

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2022



CITY OF DALTON
GEORGIA

CITY OF DALTON, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For The Year Ended
December 31, 2022

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, 2022**

TABLE OF CONTENTS

Introductory Section

Table of Contents.....	i
Letter of Transmittal.....	vi
GFOA Certificate of Achievement.....	xiii
City Officials and Administration.....	xiv
Organizational Chart.....	xv

Financial Section

Independent Auditor's Report	1
---	----------

Management's Discussion and Analysis (Unaudited)	4
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Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position.....	21
Statement of Activities.....	23

Fund Financial Statements

Balance Sheet - Governmental Funds.....	24
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	27
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund.....	28
Statement of Net Position - Proprietary Funds.....	29
Reconciliation of the Statement of Net Position of Proprietary Funds to the Statement of Net Position.....	31
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	32
Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Net Position of Proprietary Funds to the Statement of Activities.....	33
Statement of Cash Flows - Proprietary Funds.....	34
Statement of Fiduciary Net Position.....	36
Statement of Changes in Fiduciary Net Position.....	37

Notes to the Basic Financial Statements	38
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Required Supplementary Information

Schedule of Changes in the Net Pension (Asset) Liability.....	101
Schedule of Funding Progress for Pensions.....	102
Schedule of Actuarially Determined Contributions for Pensions.....	103
Schedule of Annual Money-Weighted Rates of Return and Notes to Required Supplementary Information for Pensions.....	104
Schedule of Changes in the Net OPEB Liability.....	105
Schedule of Funding Progress for OPEB.....	106
Notes to Required Supplementary Information for OPEB.....	107

City of Dalton, Georgia
Annual Comprehensive Financial Report
For The Year Ended December 31, 2022

TABLE OF CONTENTS

Other Combining and Individual Fund Statements and Schedules

Governmental Funds

Nonmajor Governmental Funds

Combining Balance Sheet - By Fund Type.....	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - By Fund Type.....	109

Major Governmental Fund

Comparative Balance Sheet - General Fund.....	110
Schedule of Revenues - Budget and Actual - General Fund.....	111
Schedule of Expenditures - Budget and Actual - General Fund.....	113

Nonmajor Special Revenue Funds

Combining Balance Sheet.....	120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	121
Comparative Balance Sheet - Hotel/Motel Tax Fund.....	123
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Hotel/Motel Tax Fund.....	124
Comparative Balance Sheet - Confiscated Assets Fund.....	125
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Confiscated Assets Fund.....	126
Comparative Balance Sheet - Community Development Block Grant Fund.....	127
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Community Development Block Grant Fund.....	128
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CHIP Grant.....	129
Comparative Balance Sheet - Airport Improvement Grant Fund.....	130
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Airport Improvement Grant Fund.....	131
Comparative Balance Sheet - ARPA Grant Fund.....	132
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - ARPA Grant Fund.....	133
Comparative Balance Sheet - Tax Allocation Districts #1, #3, and #4 Funds.....	134
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Tax Allocation Districts #1, #3, and #4 Funds.....	135
Comparative Balance Sheet - Economic Development Fund.....	136
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Economic Development Fund.....	137
Comparative Balance Sheet - Opioid Settlement Fund.....	138
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Opioid Settlement Fund.....	139

Nonmajor Debt Service Fund

Comparative Balance Sheet.....	140
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual.....	141

City of Dalton, Georgia
Annual Comprehensive Financial Report
For The Year Ended December 31, 2022

TABLE OF CONTENTS

Nonmajor Capital Projects Funds

Combining Balance Sheet.....	142
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	143
Comparative Balance Sheet - Bonded Capital Projects Fund.....	144
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Bonded Capital Projects Fund.....	145
Comparative Balance Sheet - SPLOST 2020 Capital Projects Fund.....	146
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - SPLOST 2020 Capital Projects Fund.....	147
Comparative Balance Sheet - SPLOST 2015 Capital Projects Fund.....	148
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - SPLOST 2015 Capital Projects Fund.....	149
Comparative Balance Sheet - Capital Acquisition Fund.....	150
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Acquisition Fund.....	151

Proprietary Funds

Nonmajor Enterprise Funds

Combining Statement of Net Position.....	152
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position.....	153
Combining Statement of Cash Flows.....	154

Major Enterprise Fund

Combining Schedule of Net Position - Water, Light, and Sinking Commission Fund.....	155
Combining Schedule of Revenues, Expenses, an Changes in Fund Net Position - Water, Light, and Sinking Commission Fund.....	157

Nonmajor Enterprise Funds

Comparative Statement of Net Position - Municipal Golf Course Fund.....	158
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Municipal Golf Course Fund.....	159
Comparative Statement of Net Position - Dalton Municipal Airport Fund.....	160
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Dalton Municipal Airport Fund.....	161

Internal Service Funds

Combining Statement of Net Position.....	162
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position.....	163
Combining Statement of Cash Flows.....	164
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Workers' Compensation Fund.....	165
Comparative Statement of Net Position - Health Insurance Fund.....	166
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Health Insurance Fund.....	167
Comparative Statement of Net Position - Risk Pool Fund.....	168
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - Risk Pool Fund.....	169

**City of Dalton, Georgia
Annual Comprehensive Financial Report
For The Year Ended December 31, 2022**

TABLE OF CONTENTS

Fiduciary Funds

Combining Statement of Fiduciary Net Position - Trust Funds.....	170
Combining Statement of Changes in Fiduciary Net Position - Trust Funds.....	171
Combining Statement of Fiduciary Net Position - Custodial Funds.....	172
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds.....	173

Discretely Presented Component Unit

Comparative Statement of Net Position - City of Dalton Building Authority.....	174
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position - City of Dalton Building Authority.....	175
Comparative Statement of Cash Flows - City of Dalton Building Authority.....	176

Statistical Section

Financial Trends

Net Position by Component.....	177
Changes in Net Position.....	178
Fund Balances of Governmental Funds.....	182
Changes in Fund Balances of Governmental Funds.....	183

Revenue Capacity

Assessed Value and Estimated Actual Value of Taxable Property.....	185
Direct and Overlapping Property Tax Rates.....	186
Principal Property Taxpayers.....	187
Property Tax Levies and Collections.....	188

Debt Capacity

Ratios of Outstanding Debt by Type.....	189
Ratios of General Obligation Debt Outstanding.....	190
Direct and Overlapping Governmental Activities Debt.....	191
Legal Debt Margin Information.....	192
Pledged-Revenue Coverage.....	193

Demographic and Economic Information

Demographic and Economic Statistics.....	194
Principal Employers.....	195
Full-time Equivalent City Government Employees by Function/Program.....	196
Operating Indicators by Function/Program.....	197
Capital Asset Statistics by Function/Program.....	199

City of Dalton, Georgia
Annual Comprehensive Financial Report
For The Year Ended December 31, 2022

TABLE OF CONTENTS

Compliance Section

Schedule of Projects Constructed with Special Purpose Local Option Sales Tax.....	200
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 <i>Government Auditing Standards</i>	201
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	203
Schedule of Findings and Questioned Costs.....	206
Schedule of Expenditures of Federal Awards.....	207
Notes to the Schedule of Expenditures of Federal Awards.....	208
Schedule of Prior Year Audit Findings.....	209



July 28, 2023

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

We are pleased to present the Annual Comprehensive Financial Report (“ACFR”) of the City of Dalton (the “City”) for the year ended December 31, 2022. Georgia code requires that the City issue an annual report on its financial position and activity within six months of the close of each fiscal year. The report is to be presented in conformity with generally accepted accounting principles (“GAAP”), federal and state regulations, and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. As mandated, we submit this report for your consideration.

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

The City of Dalton’s financial statements have been audited by Estes & Walcott, Certified Public Accountants. The independent auditor has concluded, based upon the audit, that there was reasonable basis for rendering an unmodified (clean) opinion that the City’s financial statements for the year ended December 31, 2022 are fairly presented in conformity with GAAP. The independent auditor’s report is presented in the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial representation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements involving the administration of federal awards. These reports are presented in the Special Reports Section of this report.

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

PROFILE OF THE GOVERNMENT

Dalton is located in northwest Georgia at the foothills of the Appalachian Mountains. Dalton is conveniently located off Interstate 75, within 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 was chartered December 29, 1847.

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

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

The City of Dalton provides a full range of services to its citizens. These services include police and fire protection, a court system, highway and street maintenance, sanitation, code compliance, recreational activities and facilities, a golf course, an airport, a utility, 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 Combined Financial Statements of the City include all government activities, organizations, and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board. The 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.

During 2022, the Senior Center was jointly funded with Whitfield County and 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. Beginning January 1, 2023, Whitfield County government assumed full ownership and management of the Senior Center. The City also exercises fiduciary responsibility over the Employees' Pension Trust Fund and the Other Post Employment Benefit Trust Fund.

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 three of the largest carpet producers in the world (Shaw Industries, Mohawk Industries, and Engineered Floors) 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 most of the pandemic. The tourism and locally owned small businesses were impacted the most, but 2022 reflected robust hotel-motel tax revenue that exceeded pre-pandemic levels by 17%, and sales tax collections county-wide exceeded pre-pandemic levels by 34%.

The Dalton Metropolitan Statistical Area ("MSA") unemployment was 4.1% at the end of 2022, and is currently 3.8% as of May 2023. We are currently slightly above the national average of 3.7% and the state rate of 3.2%. We ended 2021 at 3.0%.

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, diverse investments, and growing the tax base. Dalton's economic development policies are implemented by the JDA. The JDA targets manufacturing, automotive, plastics/chemical, food processing, and data center industries due to the area's skilled work force, water-rich community, and physical location. In 2022, the JDA also placed a major focus on housing development to support the work force required by the various industries referenced above. Likewise, the JDA also had a role in retail/commercial recruitment in 2022 to broaden the sales tax base and to provide more opportunities for the community to dine and shop within the City.

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

- Hanwha Qcells – is an international company that manufactures solar modules. 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. Additionally, in 2023, Governor Kemp announced a phase 3 expansion of the Qcells facility, bringing an additional \$208 million in investment and 510 additional jobs.
- Essentia Protein Solutions – is a global producer of animal protein solutions for the food and beverage industry. In 2022, Essentia announced construction of a facility within the Carbondale Business Park which represents an \$80 million investment, creating 80 new jobs. The facility construction is underway and will be operational in 2024. This manufacturing process requires high utility consumption and will be a water, wastewater, and natural gas customer of Dalton Utilities.
- Engineered Floors, LLC – announced a new line of luxury vinyl flooring to be manufactured within a 1.2 million square foot facility within the City, creating 200+ new jobs and more than \$130 million of investment.
- Techniplas – is a global producer of highly engineered plastic components. In 2022, Techniplas purchased a segment of Lyle Industries’ automotive business and is expanding this operation. The company announced a \$9 million expansion plan creating 25 new jobs.
- Multi-Family Residential Development – To support a world class, diversified industry, one of the most critical components is available housing. In 2022, the JDA and City worked to permit two large scale apartment projects (Alta Dalton and Hammond Creek Township) which will create 400+ market rate apartments with amenities. Both projects are under construction and are expected to complete by the summer of 2024. In downtown, the former motor lodge is being renovated by a developer to create micro-apartments, which will create 136 units and represents an over \$10 million investment.
- Commercial endeavors – Several retail projects were announced within the City in 2022 and will help increase the tax digest and sales tax collections. The projects include a new Chick-fil-A and America’s Thrift Store on Glenwood Avenue, the complete rebuild of the Chick-fil-A on W. Walnut Avenue, and new companies located on W. Walnut Avenue – Starbucks, Crumble Cookie, Olive Garden (opening soon), and Chipotle (under construction).



Hammond Creek Township Multi-Family Residential Development Permitted in 2022

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 2023, HHCS announced plans for expanding the hospital campus to include a cardiovascular pavilion. The expansion will add 175,000 square feet of space dedicated to advanced treatment of the growing cardiovascular needs of the region and will include such services as cardiovascular surgery, electrophysiology, interventional cardiology, and structural cardiology. These advances have made HHCS a premier cardiovascular hospital within the region, and a nationally accredited Chest Pain Center.

Junior Achievement (“JA”) of Georgia continued operations of the JA Discovery Center in 2022. The 15,000 square foot hybrid space combines 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 May of 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 \$19.1 million. In 2022, City continued execution of projects on the referendum list utilizing its share of the SPLOST proceeds. In September of 2022, construction of the Heritage Point Soccer Complex, a facility which features two (2) full-sized FIFA regulation soccer fields, was completed. Dalton is widely known for its competitive soccer programs, and this facility provides 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. Also in 2022, Public Works utilized the SPLOST funds to complete over \$1.2 million of City street resurfacing and replaced aging public works heavy equipment. Design for the renovations of the City Parks and Recreation Department’s headquarters, John Davis Recreation Center, also continued in 2022, and construction began in the summer of 2023.



Heritage Point Soccer Complex After Completion in September of 2022

Many other infrastructure projects were completed in 2022, including the E. Morris Street sidewalk improvements. The City continues to invest heavily in addressing longstanding stormwater challenges, localized flooding, and aging infrastructure utilizing the master plan developed by the City’s stormwater consultant, Arcadis. Many stormwater projects were in the design phase at the end of 2022, but several regional detention projects were completed in various locations throughout the City, such as the Brookwood Drive Flood Storage project.



Brookwood Drive Regional Flood Storage and Stormwater Detention Project Completed



Burr Park during an Event Following Construction of the Restroom/Concessions Structure (Shown in Background)

Throughout 2022, downtown Dalton continued to thrive as many efforts have been placed into downtown revitalization. In 2022, the City Council appropriated funds in partnership with the Community Foundation of Northwest Georgia to construct a restroom and concessions building at Burr Park. This structure compliments the performing arts amphitheater, which plays host to concerts, plays, and other ceremonies. Because of these improvements and engaging community events, it was estimated that Burr Park received over 60,000 visitors in 2022.

