Centiva, Inc. and Lexmark Carpet Mills, Inc. were combined as Tarket USA

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

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

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

Function/Program	For the year ending December 31,									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government										
Administration and elected officials	7	7	7	7	6	6	7	8	8	10
Human Resources	3	3	3	3	3	3	3	3	3	3
City Clerk	3	3	3	3	3	3	3	3	3	3
IT	1	1	2	2	2	2	2	2	3	3
Finance	4	4	5	5	5	5	5	5	5	4
Municipal Court	4	4	5	5	5	5	5	5	5	5
Public Safety										
Police - Officers	79	81	82	83	81	85	85	88	84	80
Police - Civilians	15	14	15	15	15	13	13	13	12	12
Fire - Firefighters and officers	83	89	88	93	91	92	90	93	90	93
Fire - Civilians	1	2	3	3	3	3	3	3	3	1
Public Works										
Refuse collection	31	31	30	29	30	28	26	27	24	27
Streets	11	11	11	11	11	11	10	10	10	9
Other	27	25	25	30	30	30	34	34	34	36
DWRSWMA (Landfill)	37	36	36	36	36	36	40	39	39	41
WLSF (Dalton Utilities)	301	304	310	308	308	309	310	315	310	322
Culture and Recreation										
Recreation	28	29	27	27	28	29	30	32	30	29
Golf Course	6	6	6	8	10	7	7	7	7	7
Senior Center	4	4	4	4	4	4	4	5	5	5
Trade Center	5	12	15	15	15	17	17	14	15	13
Economic Development and Assistance										
Airport	-	-	1	2	2	2	2	3	3	3

Source: City of Dalton and WLSF Commission payroll departments

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

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

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

Function/Program	For the year ending December 31,									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Public Safety										
Police										
Physical arrests	4,212	4,682	4,109	4,014	3,668	4,424	4,897	4,712	3,801	4,105
Traffic citations and warnings	10,831	11,375	12,943	11,174	10,826	11,710	13,857	12,644	11,704	11,344
Fire										
Calls answered	2,744	2,537	2,663	2,896	3,590	3,719	3,867	3,906	3,358	3,997
Inspections conducted	220	610	598	259	717	1,080	1,536	3,090	1,545	1,314
Public Works										
Streets resurfaced (miles)	2	2	4	7	4	7	8	6	5	6
Refuse collected (tons)	8,093	8,817	9,838	11,264	11,405	11,748	12,397	12,848	12,174	11,679
Culture and Recreation										
Youth athletic enrollment	2,698	4,258	4,273	4,500	4,535	4,580	4,862	4,869	3,487	2,452
Adult athletic enrollment	2,292	2,089	2,001	1,950	1,935	1,940	1,780	1,756	1,320	1,584
Special events	25,120	20,000	26,452	29,000	28,960	29,558	29,360	29,736	15,947	24,612
Tournaments	22,868	24,268	25,267	25,398	26,243	25,253	24,868	24,532	28,534	31,000
Round of golf	NA	NA	NA	NA	NA	21,758	12,505	24,909	24,341	27,209
Tournament rounds of golf	NA	NA	NA	NA	NA	1,877	1,454	2,493	774	2,286
Senior Center meals	NA	NA	NA	NA	NA	17,250	17,500	18,000	7,141	10,231
Special needs participation	NA	NA	NA	NA	NA	1,108	1,230	1,454	402	590

(continued)