City leaders continue to be committed to improve the City’s overall appearance and to remove blight. In 2022, the City placed a continued focus on its 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 allows the public works department to demolish the unsafe structure, remove the debris, and position the lot for future development. Once the project is complete, the property owner reimburses the City for its direct costs associated with the cleanup. This program provides the Code Compliance Inspectors with a creative tool to address unsafe, unsanitary, and dilapidated structures within the City, and has resulted in the removal of several problematic abandoned homes. 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.



Two Dangerous Residential Structure Removed by Public Works in 2022

In April of 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 recreation, economic development, and stormwater infrastructure projects. These funds will be combined with various other funding sources for completion of projects.

In 2021, the City developed a Capital Improvement Plan to identify capital needs. In 2022, the City infused \$3.0 million from general fund surplus to initially fund the plan. For the 2023 fiscal year, the City Council has approved funding of \$5.1 million to address the capital needs for parks and recreation, public works, public safety, and general government.



Public Works Sanitation Equipment Purchased in 2022 from the CIP Budget Allocation

LONG-TERM FINANCIAL PLANNING

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

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

The City’s utility sector, The Water, Light, and Sinking Fund Commission (“WLSF”), maintains a separate capital improvements program to provide for the needs of the community. The WLSF has a separate bond rating of BBB+ by S&P Global Ratings.

RELEVANT FINANCIAL POLICIES

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

The maintenance of an unreserved fund balance in the general fund is a necessary component of the City’s overall financial management strategy. Maintaining an adequate fund balance and assures resources for sufficient cash flow and the ability to cover unexpected expenditures or revenue shortfalls. The reserve should retain no less than three months (25%) of operating expenditures. The City continues to maintain a healthy unreserved fund balance at 71% of operating expenditures.

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

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

AWARDS AND ACKNOWLEDGMENT

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Excellence in Financial Reporting to the City of Dalton for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. This is the twentieth 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 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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Dalton
Georgia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

City of Dalton, Georgia
City Officials and Administration
December 31, 2022

David Pennington
Mayor

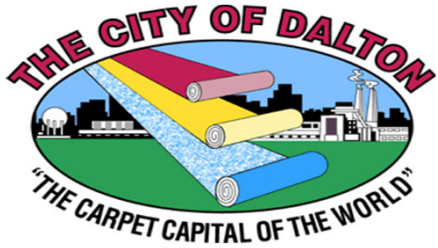
City Council

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

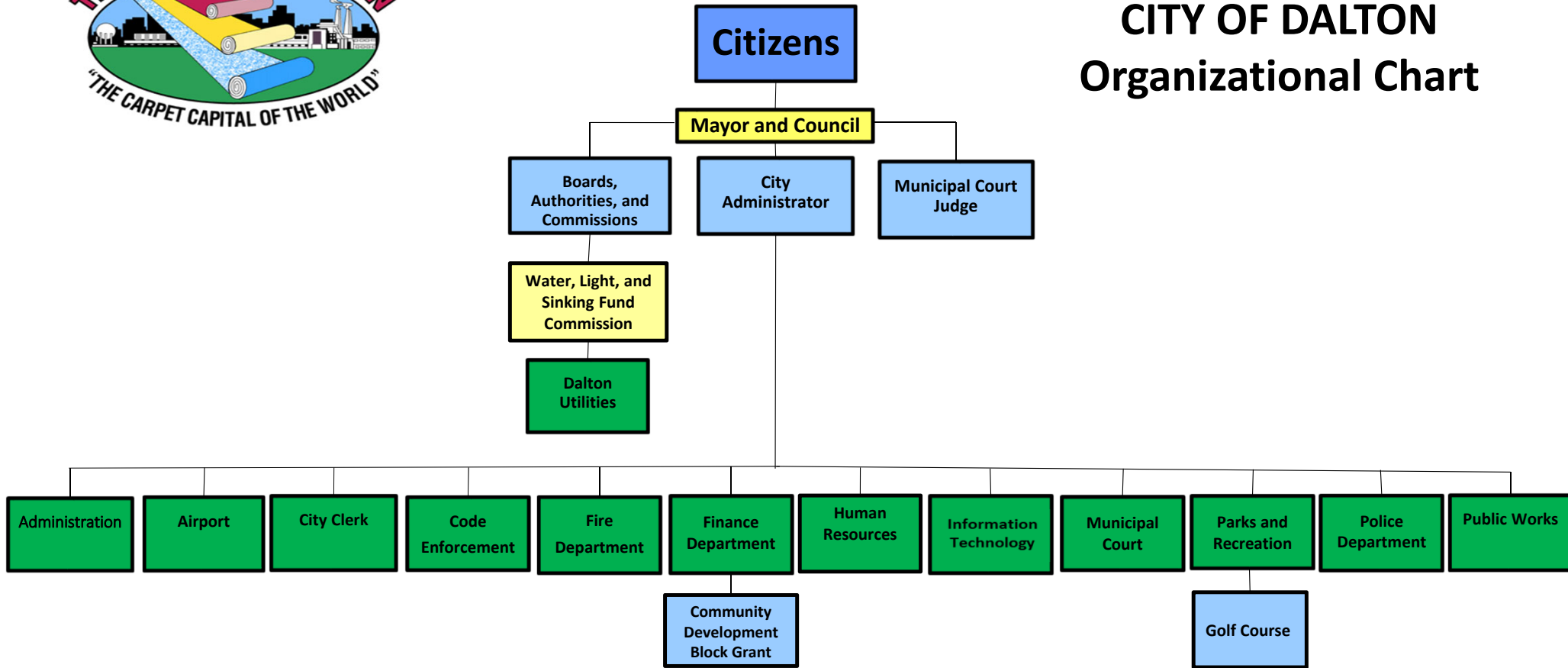
City Administration

Andrew Parker
Cindy Jackson
Bernadette Chattam
Tom Bundros
Todd Pangle
Greg Batts
Caitlin Sharpe
Cliff Cason
Chad Townsend

City Administrator
Chief Financial Officer
City Clerk
WLSF Commission CEO
Fire Chief
Human Resource Director
Parks & Recreation Director
Police Chief
Public Works Director



CITY OF DALTON Organizational Chart





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, 2022, 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, 2022, 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 98%, 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, 101-104, and 105-107 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 July 28, 2023 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
July 28, 2023

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

The City of Dalton's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the calendar year ended December 31, 2022. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures that follow this section. The purpose of this narrative is to provide objective and transparent analysis of the City's annual financial performance, current financial position, and future projections for sustainability.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$1,182.3 million (net position) for the calendar year reported. This represents an increase of \$15.6 million from the prior year net position.
- Total net position is comprised of the following:
 - Net investment in capital assets of \$1,012.8 million includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - Net position of \$123.3 million is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - Unrestricted net position of \$46.2 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 \$66.6 million this year. This represents an increase of \$8.3 million from the prior year.
- At the end of the current calendar year, unassigned fund balance for the general fund was \$26.0 million, or 71% of total general fund expenditures.
- The business-type activities enterprise funds reported total ending net position of \$1,068.2 million as of December 31, 2022. This reflects an increase of \$2.1 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 \$11.9 million to the general fund during 2022. 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 are comprised of 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, 2022
(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 declining. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

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

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

- **Governmental activities** – 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, 2022
(Unaudited)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The 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, unlike the government-wide statements, the governmental fund financial statements focus on short-term financing requirements. This approach is known as the flow of current financial resources measurement focus and the modified accrual basis of accounting. These provide a detailed short-term view of the City's finances that assists in determining whether there will be adequate financial resources available to meet the City's current needs.

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

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, 2022
(Unaudited)

- **Fiduciary funds** - These funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are presented in the fund statements, but they are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The City's fiduciary funds consist of a pension trust fund, 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 notes to the financial statements provide additional detail that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 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 101 through 107 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 108.

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 174 through 176. 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, 2022
(Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Summary Statement of Net Position
Fiscal Years 2022 and 2021

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current assets	\$ 70,189,653	\$ 65,928,330	\$ 83,454,080	\$ 57,986,242	\$ 153,643,733	\$ 123,914,572
Capital assets	91,834,362	86,461,089	1,149,979,123	1,123,065,371	1,241,813,485	1,209,526,460
Other long-term assets	<u>1,336,108</u>	<u>1,534,879</u>	<u>179,475,702</u>	<u>202,777,997</u>	<u>180,811,810</u>	<u>204,312,876</u>
Total assets	<u>163,360,123</u>	<u>153,924,298</u>	<u>1,412,908,905</u>	<u>1,383,829,610</u>	<u>1,576,269,028</u>	<u>1,537,753,908</u>
Deferred outflows of resources						
	<u>15,029,750</u>	<u>3,557,136</u>	<u>17,586,882</u>	<u>5,676,518</u>	<u>32,616,632</u>	<u>9,233,654</u>
Total assets and deferred outflows	<u>\$178,389,873</u>	<u>\$157,481,434</u>	<u>\$1,430,495,787</u>	<u>\$1,389,506,128</u>	<u>\$1,608,885,660</u>	<u>\$1,546,987,562</u>
Liabilities:						
Current liabilities	4,305,901	8,090,578	45,951,213	38,497,201	50,257,114	46,587,779
Long-term liabilities	<u>46,004,889</u>	<u>34,416,970</u>	<u>297,058,640</u>	<u>268,617,543</u>	<u>343,063,529</u>	<u>303,034,513</u>
Total liabilities	<u>50,310,790</u>	<u>42,507,548</u>	<u>343,009,853</u>	<u>307,114,744</u>	<u>393,320,643</u>	<u>349,622,292</u>
Deferred inflows of resources						
	<u>12,572,505</u>	<u>13,028,135</u>	<u>20,694,387</u>	<u>17,670,094</u>	<u>33,266,892</u>	<u>30,698,229</u>
Net position:						
Net investment in capital assets	90,345,875	86,153,457	922,458,123	886,567,371	1,012,803,998	972,720,828
Restricted	23,620,864	11,416,084	99,708,000	132,666,000	123,328,864	144,082,084
Unrestricted	<u>1,539,839</u>	<u>4,376,210</u>	<u>44,625,424</u>	<u>45,487,919</u>	<u>46,165,263</u>	<u>49,864,129</u>
Total net position	<u>115,506,578</u>	<u>101,945,751</u>	<u>1,066,791,547</u>	<u>1,064,721,290</u>	<u>1,182,298,125</u>	<u>1,166,667,041</u>
Total liabilities, deferred inflows, and net position	<u>\$178,389,873</u>	<u>\$157,481,434</u>	<u>\$1,430,495,787</u>	<u>\$1,389,506,128</u>	<u>\$1,608,885,660</u>	<u>\$1,546,987,562</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 \$1,182.3 million and \$1,166.7 million at the close of the fiscal years ended December 31, 2022 and 2021, respectively.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

The most substantial portion of the City's net position (86%) is net investment in capital assets (e.g., land, buildings, utility plant, infrastructure), less any related debt outstanding used to acquire those assets. These amounted to \$1,012.8 million and \$972.7 million at December 31, 2022 and 2021, respectively. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, because the City uses these assets to provide services to the citizens and therefore cannot liquidate them.

Restricted net position comprises the next largest component (10%) of total net position. Restricted net position experienced a decrease of \$20.8 million during the past year, from \$144.1 million to \$123.3 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 (4%) represents unrestricted net position. The statement shows a balance of \$46.2 million, which is a decrease of \$3.7 million from the prior year. 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 90% of total City-wide net position, the City generally only uses these resources to finance the continuing operations of the business-type activities.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

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

Summary Statement of Activities
Fiscal Years 2022 and 2021

	Governmental activities		Business-type activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program:						
Charges for services	\$ 2,881,689	\$ 2,695,553	\$ 381,810,280	\$ 239,933,058	\$ 384,691,969	\$ 242,628,611
Operating grants	12,514,808	2,088,783	-	-	12,514,808	2,088,783
Capital grants	7,575,851	7,159,521	-	-	7,575,851	7,159,521
General:						
Property taxes	8,020,014	7,903,363	-	-	8,020,014	7,903,363
Other taxes	16,994,258	15,525,547	-	-	16,994,258	15,525,547
Investment earnings	418,365	96,332	(4,181,768)	(220,893)	(3,763,403)	(124,561)
Miscellaneous	969,433	697,450	698,400	565,000	1,667,833	1,262,450
Total revenues	<u>49,374,418</u>	<u>36,166,549</u>	<u>378,326,912</u>	<u>240,277,165</u>	<u>427,701,330</u>	<u>276,443,714</u>
Program Expenses:						
General government	4,043,710	4,510,143	-	-	4,043,710	4,510,143
Judicial	500,868	287,867	-	-	500,868	287,867
Public safety	21,860,924	18,588,626	-	-	21,860,924	18,588,626
Public works	12,053,959	10,691,036	-	-	12,053,959	10,691,036
Health and welfare	616,355	663,315	-	-	616,355	663,315
Culture and recreation	5,740,343	5,260,407	-	-	5,740,343	5,260,407
Housing and development	697,488	1,526,828	-	-	697,488	1,526,828
Interest	828,202	482,128	-	-	828,202	482,128
Utilities	-	-	362,451,736	202,024,009	362,451,736	202,024,009
Trade Center	-	-	711,782	776,070	711,782	776,070
Golf course	-	-	1,207,302	1,163,606	1,207,302	1,163,606
Airport	-	-	1,357,577	1,057,142	1,357,577	1,057,142
Total expenses	<u>46,341,849</u>	<u>42,010,350</u>	<u>365,728,397</u>	<u>205,020,827</u>	<u>412,070,246</u>	<u>247,031,177</u>
Excess (deficiency)	3,032,569	(5,843,801)	12,598,515	35,256,338	15,631,084	29,412,537
Transfers	10,528,258	9,539,660	(10,528,258)	(9,539,660)	-	-
Change in net position	13,560,827	3,695,859	2,070,257	25,716,678	15,631,084	29,412,537
Beginning net position	<u>101,945,751</u>	<u>98,249,892</u>	<u>1,064,721,290</u>	<u>1,039,004,612</u>	<u>1,166,667,041</u>	<u>1,137,254,504</u>
Ending net position	<u>\$115,506,578</u>	<u>\$101,945,751</u>	<u>\$1,066,791,547</u>	<u>\$1,064,721,290</u>	<u>\$1,182,298,125</u>	<u>\$1,166,667,041</u>

Total revenues exceeded total expenses in the current year, resulting in an increase in the City's net position of \$15.6 million in year ended 2022 compared to an increase of \$29.4 million for the year ended 2021. The reasons for this overall increase are explained in the governmental and business-type activities discussion herein.

**City of Dalton, Georgia
Management’s Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)**

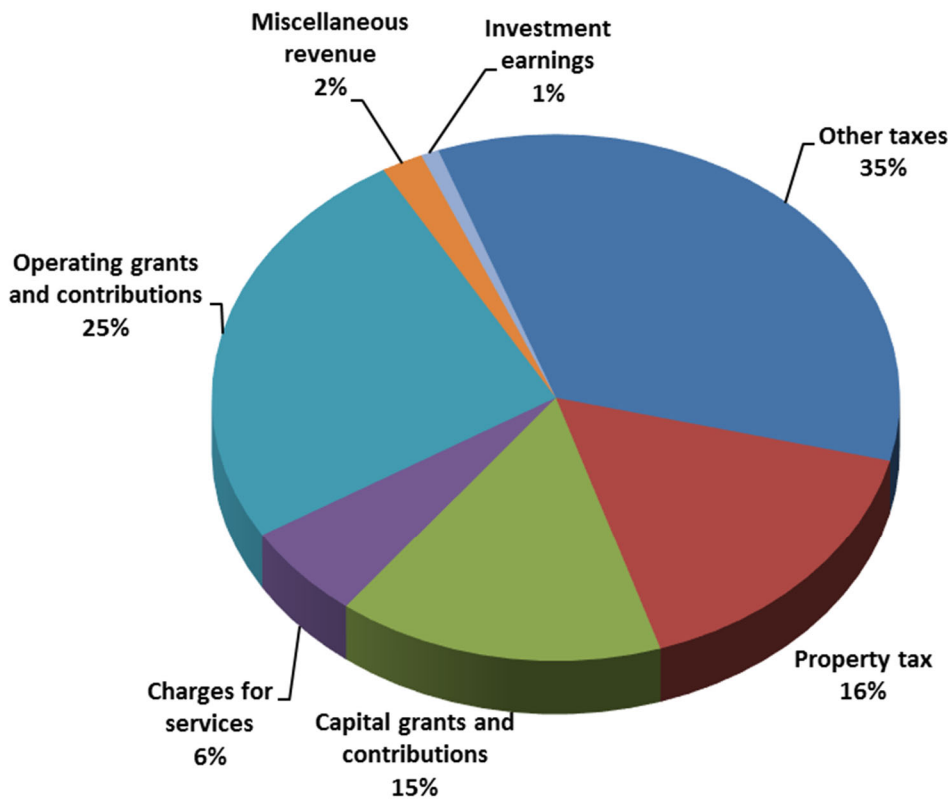
Governmental Activities

Net position for governmental activities increased \$13.6 million after transfers during 2022 compared to an increase of \$3.7 million in 2021. Total revenues increased \$13.2 million or 37% from the prior year and expenses increased \$4.3 million or 10%.

Improved total revenues are due to increases in operating grants of \$10.4 million (499%), other taxes \$1.5 million (9%), capital grants of \$416,000 (6%), and investment earnings of \$322,000 (334%). The increase in operating grants is attributable to funding from the U.S. Department of Treasury’s American Rescue Plan Act (Coronavirus State and Local Fiscal Recovery) with grants totaling \$9.1 million to provide recovery funding as a result of COVID-19. The growth in other taxes was due primarily to increased sales tax collections of \$1.0 million and hotel-motel tax of \$272,000. Capital grants increased due to increased funding from the airport improvement grant program of \$608,000 for infrastructure improvements. Investment earnings increased by \$322,000 due to increase in interest rates caused by inflation.

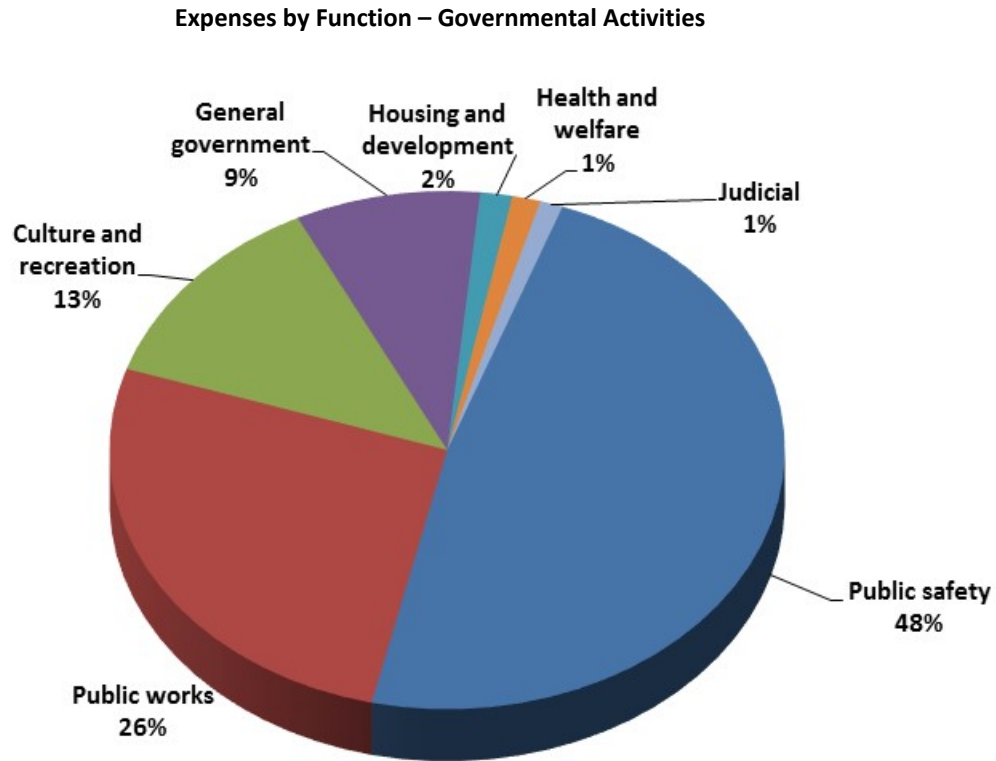
As depicted by the following chart, other taxes is the largest source of revenue (35%), followed by operating grants and contributions (25%), property tax (16%), capital grants and contributions (15%), and charges for services (6%).

Revenues by Source – Governmental Activities



**City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)**

Another component of change in net position is expense. As depicted by the following chart, the largest use of City resources for the year 2022 is public safety (48%), followed by public works (26%), culture and recreation (13%), and general government (9%).



As previously stated, the City's governmental activities total expenses increased \$4.3 million (10%).

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

Business-type Activities

The City's business-type activities revenues increased \$138.0 million (57%) and expenses increased \$160.7 million (78%).

Revenues:

The increase in charges for services of \$141.9 million (59%) is primarily attributable to the City's utility operations, the WLSF Commission, as follows:

- Electric operating revenues increased \$126.1 million (94%), primarily due to increased consumption in the traditional industrial and data center industrial classes, and the addition of the fuel adjustment surcharge.
- Natural gas operating revenues increased \$13.3 million (41%), primarily due to an increase in consumption across all customer classes.
- Water operating revenues increased by \$2.2 million (10%), primarily due to a rate increase of 5.5% for all customer classes. This increase was partially offset by decreased consumption from residential and commercial customers.
- Wastewater operating revenues increased by \$115,000 (0%), primarily due to rate increase of 5.5% for all customer classes, partially offset by a decrease in consumption from commercial customers.
- Information technology operating revenues increased \$158,000 (1%), due to an increase in cable TV, broadband, and internet revenues, partially offset by a decrease in telephone revenue.

The decrease in investment income of \$4.0 million (1793%) is primarily attributable to the WLSF Commission's operations as follows:

- Interest income decreased \$372,000 due to the reinvestment of portfolio securities at lower interest rates and decreased investment balances.
- The fair value of investments decreased \$3.6 million as a result of investment market changes throughout the year.

Expenses:

The increase in program expenses of \$160.4 million (79%) is primarily attributable to the WLSF Commission's operations as follows:

- Production expenses increased by \$37.2 million (92%), primarily due to an increase in fuel expenses for coal-fired plants, a wastewater settlement liability in the amount of \$25 million, and increases in salaries and wages, partially offset by decreases in maintenance expenses.
- Purchased electricity expenses increased \$99.4 million (155%), primarily due to increased consumption by data center industrial customers combined with increased purchased power pricing.
- Purchased natural gas expenses increased \$16.1 million (75%), 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 \$7.04 and \$3.79 per Dth for 2022 and 2021, respectively.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

- Distribution expenses increased by \$3.9 million (15%), primarily due to increases in maintenance, salaries, and increased transmission expenses.
- Depreciation and amortization expense increased \$1.5 million (6%), which reflects the addition of depreciable assets in the normal course of business.
- General and administrative expenses increased \$2.4 million (14%), primarily due to increases in merchant fees, required employer pension plan contributions, and employee salaries and wages.
- Interest expense decreased \$335,000 (6%) as a result of a decrease in the balance of revenue bonds outstanding.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported combined ending fund balances of \$66.6 million. Of this year-end total, 39% (\$26.0 million) is unassigned fund balance that is available for spending at the City's discretion. The remainder is nonspendable (\$227,000) or restricted for particular purposes (\$40.4 million). The general fund is the only fund that can have positive unassigned fund balance. The remainder of fund balance is either nonspendable, restricted by a third party, committed to be spent in a specified matter by formal resolution, or assigned for a specific purpose, including the 2023 budget.

The total combined ending fund balances of governmental funds reflect an increase of \$8.3 million. The general fund reported a decrease in fund balance of \$1.7 million and the other governmental funds reported an increase in fund balances of \$9.9 million

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

Major Governmental Fund

The general fund is the chief operating fund of the City. At the end of 2022, the fund balance of the general fund was \$26.5 million. Unassigned fund balance represents 71% of general fund expenditures, a decrease from the prior year, in which unassigned fund balance represented 86% of expenditures.

The general fund's performance resulted in expenditures exceeding revenues by \$1.7 million during the fiscal year. Total revenues increased by \$2.2 million (9%) and expenditures increased by \$4.2 million (13%) when compared to the prior year.

Key general fund revenues increasing over the prior year include sales tax of \$1.0 million due to increased retail, food, and beverage sales, franchise fees of \$125,000 due to implementation of a 5% electric franchise fee in the last quarter of 2022, increased federal and state grants of \$593,000, and increased investment earnings of \$243,000 due to rising interest rates from inflation.

The public safety function experienced the largest increase of \$2.3 million (13%) when compared to the prior year. Personal services and benefits increased by \$2.1 million due to an increase in wage rates for hiring and retention purposes coupled with an 18% increase in health insurance costs. Public works realized an increase of \$933,000 due to increased personal services and benefits of \$431,000, an increase in utility and fuel costs of \$289,000, and capital related spending of \$202,000. Culture and recreation increased \$437,000 from the prior year. The recreation department incurred increases in wages and benefits of \$218,000, an increase in utilities and fuel costs of \$100,000, an increase in facility maintenance due to aging facilities of \$72,000, and costs for the replacement of youth sports equipment. The health and welfare function increased \$179,000 (49%) due to termination of the Senior Center employees and the payment of accrued benefits (Whitfield County government assumed management of the Senior Center beginning January 1, 2023). The City also added a code compliance department for a portion of 2022 at a cost of \$80,000.

Other financing sources of \$21.4 million increased \$10.3 million from the prior year due to a transfer from the ARPA grant special revenue fund of \$8.9 million to subsidize City expenditures due to coronavirus and an increase in the transfer from the WLSF Commission of \$1.4 million.

Other financing uses of \$14.1 million increased by \$11.6 million from the prior year. The largest current year transfers out included \$8.9 million to the bonded capital projects fund for additional funding of recreation projects and \$3.4 million to the capital acquisition fund for various capital asset replacement and facility repairs. The largest prior year transfers out included \$1.3 million to the capital acquisition fund and \$566,000 to the SPLOST capital project funds.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

Capital Projects Funds

- The bonded capital projects fund is used to account for the acquisition and construction of major capital assets funded by the 2021 debt issuance. Total debt proceeds of \$17.0 million were received in this fund during 2021, which included a premium on issuance of \$1.4 million. The fund received a current year transfer from the general fund of \$8.9 million to fund various recreation and stormwater projects. Current year expenditures totaled \$1.0 million, primarily for public works projects for the Market Street development and various stormwater projects. At the end of 2022, fund balance was \$24.3 million, and is restricted to complete SPLOST projects. Significant expenditure activity in this fund will begin in 2023.
- 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 \$8.9 million were collected, and \$8.9 million was expended, primarily for public safety equipment, construction of new soccer fields, and paving. At the end of 2022, fund balance was \$6.7 million, and is restricted to complete SPLOST projects.
- The SPLOST 2015 capital projects fund is used to account for the acquisition and construction of major capital assets. Revenues were derived primarily from the 2015 SPLOST that ended in 2019. All projects, with the exception of public works paving and stormwater, have been completed, and those uncompleted projects will utilize existing fund balance until completed. Investment earnings totaled \$21,000, and transfers in from the general fund totaled \$250,000. Expenditures totaled \$678,000 for public works sidewalk and stormwater projects. At the end of 2022, fund balance was \$2.7 million, and is restricted to complete the remaining projects.
- The capital acquisition fund is used to account for expenditures for general capital outlays. Revenues are derived primarily from transfers from the general fund, which totaled \$3.4 million for the year. Total expenditures were \$1.6 million for acquisition of equipment and facility repairs. Expenditures were substantially less than budget due to supply chain issues experienced throughout 2022. At the end of 2022, fund balance was \$3.9 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.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

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 \$2.3 million, a net decrease to budgeted expenditures of \$621,000, and a net decrease to other financing sources (uses) of \$5.2 million.