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

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

Function/Program	For the year ending December 31,									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
WLSF (Dalton Utilities) (1) (2)										
Electric System										
Number of service connections	15,625	16,512	16,664	16,882	16,907	16,802	16,874	16,815	15,414	15,856
Daily average consumption	3,976	4,236	4,485	4,762	4,931	5,073	5,233	5,663	5,408	5,788
Maximum daily peak (MW's)	243	237	256	267	275	271	283	301	299	414
Natural Gas System										
Number of service connections	7,623	7,594	7,813	7,554	7,534	7,445	7,426	7,456	7,357	7,324
Daily average consumption	4,798	5,819	7,840	7,295	8,622	13,716	14,492	13,515	12,285	13,931
Maximum daily peak (Dkthms)	17,217	18,163	23,440	24,166	25,681	27,824	37,489	32,948	32,662	30,785
Sewer system										
Number of service connections	12,450	12,616	12,773	12,884	12,916	12,847	13,006	13,090	13,334	13,279
Daily average treatment	20	22	20	21	19	23	24	20	25	24
Maximum daily capacity (Mil/gallons)	67	67	67	67	67	67	67	67	66	66
Water system										
Number of service connections	35,674	35,236	35,423	35,532	36,217	36,084	35,580	35,872	36,194	36,273
Daily average consumption (Mil/gallons)	22	23	25	27	27	27	28	27	27	25
Maximum daily capacity (Mil/gallons)	66	66	66	66	66	66	66	66	66	590
Optilink (Telecom) System										
Number of service connections	12,033	12,234	12,502	12,934	13,393	13,534	13,624	13,169	13,729	13,749

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

Function/Program	For the year ending December 31,									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	58	58	63	63	65	65	65	65	65	65
Fire										
Number of stations	5	5	5	5	5	5	5	5	5	5
Streets and Sanitation										
Miles of streets	174	178	180	180	180	180	181	191	186	187
Streetlights	4,525	4,545	4,610	4,615	4,620	4,633	4,638	4,649	4,625	4,657
Culture and Recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Parks	13	13	13	13	13	13	14	14	14	14
Park acreage	719	719	719	719	734	734	1,260	1,260	1,260	1,260
Golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	22	22	22	22	28	28	28	28	28	28
WLSF (Dalton Utilities)										
Electric System										
Miles of distribution	301	310	317	334	339	356	356	390	390	390
Number of substations	9	10	10	11	11	11	11	12	12	12
Natural gas system										
Miles of distribution	324	279	285	292	296	298	341	363	350	353
Sewer system										
Miles of sewer	319	323	323	324	328	336	335	337	337	345
Number of treatment plants	5	5	5	5	5	5	5	5	4	4
Water system										
Miles of water mains	1,249	1,248	1,250	1,251	1,244	1,234	1,223	1,224	1,224	1,215
Number of fire hydrants	5,004	5,008	5,010	5,029	5,040	5,055	5,077	5,077	5,077	5,080
Optilink (Telecom) System										
Miles of fiber optics	601	626	827	1,096	1,317	1,367	1,422	1,479	682	1,779

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, 2021

Project Name	Original Estimated Project Cost	Revised Estimated SPLOST Funds	Prior Years	Current Year	Total	Estimated Percentage Complete
SPLOST 2020 (2020 Referendum):						
Public safety building and vehicles	\$ 4,968,000	\$ 4,968,000	\$ -	\$ 1,036,635	\$ 1,036,635	21%
Renovations to John Davis and Heritage Park	11,175,000	11,175,000	600	271,396	271,996	2%
Renovations to Dalton-Whitfield Senior Center	425,000	425,000	-	-	-	0%
Roads, streets, bridges, stormwater projects, and equipment	<u>2,531,000</u>	<u>2,543,263</u>	<u>-</u>	<u>524,709</u>	<u>524,709</u>	21%
	<u>\$ 19,099,000</u>	<u>\$ 19,111,263</u>	<u>\$ 600</u>	<u>\$ 1,832,740</u>	<u>\$ 1,833,340</u>	10%
SPLOST 2015 (2015 Referendum):						
County-wide communications project	\$ 3,901,000	\$ 3,901,222	\$ 3,901,222	\$ -	\$ 3,901,222	100%
County-wide library project	163,000	162,551	162,551	-	162,551	100%
Lakeshore Park recreation project	2,200,000	2,133,394	2,133,394	-	2,133,394	100%
Public safety vehicles	3,200,000	3,193,319	3,193,318	-	3,193,318	100%
Haig Mill reservoir recreation project	5,000,000	5,293,814	5,293,814	-	5,293,814	100%
Streets, bridges, and stormwater projects	<u>10,000,000</u>	<u>12,005,658</u>	<u>6,434,320</u>	<u>2,433,912</u>	<u>8,868,232</u>	74%
	<u>\$ 24,464,000</u>	<u>\$ 26,689,958</u>	<u>\$ 21,118,619</u>	<u>\$ 2,433,912</u>	<u>\$ 23,552,531</u>	88%
SPLOST 2008 (2007 Referendum):						
Road Projects	<u>\$ 30,384,359</u>	<u>\$ 14,363,897</u>	<u>\$ 14,363,897</u>	<u>\$ -</u>	<u>\$ 14,363,897</u>	100%
Total	<u>\$ 73,947,359</u>	<u>\$ 60,165,118</u>	<u>\$ 35,483,116</u>	<u>\$ 4,266,652</u>	<u>\$ 39,749,768</u>	