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 \$352,000 due to increase in vehicle sales
- Federal and state grants and contracts increase of \$180,000 due to increased LMIG revenues and a First Responder grant
- Investment earnings increase of \$166,000 due to new investments offering higher rates of return.

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

- Budget increase of \$173,000 to cover the cost of utilities due to fuel surcharge increases
- Budget increase of \$208,000 to cover the increase in the cost of fuel
- Budget increase of \$407,000 to cover the cost of demolition of the parking deck
- Budget increase of \$53,000 to cover the cost of COVID related assistance to other agencies
- Budget decrease of \$959,000 to wages and benefits for unfilled positions primarily in public safety, public works, and recreation departments
- Budget decrease of \$399,000 to technical contracted services to move the paving budget to other funds

The other financing sources budget category was amended to reflect an increase in the transfer from the ARPA grant fund of \$1.6 million and an increase in the WLSF transfer in of \$592,000. The other financing uses budget category was amended to reflect an increase in the transfer out to the bonded capital projects of \$3.0 million, an increase in the transfer out to the capital acquisition fund of \$3.0 million, an increase in the transfer out to the 2020 SPLOST capital projects of \$599,000, an increase in the transfer out to the debt service fund of \$391,000, and an increase in the transfer out to the 2015 SPLOST capital projects of \$250,000.

The general fund revenues and other financing sources were over the adjusted budget by \$8,000 and general fund expenditures and other financing uses were under the adjusted budget by \$627,000.

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

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, 2022 was \$91.8 million and \$1,150.0 million, respectively. The book value of the governmental activities investment in capital assets increased by \$5.4 million. The book value of the business-type activities investment in capital assets increased by \$26.9 million. Depreciated cost for capital assets of the City as a whole increased by \$32.3 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 2022 and 2021

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Non-depreciable assets:						
Land	\$ 19,947,794	\$ 19,063,540	\$ 5,215,145	\$ 4,525,529	\$ 25,162,939	\$ 23,589,069
Construction in progress	8,084,425	1,694,944	308,282,477	348,505,412	316,366,902	350,200,356
Total non-depreciable	<u>28,032,219</u>	<u>20,758,484</u>	<u>313,497,622</u>	<u>353,030,941</u>	<u>341,529,841</u>	<u>373,789,425</u>
Depreciable assets:						
Land improvements	50,562,037	49,396,496	9,668,155	9,668,155	60,230,192	59,064,651
Buildings and improvements	35,454,441	35,170,688	3,763,489	3,763,489	39,217,930	38,934,177
Machinery, equipment, and furniture	32,835,288	31,499,761	3,046,383	2,708,503	35,881,671	34,208,264
Intangibles	1,211,447	1,211,447	-	-	1,211,447	1,211,447
Utility plant	-	-	1,442,604,000	1,369,476,000	1,442,604,000	1,369,476,000
Infrastructure	<u>107,773,461</u>	<u>108,099,656</u>	<u>-</u>	<u>-</u>	<u>107,773,461</u>	<u>108,099,656</u>
Total depreciable assets	227,836,674	225,378,048	1,459,082,027	1,385,616,147	1,686,918,701	1,610,994,195
Less accumulated depreciation	<u>164,034,531</u>	<u>159,675,443</u>	<u>643,944,526</u>	<u>636,033,717</u>	<u>807,979,057</u>	<u>795,709,160</u>
Book value-depreciable assets	<u>63,802,143</u>	<u>65,702,605</u>	<u>815,137,501</u>	<u>749,582,430</u>	<u>878,939,644</u>	<u>815,285,035</u>
Percentage depreciated	<u>72%</u>	<u>71%</u>	<u>44%</u>	<u>46%</u>	<u>48%</u>	<u>49%</u>
Nuclear fuel, at amortized cost	-	-	21,344,000	20,452,000	21,344,000	20,452,000
Book value - all assets	<u>\$ 91,834,362</u>	<u>\$ 86,461,089</u>	<u>\$ 1,149,979,123</u>	<u>\$ 1,123,065,371</u>	<u>\$ 1,241,813,485</u>	<u>\$ 1,209,526,460</u>

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

Major capital asset changes during the current year for governmental activities included capital asset additions of \$10.6 million and depreciation expense of \$5.1 million. The following highlights the 2022 capital asset additions:

- General government purchases of \$326,000 for land, IT systems, and a vehicle.
- Public safety vehicle and equipment purchases of \$1.4 million; major purchases include a 2022 Sutphen pumper and numerous vehicles and outfitting.
- Public works vehicle and equipment purchases of \$299,000; major purchase was a leaf vacuum truck.
- Public works infrastructure purchases of \$1.9 million; includes drainage/detention/flood projects, sidewalk construction, and Market Street improvement project.
- Culture and recreation purchases of \$6.7 million; major projects included the Northeast community soccer complex of \$6.0 million and Burr Park concession and restrooms of \$349,000.

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

- During 2022, the WLSF Commission transferred \$68.1 million from construction in progress to utility plant in service, as Vogtle Unit 3 came on line. Additional construction in progress of \$27.8 million occurred, primarily from additional construction costs for the WLSF Commission's ownership interest in the construction of Vogtle Units 3 and 4. The WLSF Commission reported significant disposals of utility plant in service, as they retired Plant Wansley in 2022. Also, capital assets were acquired related to normal operations in the amount of \$41.1 million, and depreciation expense of \$29.5 million offset these increases.

Long-term Debt

At the end of the calendar year, the City had total capital leases and revenue bonds outstanding of \$177.5 million. This is a decrease of \$6.4 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Capital leases payable	\$ 19,625,825	\$ 20,324,026	\$ -	\$ -	\$ 19,625,825	\$ 20,324,026
Revenue bonds	-	-	<u>157,899,000</u>	<u>163,640,000</u>	<u>157,899,000</u>	<u>163,640,000</u>
Total	<u>\$ 19,625,825</u>	<u>\$ 20,324,026</u>	<u>\$ 157,899,000</u>	<u>\$ 163,640,000</u>	<u>\$ 177,524,825</u>	<u>\$ 183,964,026</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 BBB+ from S&P Global.

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 \$402.7 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
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2023 general fund budget reflects a \$456,000 (<1%) increase in revenues when compared to 2022 actual revenues. Budgeted expenditures for 2023 reflect a \$1.8 million (5%) increase when compared to actual 2022 expenditures. The 2023 budgeted other financing sources reflect a decrease of \$9.2 million, and other financing (uses) reflect a decrease of \$12.2 million, for a net \$3.0 million (41%) increase when compared to 2022 actual. The City's adopted 2023 general fund budget is balanced without utilization of fund balance.

The City considered the following factors when preparing the 2023 budget:

- Assessed property values are expected to increase due to reassessments, but the millage rate is expected to be rolled back.
- The expected decrease in revenues and other financing sources of \$8.8 million when compared to 2022 actual is due to the American Rescue Plan Act funds being exhausted in 2022.
- The employer defined benefit pension contribution required match will decrease from 18% to 12% in 2023 based on the pension valuation. 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 2023.
- Health insurance employer portion of the premiums will decrease by 2% due to changing insurers.
- The 2023 budget reflects a 5% cost of living increase for full-time employees, 7 additional personnel, and assumes positions are at 97% capacity for public safety and public works.
- The Senior Center employees were terminated at the end of 2022 and rehired by the Whitfield County government as a part of the Service Delivery Strategy.

All 2015 SPLOST projects are expected to be completed by the end of 2023. 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 36% over budget as of May 2023.

The general fund 2023 adopted budget did not include a transfer of funds to the capital projects fund to cover departmental equipment purchases or facility repairs. A budget amendment was approved in June 2023 to transfer \$5.2 million for needed equipment and facility repairs from the City's general fund surplus. This transfer was covered by revenue from the WLSF transfer fee and various other revenue streams tracking over budget as of May 2023, coupled with savings from unfilled positions in the police and public works departments.

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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Assets				
Current Assets				
Cash and cash equivalents	\$ 32,038,211	\$ 21,413,753	\$ 53,451,964	\$ 31,382,076
Investments	3,670,372	257,000	3,927,372	-
Restricted cash	9,720,037	3,133,000	12,853,037	-
Receivables:				
Accounts	17,382,271	21,331,865	38,714,136	-
Taxes	5,776,718	-	5,776,718	-
Intergovernmental	1,374,601	-	1,374,601	-
Interest	-	282,000	282,000	67,640
Capital leases	-	-	-	10,219,000
Unbilled revenues	-	10,780,000	10,780,000	-
Fuel stocks	-	4,189,000	4,189,000	-
Materials and supplies inventory	224,285	19,924,358	20,148,643	-
Deposits and prepaid items	3,158	2,143,104	2,146,262	-
Total Current Assets	70,189,653	83,454,080	153,643,733	41,668,716
Noncurrent Assets				
Nondepreciable capital assets	28,032,219	313,497,622	341,529,841	-
Depreciable capital assets, net	63,802,143	815,137,501	878,939,644	-
Nuclear fuel, at amortized cost	-	21,344,000	21,344,000	-
Restricted combined renewals and extensions fund	-	549,000	549,000	-
Restricted combined utilities construction fund	-	30,122,000	30,122,000	-
Restricted nuclear decommissioning	-	38,465,000	38,465,000	-
Net lease assets	-	4,108,000	4,108,000	-
Capital leases receivable (less current portion)	-	-	-	39,775,000
Regulatory asset	-	83,907,000	83,907,000	-
Investment in joint ventures	1,336,108	22,324,702	23,660,810	-
Total Noncurrent Assets	93,170,470	1,329,454,825	1,422,625,295	39,775,000
Total Assets	163,360,123	1,412,908,905	1,576,269,028	81,443,716
Deferred Outflows of Resources	15,029,750	17,586,882	32,616,632	-
Total Assets and Deferred Outflows	\$ 178,389,873	\$ 1,430,495,787	\$ 1,608,885,660	\$ 81,443,716

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	\$ 2,808,687	\$ 27,704,789	\$ 30,513,476	\$ 31,278,661
Internal balances	(1,445,836)	1,445,836	-	-
Accrued interest payable	572,976	-	572,976	-
Claims payable	342	-	342	-
Unearned revenue	239,732	39,588	279,320	-
Compensated absences payable	1,500,000	40,000	1,540,000	-
Revenue bonds payable	-	5,396,000	5,396,000	10,219,000
Settlement liability	-	5,000,000	5,000,000	-
Capital leases payable	630,000	-	630,000	-
Customer deposits	-	6,325,000	6,325,000	-
Total Current Liabilities	<u>4,305,901</u>	<u>45,951,213</u>	<u>50,257,114</u>	<u>41,497,661</u>
Long-Term Liabilities				
Compensated absences payable (less current portion)	3,665,827	60,028	3,725,855	-
Asset retirement obligations	-	99,604,000	99,604,000	-
Revenue bonds payable (less current portion)	-	152,503,000	152,503,000	39,775,000
Settlement liability (net of current portion)	-	20,000,000	20,000,000	-
Capital leases payable (less current portion)	18,995,825	-	18,995,825	-
Net pension liability	15,196,689	16,881,435	32,078,124	-
Net OPEB liability	8,146,548	8,010,177	16,156,725	-
Total Long-Term Liabilities	<u>46,004,889</u>	<u>297,058,640</u>	<u>343,063,529</u>	<u>39,775,000</u>
Total Liabilities	<u>50,310,790</u>	<u>343,009,853</u>	<u>393,320,643</u>	<u>81,272,661</u>
Deferred Inflows of Resources	<u>12,572,505</u>	<u>20,694,387</u>	<u>33,266,892</u>	<u>-</u>
Net Position				
Net investment in capital assets	90,345,875	922,458,123	1,012,803,998	-
Restricted for:				
Debt service	3,749	30,122,000	30,125,749	-
Capital projects	19,489,091	549,000	20,038,091	-
Public safety	310,737	-	310,737	-
Development	3,495,870	-	3,495,870	-
Public works	103,675	-	103,675	-
Culture and recreation	217,742	-	217,742	-
Nuclear decommissioning	-	38,465,000	38,465,000	-
Wansley closure	-	14,058,000	14,058,000	-
Pension	-	12,770,000	12,770,000	-
OPEB	-	3,744,000	3,744,000	-
Unrestricted	1,539,839	44,625,424	46,165,263	171,055
Total Net Position	<u>115,506,578</u>	<u>1,066,791,547</u>	<u>1,182,298,125</u>	<u>171,055</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 178,389,873</u>	<u>\$ 1,430,495,787</u>	<u>\$ 1,608,885,660</u>	<u>\$ 81,443,716</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Activities
For the Year Ended December 31, 2022

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	\$ 4,043,710	\$ 517,290	\$ 297,139	\$ 746,218	\$ (2,483,063)	\$ -	\$ (2,483,063)	\$ -
Judicial	500,868	570,533	-	-	69,665	-	69,665	-
Public safety	21,860,924	1,094,284	9,512,040	783,832	(10,470,768)	-	(10,470,768)	-
Public works	12,053,959	76,288	2,248,353	9,890	(9,719,428)	-	(9,719,428)	-
Health and welfare	616,355	217,034	296,970	-	(102,351)	-	(102,351)	-
Culture and recreation	5,740,343	396,260	52,506	6,035,911	744,334	-	744,334	-
Housing and development	697,488	10,000	107,800	-	(579,688)	-	(579,688)	-
Interest on long-term debt	828,202	-	-	-	(828,202)	-	(828,202)	-
Total Governmental Activities	46,341,849	2,881,689	12,514,808	7,575,851	(23,369,501)	-	(23,369,501)	-
Business-Type Activities:								
WLSF:								
Electric system	225,711,307	263,451,000	-	-	-	37,739,693	37,739,693	-
Gas system	43,018,365	46,093,000	-	-	-	3,074,635	3,074,635	-
Water system	26,186,180	25,312,000	-	-	-	(874,180)	(874,180)	-
Wastewater system	50,054,180	21,304,000	-	-	-	(28,750,180)	(28,750,180)	-
Information technology system	17,481,704	22,316,000	-	-	-	4,834,296	4,834,296	-
Landfill	-	1,039,695	-	-	-	1,039,695	1,039,695	-
Convention Center	711,782	-	-	-	-	(711,782)	(711,782)	-
Municipal golf course	1,207,302	1,346,313	-	-	-	139,011	139,011	-
Municipal airport	1,357,577	948,272	-	-	-	(409,305)	(409,305)	-
Total Business-Type Activities	365,728,397	381,810,280	-	-	-	16,081,883	16,081,883	-
Total - Primary Government	\$ 412,070,246	\$ 384,691,969	\$ 12,514,808	\$ 7,575,851	(23,369,501)	16,081,883	(7,287,618)	-
Total - Component Unit	\$ 844,380	\$ 52,179	\$ -	\$ -				(792,201)
General Revenues								
Property taxes levied for general purposes					8,020,014	-	8,020,014	-
Selective taxes					15,160,489	-	15,160,489	-
Hotel/motel taxes					1,833,769	-	1,833,769	-
Investment earnings					418,365	(4,181,768)	(3,763,403)	-
Donations - unrestricted					524,901	4,350	529,251	-
Miscellaneous					444,532	694,050	1,138,582	-
Total General Revenues					26,402,070	(3,483,368)	22,918,702	-
Transfers					10,528,258	(10,528,258)	-	844,380
Total General Revenues and Transfers					36,930,328	(14,011,626)	22,918,702	844,380
Change in Net Position					13,560,827	2,070,257	15,631,084	52,179
Net Position Beginning of Year - as restated					101,945,751	1,064,721,290	1,166,667,041	118,876
Net Position End of Year					\$ 115,506,578	\$ 1,066,791,547	\$ 1,182,298,125	\$ 171,055

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

City of Dalton, Georgia
Balance Sheet
Governmental Funds
December 31, 2022

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 16,766,934	\$ 15,270,520	\$ 32,037,454
Restricted cash	-	9,720,037	9,720,037
Investments	3,670,372	-	3,670,372
Receivables:			
Accounts	1,761,660	15,594,449	17,356,109
Taxes	5,776,718	-	5,776,718
Intergovernmental - federal	60,624	78,040	138,664
Intergovernmental - state	2,538	1,059,789	1,062,327
Intergovernmental - local	82,321	91,289	173,610
Interfund	104,976	13,307	118,283
Inventory	224,285	-	224,285
Prepaid items	3,158	-	3,158
Total Assets	<u>\$ 28,453,586</u>	<u>\$ 41,827,431</u>	<u>\$ 70,281,017</u>
Liabilities			
Accounts payable	\$ 600,902	\$ 1,659,625	\$ 2,260,527
Accrued expenditures	522,748	-	522,748
Unearned revenue	239,732	-	239,732
Interfund payable	13,307	67,129	80,436
Total Liabilities	<u>1,376,689</u>	<u>1,726,754</u>	<u>3,103,443</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	<u>540,456</u>	<u>-</u>	<u>540,456</u>
Fund Balances			
Nonspendable:			
Inventory	224,285	-	224,285
Prepaid items	3,158	-	3,158
Restricted:			
Economic development (tax allocation districts)	-	2,159,761	2,159,761
Public safety (police expenditures)	-	310,737	310,737
Housing and development (grant expenditures)	-	1	1
Debt service (debt service expenditures)	-	3,749	3,749
Capital projects (SPLOST projects and other projects)	-	37,626,429	37,626,429
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>25,987,581</u>	<u>-</u>	<u>25,987,581</u>
Total Fund Balances	<u>26,536,441</u>	<u>40,100,677</u>	<u>66,637,118</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 28,453,586</u>	<u>\$ 41,827,431</u>	<u>\$ 70,281,017</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, 2022

Total Governmental Fund Balances		\$ 66,637,118
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	255,868,893	
Less accumulated depreciation	(164,034,531)	91,834,362
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
		540,456
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	(80,436)	
Interfund payables	80,436	-
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	(572,976)	
Capital leases payable	(19,625,825)	
Compensated absences	(5,165,827)	
Net pension liability	(15,196,689)	
Net OPEB liability	(8,146,548)	(48,707,865)
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		1,336,108
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.		
		1,165
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	12,743,919	
Deferred inflows related to pensions	(5,155,153)	
Deferred outflows related to OPEB	2,285,831	
Deferred inflows related to OPEB	(7,417,352)	2,457,245
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.		
		1,407,989
Net Position of Governmental Activities		\$ 115,506,578

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, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 23,051,189	\$ 1,833,769	\$ 24,884,958
Licenses and permits	409,881	-	409,881
Intergovernmental - federal	202,545	10,036,585	10,239,130
Intergovernmental - state	404,775	79,914	484,689
Intergovernmental - local	124,602	8,978,296	9,102,898
Charges for services	1,782,067	10,000	1,792,067
Fines and forfeitures	532,283	147,458	679,741
Investment earnings	286,251	195,241	481,492
Miscellaneous	686,627	62,500	749,127
Total Revenues	<u>27,480,220</u>	<u>21,343,763</u>	<u>48,823,983</u>
Expenditures			
Current:			
General government	3,241,967	284,985	3,526,952
Judicial	505,415	-	505,415
Public safety	19,374,325	72,236	19,446,561
Public works	7,634,617	2,404,605	10,039,222
Health and welfare	544,289	296,768	841,057
Culture and recreation	4,110,349	275,469	4,385,818
Housing and development	462,237	643,797	1,106,034
Capital Outlay:			
General government	-	1,049,857	1,049,857
Public safety	26,770	1,336,035	1,362,805
Public works	511,877	1,682,991	2,194,868
Culture and recreation	-	6,226,197	6,226,197
Housing and development	-	136,781	136,781
Debt Service:			
Principal retirement	-	600,000	600,000
Interest and fiscal charges	-	605,185	605,185
Total Expenditures	<u>36,411,846</u>	<u>15,614,906</u>	<u>52,026,752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,931,626)</u>	<u>5,728,857</u>	<u>(3,202,769)</u>
Other Financing Sources (Uses)			
Proceeds from sale of assets	28,413	107,419	135,832
Transfers in	21,380,108	14,133,714	35,513,822
Transfers out	(14,133,714)	(10,052,812)	(24,186,526)
Total Other Financing Sources (Uses)	<u>7,274,807</u>	<u>4,188,321</u>	<u>11,463,128</u>
Net Change in Fund Balances	(1,656,819)	9,917,178	8,260,359
Fund Balances Beginning of Year	<u>28,193,260</u>	<u>30,183,499</u>	<u>58,376,759</u>
Fund Balances End of Year	<u>\$ 26,536,441</u>	<u>\$ 40,100,677</u>	<u>\$ 66,637,118</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, 2022

Net Changes in Fund Balances - Total Governmental Funds		\$ 8,260,359
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:		
Depreciation expense	(5,058,525)	
Capital outlay	<u>10,171,470</u>	5,112,945
Donations of or contributions for capital assets not reported at the fund level.		391,200
Write off of capital assets are not reported at the fund level.		(130,872)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		129,314
Elimination of transfers between governmental funds:		
Transfers in	(23,595,822)	
Transfers out	<u>23,595,822</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:		
Repayment of capital leases	600,000	
Amortization of premium on capital leases	<u>98,201</u>	698,201
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. These items include:		
Net change in accrued compensated absences liability	56,701	
Net change in accrued interest on capital leases payable	(321,218)	
Pension benefit (expense)	(1,539,704)	
OPEB benefit (expense)	<u>487,810</u>	(1,316,411)
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		408,546
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>7,545</u>
Change in Net Position of Governmental Activities		<u><u>\$ 13,560,827</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Taxes	\$ 21,363,000	\$ 23,068,320	\$ 23,051,189	\$ (17,131)
Licenses and permits	360,900	410,150	409,881	(269)
Intergovernmental - federal	12,000	189,580	202,545	12,965
Intergovernmental - state	402,000	404,000	404,775	775
Intergovernmental - local	120,700	131,700	124,602	(7,098)
Charges for services	1,893,200	1,785,275	1,782,067	(3,208)
Fines and forfeitures	446,000	510,100	532,283	22,183
Investment earnings	120,150	285,915	286,251	336
Miscellaneous	479,650	686,995	686,627	(368)
Total Revenues	<u>25,197,600</u>	<u>27,472,035</u>	<u>27,480,220</u>	<u>8,185</u>
Expenditures				
Current:				
General government	3,604,630	3,391,500	3,241,967	149,533
Judicial	500,310	516,510	505,415	11,095
Public safety	19,953,475	19,457,350	19,374,325	83,025
Public works	8,487,055	7,860,350	7,634,617	225,733
Health and welfare	416,070	549,370	544,289	5,081
Culture and recreation	4,146,980	4,136,880	4,110,349	26,531
Housing and development	372,500	469,530	462,237	7,293
Total Current	<u>37,481,020</u>	<u>36,381,490</u>	<u>35,873,199</u>	<u>508,291</u>
Capital Outlay				
Public safety	32,000	26,800	26,770	30
Public works	40,000	523,715	511,877	11,838
Total Capital Outlay	<u>72,000</u>	<u>550,515</u>	<u>538,647</u>	<u>11,868</u>
Total Expenditures	<u>37,553,020</u>	<u>36,932,005</u>	<u>36,411,846</u>	<u>520,159</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,355,420)</u>	<u>(9,459,970)</u>	<u>(8,931,626)</u>	<u>528,344</u>
Other Financing Sources (Uses)				
Proceeds from sale of assets	5,000	28,245	28,413	168
Transfers in	19,125,350	21,380,100	21,380,108	8
Transfers out	(6,770,900)	(14,240,165)	(14,133,714)	106,451
Total Other Financing Sources (Uses)	<u>12,359,450</u>	<u>7,168,180</u>	<u>7,274,807</u>	<u>106,627</u>
Net Change in Fund Balances	<u>\$ 4,030</u>	<u>\$ (2,291,790)</u>	(1,656,819)	<u>\$ 634,971</u>
Fund Balances Beginning of Year			<u>28,193,260</u>	
Fund Balances End of Year			<u>\$ 26,536,441</u>	

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2022

	<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	\$ 21,307,000	\$ 106,753	\$ 21,413,753	\$ 757
Short-term investments	257,000	-	257,000	-
Restricted customer deposit fund	3,133,000	-	3,133,000	-
Accounts receivable, net	21,320,000	11,865	21,331,865	26,162
Unbilled revenues	10,780,000	-	10,780,000	-
Interest receivable	282,000	-	282,000	-
Fuel stocks	4,189,000	-	4,189,000	-
Materials and supplies inventory	19,859,000	65,358	19,924,358	-
Deposits and prepaid items	<u>2,128,000</u>	<u>15,104</u>	<u>2,143,104</u>	<u>-</u>
Total Current Assets	<u>83,255,000</u>	<u>199,080</u>	<u>83,454,080</u>	<u>26,919</u>
Noncurrent Assets:				
Land	-	5,215,145	5,215,145	-
Construction in progress	308,242,000	40,477	308,282,477	-
Nuclear fuel, at amortized cost	21,344,000	-	21,344,000	-
Depreciable capital assets, net	809,206,000	5,931,501	815,137,501	-
Restricted combined renewals/extensions fund	549,000	-	549,000	-
Restricted combined utilities construction fund	30,122,000	-	30,122,000	-
Restricted nuclear decommissioning fund	38,465,000	-	38,465,000	-
Regulatory assets, net	83,907,000	-	83,907,000	-
Net lease assets	4,108,000	-	4,108,000	-
Investment in joint ventures	<u>-</u>	<u>22,324,702</u>	<u>22,324,702</u>	<u>-</u>
Total Noncurrent Assets	<u>1,295,943,000</u>	<u>33,511,825</u>	<u>1,329,454,825</u>	<u>-</u>
Total Assets	<u>1,379,198,000</u>	<u>33,710,905</u>	<u>1,412,908,905</u>	<u>26,919</u>
Deferred Outflows of Resources	<u>17,193,000</u>	<u>393,882</u>	<u>17,586,882</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$ 1,396,391,000</u>	<u>\$ 34,104,787</u>	<u>\$ 1,430,495,787</u>	<u>\$ 26,919</u>