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

Note: Expenditures presented on this schedule are \$556,967 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 current year expenditures in SPLOST capital projects funds for paving and drainage projects, which are SPLOST projects but were funded by transfers from the general fund.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by Comptroller General of the United States (“*Government Auditing Standards*”), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia as of and for the year ended December 31, 2021, 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 30, 2022. Our report includes a reference to other auditors who audited the financial statements of the WLSF Commission, as described in our report on the City of Dalton, Georgia's financial statements. This report does not include the results of the other auditor’s testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-01, which we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Dalton, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Dalton, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Dalton, Georgia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 30, 2022



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Dalton, Georgia’s compliance with the types of compliance requirements identified as subject to audit 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, 2021. The City of Dalton, Georgia’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. In our opinion, the City of Dalton, Georgia complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“GAAS”); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (“*Government Auditing Standards*”); 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”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the City of Dalton, Georgia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Dalton, Georgia’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Estes & Walcott

Dalton, Georgia

June 30, 2022

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2021

Summary of Audit Results

1. The auditor's 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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. 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 Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's 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 Housing and Urban Development
 - Direct funding:
 - CDBG Entitlement Grants Cluster:
 - Community Development Block Grants/Entitlement Grants
 - CFDA # 14.218
8. The threshold for distinguishing Type A and B programs is \$750,000.
9. The City of Dalton, Georgia was not determined to be a low-risk auditee.

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2021

Findings – Financial Statement Audit

2021-001 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. As of June 20, 2022, the City of Dalton has entered into an agreement with a for-profit organization for outsourcing of the City's concessions operations, in part to remedy these control weaknesses.

City of Dalton, Georgia
Schedule of Expenditures of Federal Awards
December 31, 2021

Federal Grantor / Pass-Through Grantor / Program Title / Contract Number	Pass-Through Grantor ID Number	Federal CFDA Number	Current Year Expenditures	Federal Awards Passed Through to Subrecipients
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct funding:				
CDBG Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants				
		14.218		
Grant/Contract # B19MC130011	N/A		\$ 7,180	
Grant/Contract # B20MC130011	N/A		341,743	
COVID-19 - Grant/Contract # B20MW130011	N/A		207,021	
COVID-19 - Grant/Contract # B21MW130011	N/A		83,454	
			<u>639,398</u>	<u>360,854</u>
U.S. DEPARTMENT OF JUSTICE				
Direct funding:				
Bulletproof Vest Partnership Program				
		16.607		
Grant/Contract # 2019BUBX19096945	N/A		412	-
Grant/Contract # 2020BUBX20019780	N/A		10,591	-
			<u>11,003</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Pass-through Georgia Department of Transportation:				
Airport Improvement Program				
		20.106		
Grant/Contract # AP022-90AR-42(313)			59,000	-
Grant/Contract # AP022-90CR-42(313)			23,000	-
Not yet assigned			53,778	-
			<u>135,778</u>	<u>-</u>
U.S. DEPARTMENT OF THE TREASURY				
Direct funding:				
COVID-19 - American Rescue Plan Act	N/A	21.027	2,255	-
			<u>2,255</u>	<u>-</u>
Total			<u>\$ 788,434</u>	<u>\$ 360,854</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards
N/A - Pass-Through Grantor ID not applicable to direct funding

City of Dalton, Georgia
Notes to Schedule of Expenditures of Federal Awards
December 31, 2021

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, 2021

Prior Year Findings – Financial Statement Audit

2020-001 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 the decision to outsource the concession operations. Management believes this will not be a finding next year.