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2022

	<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	\$ 6,325,000	\$ -	\$ 6,325,000	\$ -
Current maturities of long-term debt	5,396,000	-	5,396,000	-
Current settlement liability	5,000,000	-	5,000,000	-
Accounts payable and accrued expenses	27,657,000	47,789	27,704,789	25,412
Unearned revenue	-	39,588	39,588	-
Interfund payable	-	37,847	37,847	-
Claims payable	-	-	-	342
Compensated absences payable	-	40,000	40,000	-
Total Current Liabilities	<u>44,378,000</u>	<u>165,224</u>	<u>44,543,224</u>	<u>25,754</u>
Long-Term Liabilities:				
Compensated absences (net of current portion)	-	60,028	60,028	-
Revenue bonds payable (net of current portion)	152,503,000	-	152,503,000	-
Settlement liability (net of current portion)	20,000,000	-	20,000,000	-
Net pension liability	16,485,000	396,435	16,881,435	-
Net OPEB liability	7,790,000	220,177	8,010,177	-
Asset retirement obligations	99,604,000	-	99,604,000	-
Total Long-Term Liabilities	<u>296,382,000</u>	<u>676,640</u>	<u>297,058,640</u>	<u>-</u>
Total Liabilities	<u>340,760,000</u>	<u>841,864</u>	<u>341,601,864</u>	<u>25,754</u>
Deferred Inflows of Resources	<u>20,379,000</u>	<u>315,387</u>	<u>20,694,387</u>	<u>-</u>
Net Position				
Net investment in capital assets	911,271,000	11,187,123	922,458,123	-
Restricted for:				
Debt service	30,122,000	-	30,122,000	-
Capital projects	549,000	-	549,000	-
Nuclear decommissioning	38,465,000	-	38,465,000	-
Wansley closure	14,058,000	-	14,058,000	-
Pension	12,770,000	-	12,770,000	-
OPEB	3,744,000	-	3,744,000	-
Unrestricted	24,273,000	21,760,413	46,033,413	1,165
Total Net Position	<u>1,035,252,000</u>	<u>32,947,536</u>	<u>1,068,199,536</u>	<u>1,165</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 1,396,391,000</u>	<u>\$ 34,104,787</u>	<u>\$ 1,430,495,787</u>	<u>\$ 26,919</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, 2022

Total Statement of Net Position - Proprietary Funds Net Position \$ 1,068,199,536

**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.

(1,407,989)

Net Position of Business-Type Activities \$ 1,066,791,547

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, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water, Light, and Sinking Fund Commission	Other Proprietary Funds	Total	
Operating Revenues				
Charges for services	\$ 378,476,000	\$ 1,882,151	\$ 380,358,151	\$ 190,684
Merchandise sales	-	156,123	156,123	-
Tournaments	-	126,597	126,597	-
Concessions	-	69,363	69,363	-
Miscellaneous	-	60,351	60,351	-
Total Operating Revenues	<u>378,476,000</u>	<u>2,294,585</u>	<u>380,770,585</u>	<u>190,684</u>
Operating Expenses				
Personal services and benefits	24,765,000	867,399	25,632,399	-
Purchased and contracted services	304,328,000	234,526	304,562,526	-
Supplies	-	906,188	906,188	-
Depreciation and amortization	27,663,000	556,956	28,219,956	-
Claims	-	-	-	177,500
Total Operating Expenses	<u>356,756,000</u>	<u>2,565,069</u>	<u>359,321,069</u>	<u>177,500</u>
Operating Income (Loss)	<u>21,720,000</u>	<u>(270,484)</u>	<u>21,449,516</u>	<u>13,184</u>
Non-Operating Revenues (Expenses)				
Interest income	946,000	232	946,232	815
Interest expense	(5,702,000)	-	(5,702,000)	-
Net increase (decrease) in fair value of investments	(5,128,000)	-	(5,128,000)	-
Miscellaneous income	420,000	-	420,000	-
Gain on sale of assets	-	278,400	278,400	-
Income (loss) from joint ventures	-	327,913	327,913	-
Total Non-Operating Revenues (Expenses)	<u>(9,464,000)</u>	<u>606,545</u>	<u>(8,857,455)</u>	<u>815</u>
Income Before Contributions and Transfers	12,256,000	336,061	12,592,061	13,999
Contributions and Transfers				
Transfers in (out)	(11,918,000)	1,389,742	(10,528,258)	-
Total Contributions and Transfers	<u>(11,918,000)</u>	<u>1,389,742</u>	<u>(10,528,258)</u>	<u>-</u>
Change in Net Position	338,000	1,725,803	2,063,803	13,999
Net Position Beginning of Year	<u>1,034,914,000</u>	<u>31,221,733</u>	<u>1,066,135,733</u>	<u>(12,834)</u>
Net Position End of Year	<u>\$ 1,035,252,000</u>	<u>\$ 32,947,536</u>	<u>\$ 1,068,199,536</u>	<u>\$ 1,165</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, 2022

Changes in Fund Net Position - Total Business-Type Activities \$ 2,063,803

**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.

6,454

Change in Net Position of Business-Type Activities \$ 2,070,257

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	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	\$ 372,160,000	\$ 2,298,418	\$ 374,458,418	\$ -
Cash received from overparity in transmission facilities	2,818,000	-	2,818,000	-
Cash received from interfund services provided	-	-	-	563,510
Cash payments for personnel services and benefits	(26,202,000)	(809,930)	(27,011,930)	-
Cash payments for goods, services, claims, and fees	(271,702,000)	(1,145,321)	(272,847,321)	(1,444,049)
Net Cash Provided by (Used in) Operating Activities	<u>77,074,000</u>	<u>343,167</u>	<u>77,417,167</u>	<u>(880,539)</u>
Cash Flows from Noncapital Financing Activities				
Interfund loans received (paid)	-	(49,719)	(49,719)	-
Transfers out	(11,918,000)	-	(11,918,000)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(11,918,000)</u>	<u>(49,719)</u>	<u>(11,967,719)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Payments long-term debt	(11,465,000)	-	(11,465,000)	-
Acquisition and construction of capital assets	(75,019,000)	(549,670)	(75,568,670)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(86,484,000)</u>	<u>(271,270)</u>	<u>(86,755,270)</u>	<u>-</u>
Cash Flows from Investing Activities				
Investment earnings	937,000	232	937,232	815
Sales and maturity of investment securities	60,085,000	-	60,085,000	-
Purchases of investment securities	(19,188,000)	-	(19,188,000)	-
Net Cash Provided by (Used in) Investing Activities	<u>41,834,000</u>	<u>232</u>	<u>41,834,232</u>	<u>815</u>
Net Increase (Decrease) in Cash and Cash Equivalents	20,506,000	22,410	20,528,410	(879,724)
Cash and Cash Equivalents Beginning of Year	<u>801,000</u>	<u>84,343</u>	<u>885,343</u>	<u>880,481</u>
Cash and Cash Equivalents End of Year	<u>\$ 21,307,000</u>	<u>\$ 106,753</u>	<u>\$ 21,413,753</u>	<u>\$ 757</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, 2022

	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)	\$ 21,720,000	\$ (270,484)	\$ 21,449,516	\$ 13,184
Adjustments:				
Depreciation	27,663,000	556,956	28,219,956	-
Amortization	4,365,000	-	4,365,000	-
Pension (benefit)/expense	32,000	49,471	81,471	-
OPEB (benefit)/expense	(374,000)	32,500	(341,500)	-
(Increase) Decrease in Assets:				
Accounts receivable	(3,498,000)	(11,686)	(3,509,686)	372,826
Fuel stocks	597,000	-	597,000	-
Materials and supplies inventory	(436,000)	5,637	(430,363)	-
Prepaid expenses and deposits	-	1,621	1,621	-
Increase (Decrease) in Liabilities:				
Accounts payable and accrued expenses	(49,000)	(12,334)	(61,334)	(1,095,069)
Customer deposits	2,293,000	-	2,293,000	-
Unearned revenue	-	15,519	15,519	-
Wastewater settlement liability	25,000,000	-	25,000,000	-
Other	(239,000)	(24,033)	(263,033)	-
Claims payable	-	-	-	(171,480)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 77,074,000</u>	<u>\$ 343,167</u>	<u>\$ 77,417,167</u>	<u>\$ (880,539)</u>
Noncash Investing, Capital, and Financing Activities				
Net increase (decrease) in fair value of investments	<u>\$ (5,128,000)</u>	<u>\$ -</u>	<u>\$ (5,128,000)</u>	<u>\$ -</u>
Acquisition of capital assets from interfund transfers	<u>\$ -</u>	<u>\$ 799,038</u>	<u>\$ 799,038</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022

	Pension and OPEB Trust Funds	Municipal Court and Police Custodial Funds
Assets		
Cash and cash equivalents	\$ 643,972	\$ 294,802
Investments, at fair value:		
Georgia Municipal Employees Benefit System OPEB Trust Account	1,385,616	-
MetLife Large Cap Equity Index Fund	10,386,348	-
MetLife Aggregate Bond Index Fund	29,980,766	-
MetLife Intermediate Duration Bond Fund	9,939,992	-
Vanguard Institutional Index Fund	45,030,571	-
Vanguard Small Cap Index Fund	15,640,129	-
Vanguard Total Bond Market Index Fund	14,144,821	-
Contributions receivable	239,963	-
Total Assets	\$ 127,392,178	\$ 294,802
Liabilities		
Current Liabilities:		
Accounts payable	\$ 140,224	\$ 18,483
Total Liabilities	140,224	18,483
Net Position		
Restricted for pension	126,003,772	-
Restricted for OPEB	1,248,182	-
Restricted for others	-	276,319
Total Net Position	127,251,954	276,319
Total Liabilities and Net Position	\$ 127,392,178	\$ 294,802

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, 2022

	Pension and OPEB Trust Funds	Municipal Court and Police Custodial Funds
Additions		
Contributions:		
Employer	\$ 2,600,285	\$ -
Plan members	647,018	-
Total contributions	<u>3,247,303</u>	<u>-</u>
Fine/confiscation collections	<u>-</u>	<u>1,481,887</u>
Investment income:		
Interest and dividends	2,620,383	-
Net increase (decrease) in fair value of investments	<u>(27,036,271)</u>	<u>-</u>
Total investment income	<u>(24,415,888)</u>	<u>-</u>
Less: investment expense	<u>173,769</u>	<u>-</u>
Net investment earnings	<u>(24,589,657)</u>	<u>-</u>
Total Additions	<u>(21,342,354)</u>	<u>1,481,887</u>
Deductions		
Administrative expenses	58,463	-
Premium payments	873,409	-
Benefit payments	8,464,660	-
Fine/confiscation remittances	<u>-</u>	<u>1,447,997</u>
Total Deductions	<u>9,396,532</u>	<u>1,447,997</u>
Change in Net Position	(30,738,886)	33,890
Net Position Beginning of Year	<u>157,990,840</u>	<u>242,429</u>
Net Position End of Year	<u>\$ 127,251,954</u>	<u>\$ 276,319</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

Index

Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Basis of Presentation	1-B
Measurement Focus	1-C
Basis of Accounting	1-D
Assets, Liabilities, and Fund Equity	1-E
Cash, Cash Equivalents, and Investments	1-E-1
Receivables	1-E-2
Interfund Balances	1-E-3
Inventories	1-E-4
Prepaid Items	1-E-5
Restricted Assets	1-E-6
Capital Assets	1-E-7
Parity Income	1-E-8
Compensated Absences	1-E-9
Accrued Liabilities and Long-term Obligations	1-E-10
Bond Premiums, Discounts, and Issuance Costs	1-E-11
Net Position and Fund Balances	1-E-12
Deferred Outflows/Inflows of Resources	1-E-13
Operating and Non-Operating Revenues and Expenses	1-E-14
Interfund Activity	1-E-15
Estimates	1-E-16
Major Customers	1-E-17
Comparative Data	1-E-18
Restatements and Reclassifications	I-F
Stewardship, Compliance, and Accountability	2
Budgetary Information	2-A
Detailed Notes on All Funds	3
Investments	3-A
Receivables	3-B
Property Taxes	3-C
Regulatory Assets and Liabilities	3-D
Capital Assets	3-E
Interfund Balances and Transfers	3-F
Compensated Absences	3-G
Leases	3-H
Long-Term Debt	3-I
Pensions	3-J
Other Postemployment Benefits	3-K
Defined Contribution Plan	3-L
Net Position	3-M
Interutility Sales	3-N

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

Index

Other Notes	4
Hotel/Motel Lodging Tax	4-A
Risk Management	4-B
Commitments and Contingent Liabilities	4-C
Conduit Debt Obligations	4-D
Joint Ventures.....	4-E
Component Unit	4-F
Debt Contingency	4-G
Tax Abatements.....	4-H

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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, 2022

1-A Reporting Entity (continued)

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

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

The City participates with Whitfield County in the Dalton-Whitfield Joint Development Authority ("JDA"), formerly known as the Dalton-Whitfield Economic Development Authority ("EDA"). The JDA was created during 2007 to replace and to serve the same purpose as the EDA. Both entities existed as of December 31, 2022, but shared a board and activity. The EDA will be dissolved in the future and the JDA will continue to operate. The City has fifty percent equity in this entity. Separately issued financial statements of the JDA can be obtained from their administrative office: 100 S. Hamilton Street, Dalton, Georgia 30720.

Under Georgia law, the City, in conjunction with other cities and counties in the region, is a member of the Northwest Georgia Regional Commission ("NWGRC") and is required to pay annual dues thereto. The City utilizes the NWGRC for projects such as performing planning and administrative services. During its year ended December 31, 2022, the City paid \$34,285 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, 2022

1-B Basis of Presentation (continued)

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

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

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

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

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

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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, 2022

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, 2022

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 \$10,800,000 for the year ended December 31, 2022.

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, 2022.

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 2022, total MW hours sold back to SPC were 70,774 with proceeds of \$11,600,000, 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, 2022

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, 2022, the City's bank balance was \$42,881,907, and \$36,071,362 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, 2022, the City of Dalton Building Authority's bank balance was \$31,382,076, and \$31,207,528 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, 2022

1-E-3 Interfund Balances

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

1-E-4 Inventories

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

The WLSF Commission values inventory, including fuel stocks, using the average cost method. Storage gas inventory is stated at the lower of cost or market using the weighted-average cost method. No lower of cost or market adjustment was recorded as of December 31, 2022.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2022 and prepaid deposits are recorded as prepaid items. The expense or expenditure is recognized during the benefiting period.

1-E-6 Restricted Assets

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

The WLSF Commission has investments in certain restricted funds, including the customer deposit fund 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, 2022

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, 2022.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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, 2022
Plant Hatch, Nuclear Units 1 and 2	2.2%	\$ 80,487,000
Plant Vogtle, Nuclear Units 1 and 2	1.6%	113,688,000
Plant Scherer, Coal-Fired Units 1 and 2	1.4%	44,285,000

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, 2022, the WLSF Commission's portion of total work in progress related to Vogtle Units 3 and 4 was \$306,200,000 (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 \$5,800,000 for the year ended December 31, 2022. The property retired or disposed of in the normal course of business approximates its original cost.

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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 2022.

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 \$4,365,000 during 2022.

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 2022, 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, 2022

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	2034	2047
Completion year	2075	2079
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, 2022, 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, 2022 was \$162,800,000. In 2022, the WLSF Commission recognized \$171,000 into income from the deferred inflow of resources resulting from the sale of transmission lines in 2012 (Note 1-E-7). The unrecognized gain presented within deferred inflows of resources is \$4,732,000 at December 31, 2022. Parity income for the year ended December 31, 2022 totaled \$2,800,000.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

1-E-9 Compensated Absences

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

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

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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

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

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 \$227,443 at December 31, 2022.

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 \$40,422,094 at December 31, 2022. The major projects that comprise this total include: \$37,626,429 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; \$2,159,761 held in four special revenue funds for economic development both generally and within specific tax allocation districts; \$207,082 held in the confiscated assets special revenue fund for future police expenditures; \$103,655 held in the opioid settlement special revenue fund for future police expenditures; \$3,749 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, 2022.

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, 2022.

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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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

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

1-E-13 Deferred Outflows/Inflows of Resources

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

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

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

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

1-E-15 Interfund Activity

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

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

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

1-E-16 Estimates

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

1-E-17 Major Customers

WLSF Commission customers comprising at least 10% of revenue by sector or in total for the year ended December 31, 2022 are detailed below. No other customer accounted for more than 10% percent of the WLSF Commission’s sector or total sales during 2022.

Customer	Total	Electric	Gas	Water	Sewer	Information Technology
Core Scientific	29.0%	41.8%	< 10%	< 10%	< 10%	< 10%
Engineered Floors	11.7%	13.5%	13.8%	< 10%	< 10%	< 10%
Shaw Industries	11.6%	< 10%	32.0%	< 10%	21.4%	< 10%
Aladdin Manufacturing	< 10%	< 10%	< 10%	< 10%	17.2%	< 10%

The DWRSWMA’s fee revenue from three major customers during the year ended December 31, 2022 comprised approximately 41% of total fee revenue. Each represented 19%, 11%, and 11%, 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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

1-F Restatements and Reclassifications

The City implemented GASB Statement No. 87 effective January 1, 2022. The Statement requires that the City report the value of operating lease receivables/deferred inflows and intangible lease assets/lease liabilities on the statements of net position, and the effects of those items in the statements of revenues, expenses, and changes in fund net position, and cash flows. The Statement was applied retroactively by restating the 2021 financial statements to conform to the current year presentation. The effects of the restatement on the 2021 information were an increase in beginning unrestricted net position of the DWRSWMA in the amount of \$1,032. No other amounts were required to be restated as a result of this implementation.

Certain 2021 amounts have been reclassified to conform to the 2022 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, the debt service fund, and the capital acquisition capital projects fund. A project budget is adopted for the bonded capital projects fund and the 2020 and 2015 SPLOST capital projects funds. 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.

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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-A Investments (continued)

The City has the following recurring fair value measurements as of December 31, 2022:

- Cash, money market accounts, and certificates of deposit in the amount of \$41,757,491 for governmental funds, \$106,753 for nonmajor proprietary funds, \$643,972 for trust funds, \$294,802 for custodial funds, \$757 for internal service funds, and \$31,382,076 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 \$3,670,372 for governmental funds are presented in the financial statements and, while reported at fair value, are not subject to the fair value hierarchy measurement. The pool is managed to maintain a constant net asset value of \$1.00. The fund is rated AAAf/S1 by Fitch. The primary objectives of the pool are safety of capital, liquidity, investment income, and diversification. The weighted average maturity was 23 days at December 31, 2022.
- Investments in index and other mutual funds in the amount of \$74,815,521 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 \$50,307,106 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 \$1,385,616 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.

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-A Investments (continued)

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

	Fair Value	Rating
MetLife Large Cap Equity Index Fund	\$ 10,386,348	Not rated
MetLife Aggregate Bond Index Fund	29,980,766	Not rated
MetLife Intermediate Duration Bond Fund	9,939,992	Not rated
Vanguard Institutional Index Fund	45,030,571	Not rated
Vanguard Institutional Small Cap Index Fund	15,640,129	Not rated
Vanguard Total Bond Market Index Fund	14,144,821	Not rated
Total pension trust fund investments	<u>\$ 125,122,627</u>	
Georgia Municipal Employees Benefit System OPEB Trust Account	<u>\$ 1,385,616</u>	Not rated
Total OPEB trust fund investments	<u>\$ 1,385,616</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, 2022:

- Cash and certificates of deposit in the amount of \$10,100,000 are reported at cost or amortized cost and are not subject to fair value hierarchy measurement.
- U.S. government securities in the amount of \$32,000,000 are valued based on observable market data and valuations of similar inputs (level 2 inputs).
- No investment securities are valued using level 3 inputs.

The fair value analysis of the investments for the year ended December 31, 2022 is as follows:

Fund Type	Cost	Fair Value at 1/1/22	Fair Value		Fair Value at 12/31/22	Change in Fair Value
			Purchases	Sales		
Customer deposit fund	\$ 3,133,000	\$ 3,101,000	\$ -	\$ -	\$ 3,133,000	\$ 32,000
Combined utilities renewals and extensions fund	699,000	660,000	17,000	-	549,000	(128,000)
Nuclear decommissioning fund	<u>44,018,000</u>	<u>42,686,000</u>	<u>19,171,000</u>	<u>18,360,000</u>	<u>38,465,000</u>	<u>(5,032,000)</u>
Total	<u>\$ 47,850,000</u>	<u>\$ 46,447,000</u>	<u>\$ 19,188,000</u>	<u>\$ 18,360,000</u>	<u>\$ 42,147,000</u>	<u>\$ (5,128,000)</u>

The WLSF Commission has the following combined utilities construction fund that is reported at cost for the year ended December 31, 2022 is as follows:

Fund Type	Cost at 1/1/22	Cost		Cost at 12/31/22
		Purchases	Sales	
Combined utilities construction fund (2020)	<u>\$ 71,849,000</u>	<u>\$ -</u>	<u>\$ 41,727,000</u>	<u>\$ 30,122,000</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-A Investments (continued)

The WLSF Commission had the following investments and maturities for the year ended December 31, 2022:

	Credit Quality	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 to 5	6 to 10	10 +
Cash and cash equivalents	Not Rated	\$ 10,127,000	\$ 10,127,000	\$ -	\$ -	\$ -
Federal Home Loan Bank	AAA/Aaa	3,671,000	-	930,000	2,741,000	-
Federal National Mortgage Association	AAA/Aaa	743,000	-	-	743,000	-
Federal Farm Credit Banks	AAA/Aaa	14,222,000	-	-	13,390,000	832,000
City of Atlanta GA Wtr & WW Rev	AAA/Aaa	5,591,000	-	-	1,986,000	3,605,000
Downtown Savannah Authority	AAA/Aaa	385,000	-	-	385,000	-
Metro Atlanta Rapid Transit Auth	AAA/Aaa	3,425,000	-	-	1,818,000	1,607,000
State of GA	AAA/Aaa	2,934,000	-	-	413,000	2,521,000
Forsyth Co. School District	AAA/Aaa	625,000	-	-	-	625,000
Union City GA Revenue	AAA/Aaa	220,000	-	220,000	-	-
Cowetta Co, Wtr & WW Rev	AA1/A-1+	204,000	-	-	-	204,000
Total		\$ 42,147,000	\$ 10,127,000	\$ 1,150,000	\$ 21,476,000	\$ 9,394,000

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

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

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, 2022 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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-C Property Taxes

Property tax rates are set by the City each year and are limited by statutory or constitutional provision. The Whitfield County tax assessor's office sets property values and assesses property tax bills in accordance with those values and tax rates set by all applicable taxing authorities. The Whitfield County tax commissioner's office collects property taxes for the City. Property taxes are levied as of January 1 on property values assessed as of the same date. The tax bills are typically mailed on October 20 and are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending sixty days after the tax billing. After December 20, the bill becomes delinquent and penalties and interest may be assessed by the City. If the tax is unpaid after ninety days from due date, a lien is placed against the property. For the 2022 year, the tax bills were mailed late, on November 20, making 2022 taxes due on January 20, 2023, and delinquent subsequent to that date.

Taxes receivable at December 31, 2022 consists of uncollected property taxes levied during the year ended December 31, 2022 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	\$	5,828,654
Allowance for uncollectible taxes		<u>(51,936)</u>
Taxes receivable	\$	<u>5,776,718</u>
Taxes uncollected 60 days subsequent to year end, net of allowance, reported in deferred inflows	\$	<u>540,456</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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, 2022 relate to the following:

Asset retirement obligations (a)	\$	60,594,000
Cost of removal (b)		(25,880,000)
Pension (c)		21,023,000
OPEB (d)		14,112,000
Wansley (e)		14,058,000
Total regulatory assets - net	\$	<u>83,907,000</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.

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-E Capital Assets

Governmental capital asset activity for the year ended December 31, 2022 was as follows:

	Balance 12/31/2021	Additions	Disposals & Transfers	Balance 12/31/2022
Capital assets not being depreciated:				
Land	\$ 19,063,540	\$ 922,164	\$ (37,910)	\$ 19,947,794
Construction in progress	1,694,944	6,711,805	(322,324)	8,084,425
Total capital assets not being depreciated	<u>20,758,484</u>	<u>7,633,969</u>	<u>(360,234)</u>	<u>28,032,219</u>
Other capital assets:				
Land improvements	49,396,496	594,750	570,791	50,562,037
Buildings	31,594,633	420,460	23,025	32,038,118
Building improvements	3,576,055	-	(159,732)	3,416,323
Vehicles	6,635,618	420,299	(173,310)	6,882,607
Machinery	14,897,974	864,893	(285,593)	15,477,274
Equipment	9,789,477	551,299	(42,061)	10,298,715
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	-	(403,195)	97,256,019
Mast arm lighting	346,739	77,000	-	423,739
Total other capital assets	<u>225,378,048</u>	<u>2,928,701</u>	<u>(470,075)</u>	<u>227,836,674</u>
Total cost	<u>246,136,532</u>	<u>10,562,670</u>	<u>(830,309)</u>	<u>255,868,893</u>
Accumulated depreciation:				
Land improvements	26,171,384	1,734,565	64,825	27,970,774
Buildings	12,995,965	628,921	-	13,624,886
Building improvements	2,045,016	149,519	(207,890)	1,986,645
Vehicles	5,553,733	376,087	(163,892)	5,765,928
Machinery	9,703,614	655,407	(285,593)	10,073,428
Equipment	4,161,901	456,775	(42,061)	4,576,615
Furniture & fixtures	174,831	954	-	175,785
Intangibles	1,128,991	21,791	-	1,150,782
Bridge and bridge culvert	7,426,589	201,874	-	7,628,463
Streets and streetscape	90,070,034	815,265	(64,826)	90,820,473
Mast arm lighting	243,385	17,367	-	260,752
Total accumulated depreciation	<u>159,675,443</u>	<u>5,058,525</u>	<u>(699,437)</u>	<u>164,034,531</u>
Governmental activities capital assets, net	<u>\$ 86,461,089</u>	<u>\$ 5,504,145</u>	<u>\$ (130,872)</u>	<u>\$ 91,834,362</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-E Capital Assets (continued)

Depreciation expense was allocated to the governmental activities functions for the year ended December 31, 2022 as follows:

General government	\$	459,957
Public safety		892,712
Public works		2,122,973
Culture and recreation		1,554,964
Health and welfare		27,919
	<u>\$</u>	<u>5,058,525</u>

Business-type capital asset activity for the year ended December 31, 2022 was as follows:

	Balance at 12/31/2021	Additions	Disposals and Reclassifications	Balance at 12/31/2022
Capital assets not being depreciated:				
Land	\$ 4,525,529	\$ 689,616	\$ -	\$ 5,215,145
Construction in progress	<u>348,505,412</u>	<u>27,855,065</u>	<u>(68,078,000)</u>	<u>308,282,477</u>
Total capital assets not being depreciated	<u>353,030,941</u>	<u>28,544,681</u>	<u>(68,078,000)</u>	<u>313,497,622</u>
Other capital assets:				
Land improvements	9,668,155	-	-	9,668,155
Buildings	3,692,434	-	-	3,692,434
Building improvements	71,055	-	-	71,055
Vehicles	51,996	-	-	51,996
Machinery and equipment	2,656,507	644,028	(306,148)	2,994,387
Utility plant	<u>1,369,476,000</u>	<u>41,122,000</u>	<u>32,006,000</u>	<u>1,442,604,000</u>
Total other capital assets	<u>1,385,616,147</u>	<u>41,766,028</u>	<u>31,699,852</u>	<u>1,459,082,027</u>
Total cost	<u>1,738,647,088</u>	<u>70,310,709</u>	<u>(36,378,148)</u>	<u>1,772,579,649</u>
Accumulated depreciation:				
Land improvements	5,970,159	326,920	-	6,297,079
Buildings	2,368,732	76,380	-	2,445,112
Building improvements	67,815	216	-	68,031
Vehicles	51,996	-	-	51,996
Machinery and equipment	1,837,015	153,441	(306,148)	1,684,308
Utility plant	<u>625,738,000</u>	<u>29,482,000</u>	<u>(21,822,000)</u>	<u>633,398,000</u>
Total accumulated depreciation	<u>636,033,717</u>	<u>30,038,957</u>	<u>(22,128,148)</u>	<u>643,944,526</u>
Nuclear fuel, at amortized cost	<u>20,452,000</u>	<u>5,257,000</u>	<u>(4,365,000)</u>	<u>21,344,000</u>
Business-type activities capital assets, net	<u>\$ 1,123,065,371</u>	<u>\$ 45,528,752</u>	<u>\$ (18,615,000)</u>	<u>\$ 1,149,979,123</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-F Interfund Balances and Transfers

Interfund balances at December 31, 2022 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, 2022 consisted of the following:

Payable to:	Payable from:			Total
	General fund	Nonmajor governmental funds	Nonmajor enterprise funds	
General fund	\$ -	\$ 67,129	\$ 37,847	\$ 104,976
Nonmajor governmental funds	13,307	-	-	13,307
Total	\$ 13,307	\$ 67,129	\$ 37,847	\$ 118,283

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, 2022 consisted of the following:

Transfer to:	Transfer from:			Total
	General fund	WLSF Commission fund	Nonmajor governmental funds	
General fund	\$ -	\$ 11,918,000	\$ 9,462,108	\$ 21,380,108
Nonmajor governmental funds	14,133,714	-	-	14,133,714
Nonmajor enterprise funds	-	-	1,389,742	1,389,742
Total	\$ 14,133,714	\$ 11,918,000	\$ 10,851,850	\$ 36,903,564

Within the nonmajor governmental funds transfer to the nonmajor enterprise funds of \$1,389,742, \$799,038 is a transfer of capital assets. For the enterprise funds, the transfer is reported in the fund statements. For the governmental funds, the transfer is reported only at the government-wide level.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-G Compensated Absences

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

3-H Leases

As described in Note 1-F, the City adopted GASB Statement No. 87, Leases, effective January 1, 2022. The City is subject to a variety of lease agreements, none of which meet the criteria for inclusion in the financial statements under GASB 87.

The City leases nine pieces of office equipment from outside vendors with fixed payment terms, either with terms of less than 12 months, or with title not transferring. Total lease expense on these leases approximates \$31,000 for the year ended December 31, 2022.

The City leases fourteen pieces of land, buildings, or equipment to others. One equipment lease has fixed payment terms, and has terms of less than twelve months. Ten building and land leases are leased at terms that do not meet the criteria for an exchange-like transaction, as they are at discounted values. Three land leases from the airport to others are regulated by the Federal Aviation Authority. Total lease income on these leases, included in miscellaneous income, approximates \$55,000 for the year ended December 31, 2022.

The WLSF Commission has several leases under the scope of the Statement for which the WLSF Commission is the lessor. Most of the leases are land leases, and WLSF Commission has one right-of-way lease. However, leasing activity is not an integral part of the WLSF Commission's operations.

The WLSF Commission currently has land lease agreements with Oglethorpe Power Company, Makerstar South, Georgia Power Company, and Skylink Properties LLC. None of these leases include interest; however, the Oglethorpe Power Company lease requires a CPI calculation at each of the two extension terms. The CPI calculation was made for the first extension as of October 2020 and, the second calculation will not be made until October 2040. The CPI calculation increases the annual payment at the calculation date and remains that amount for each of the 20 years within that extension term. The two Skylink Properties LLC land leases commenced in August 2008 and were written for 5-year terms with 9 terms agreed upon. Both leases are stated to have a 15% increase at the beginning of each new term. The TVA Right-of-Way lease commenced in May 2009 and has an immaterial annual payment with the annual payment increasing by a fixed amount that is not significant every year thereafter. All other leases have a fixed payment, whether it be monthly or annually, and the payment amount remains constant for the life of the lease. Revenue associated with leases for the year ended December 31, 2022 was immaterial. The accumulation of the remaining amounts to be received over the life of the lease agreements between other organizations and the WLSF Commission are recorded within the net lease assets and deferred inflows of resources line items on the statement of net position.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-I Long-term Debt

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

At December 31, 2022, the amount presented as capital leases on the government-wide statement of net position consisted of the following:

Capital leases payable	\$	17,760,000
Unamortized premium		1,865,825
Less: current maturities		<u>(630,000)</u>
Total long-term capital leases payable	\$	<u>18,995,825</u>

Debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Total
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	770,000	419,550	1,189,550
2028-2032	4,480,000	1,472,300	5,952,300
2033-2037	5,225,000	722,250	5,947,250
2038-2041	4,570,000	185,000	4,755,000
	<u>\$ 17,760,000</u>	<u>\$ 4,834,175</u>	<u>\$ 22,594,175</u>

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, 2022.

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, 2022.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-I Long-term Debt (continued)

At December 31, 2022, WLSF Commission debt consisted of the following:

Bond offering principal	\$	135,602,000
Unamortized debt premium, net of \$1.5 M of debt issuance costs		22,297,000
Less: current maturities		<u>(5,396,000)</u>
Total long-term debt	\$	<u>152,503,000</u>

Bond debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Total
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	6,595,000	4,911,000	11,506,000
2028 - 2032	38,365,000	19,259,000	57,624,000
2033 - 2037	47,852,000	9,799,000	57,651,000
2038 - 2041	19,485,000	1,627,000	21,112,000
	<u>\$ 135,602,000</u>	<u>\$ 58,228,000</u>	<u>\$ 193,830,000</u>

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

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

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. In prior years, the funds used to relieve the liability included the general fund, the WLSF Commission fund, the airport fund, and the municipal golf course fund. Any net pension liability will be paid from the pension trust fund. Any net OPEB liability will be paid from the OPEB trust fund. Any remaining net pension liability or net OPEB liability which 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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-I Long-term Debt (continued)

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, 2022 are as follows:

ARO balance at December 31, 2021	\$	98,290,000
Accretion		2,726,000
Cash flow revisions		<u>(1,412,000)</u>
ARO balance at December 31, 2022	\$	<u>99,604,000</u>

In 2022, the WLSF Commission recorded cash flow revisions of \$(1,412,000) 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").

Changes in long-term liabilities - The City's long-term obligations consisted of the following at December 31, 2022:

	Outstanding 12/31/2021	Additions	Reductions	Revisions	Outstanding 12/31/2022	Amounts Due in One Year
Governmental activities:						
Capital leases payable	\$ 18,360,000	\$ -	\$ (600,000)	\$ -	\$ 17,760,000	\$ 630,000
Unamortized premium on debt	1,964,026	-	(98,201)	-	1,865,825	-
Compensated absences	5,222,528	2,037,753	(2,094,454)	-	5,165,827	1,500,000
Total governmental activities	<u>\$ 25,546,554</u>	<u>\$ 2,037,753</u>	<u>\$ (2,792,655)</u>	<u>\$ -</u>	<u>\$ 24,791,652</u>	<u>\$ 2,130,000</u>
Business-type activities						
Asset retirement obligations	98,290,000	2,726,000	-	(1,412,000)	99,604,000	-
Revenue bonds payable	140,738,000	-	(5,136,000)	-	135,602,000	5,396,000
Unamortized premium on revenue bonds	22,902,000	-	(605,000)	-	22,297,000	-
Compensated absences	124,061	45,380	(69,413)	-	100,028	40,000
Total business-type activities	<u>\$ 262,054,061</u>	<u>\$ 2,771,380</u>	<u>\$ (5,810,413)</u>	<u>\$ (1,412,000)</u>	<u>\$ 257,603,028</u>	<u>\$ 5,436,000</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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, 2022. The most recent unaudited stand-alone financial statement issued by the Pension Plan was for the year ended December 31, 2022, and may be obtained from the City of Dalton Finance Department. The Pension Plan's fiduciary net position has been determined on the same basis used by the Pension Plan and is equal to the fair value of assets calculated under the accrual basis of accounting.

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-J Pensions (continued)

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, 2023 is as follows:

Actively employed participants		158
Average age		51.7 years
Average service		24.6 years
Total annualized compensation for the prior year	\$	12,266,001
Total expected compensation for the current year	\$	12,664,635
Participants receiving a benefit		
Service retirees		312
Beneficiaries		70
Inactive participants - deferred; vested		19

Contribution requirements - In accordance with the most recent actuarial report, the Pension Plan's funding policy for employers should be increased from 12.2% (at the last valuation date) to 41.7% 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:

Investment Category	Target Allocation	Expected Long Term Real Return
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, 2022, the annual money-weighted rate of return on the Pension Plan's investments, net of Pension Plan investment expense, was -15.74%. 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, 2022

3-J Pensions (continued)

The following actuarial assumptions used in the determination of the City's net pension liability were based on the results of an actuarial experience study for the period January 1, 2022 through December 31, 2022:

Actuarial Assumptions

Discount rate:	6.81% per annum (2.50% per annum is attributable to long term inflation); this rate was used to discount all future benefit payments.
Investment return:	6.81% per year
Salary increases:	3.25% per year
Cost of living increase:	None assumed
Mortality basis:	Sex-distinct rates set forth in the PUB-2010 Mortality Table for general employees (without pay adjustments), with full generational improvements in mortality using Scale MP-2020.
Retirement:	Retirement is assumed to occur at normal retirement age.
Other decrements:	Assumed employment termination is based on age and ranges from 23.00% at age 20 to 4.00% at age 55. Assumed disability is based on age and gender and ranges from 0.04% for males and 0.02% for females at age 20 to 2.24% for males and 1.27% for females at age 65.
Non-investment expenses:	\$50,000 per year
Future contributions:	Contributions from the employer and employees are assumed to be made as legally required.
Changes:	Since the prior measurement date, the mortality improvement scale was updated from Scale MP-2017 to Scale MP-2020.

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-J Pensions (continued)

Proportionate share of net pension (asset) liability of the City – The net pension liability reported by the City is based on the measurement date of December 31, 2022. The components of the net pension liability allocable to the City as of the Pension Plan’s year end are as follows:

	Allocable Total Pension Liability	Allocable Plan Fiduciary Net Position	Allocable Net Pension (Asset) Liability
Balance at December 31, 2021	\$ 149,421,198	\$ 150,735,427	\$ (1,314,229)
Changes for the year:			
Service cost	1,427,861	-	1,427,861
Expected interest growth	10,015,303	10,110,027	(94,724)
Unexpected interest growth	-	(33,625,829)	33,625,829
Demographic experience	(683,462)	-	(683,462)
Contributions - employer	-	2,524,869	(2,524,869)
Contributions - employee	-	628,252	(628,252)
Benefit payments and refunds	(8,219,158)	(8,219,158)	-
Administrative expenses	-	(47,634)	47,634
Benefit term changes	2,469,340	-	2,469,340
Assumption changes	(244,929)	-	(244,929)
Allocation changes	235,775	237,850	(2,075)
Net changes	<u>5,000,730</u>	<u>(28,391,623)</u>	<u>33,392,353</u>
Balance at December 31, 2022	<u>\$ 154,421,928</u>	<u>\$ 122,343,804</u>	<u>\$ 32,078,124</u>

Allocable Plan Fiduciary Net Position as a percentage of Allocable Total Pension Liability 79%

The following represents the net pension liability allocable to the City as of the measurement date and the Pension Plan’s year end, December 31, 2022, calculated using the discount rate of 6.81%, as well as what the net pension liability would be using a discount rate that is 1% lower or 1% higher than the current rate:

	Discount Rate Minus 1.00%	Discount Rate 6.81%	Discount Rate Plus 1.00%
Allocable total pension liability	\$ 171,306,978	\$ 154,421,928	\$ 140,297,540
Allocable plan fiduciary net position	<u>122,343,804</u>	<u>122,343,804</u>	<u>122,343,804</u>
Net pension liability for City	<u>\$ 48,963,174</u>	<u>\$ 32,078,124</u>	<u>\$ 17,953,736</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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, 2022, the City recognized pension expense of \$2,920,176. At December 31, 2022, 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	\$ 26,900,663	\$ 10,881,821
Changes in proportion	(294)	(186)
Balance as of December 31, 2022	\$ 26,900,369	\$ 10,881,635

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
2023	\$ 6,725,093	\$ 5,798,614	\$ 926,479
2024	6,725,092	3,309,928	3,415,164
2025	6,725,092	1,773,093	4,951,999
2026	6,725,092	-	6,725,092
2027	-	-	-

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

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources
Governmental activities	\$ 12,743,919	\$ 15,196,689	\$ 5,155,153
WLSF Commission	13,824,000	16,485,000	5,592,000
Municipal golf course	332,450	396,435	134,482
DWRSWMA	803,802	958,156	325,220
	\$ 27,704,171	\$ 33,036,280	\$ 11,206,855

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-J Pensions (continued)

Financial statements – The Pension Plan’s statement of fiduciary net position at December 31, 2022 was as follows:

Assets	
Cash and cash equivalents	\$ 643,972
Investments, at fair value:	
MetLife Large Cap Equity Index Fund	10,386,348
MetLife Small Cap Index Fund	29,980,766
MetLife Aggregate Bond Index Fund	9,939,992
Vanguard Institutional Index Fund	45,030,571
Vanguard Small Cap Index Fund	15,640,129
Vanguard Total Bond Market Index Fund	14,144,821
Contributions receivable	<u>239,963</u>
Total Assets	<u>\$ 126,006,562</u>
Liabilities	
Current Liabilities:	
Accounts payable	<u>\$ 2,790</u>
Total Liabilities	<u>2,790</u>
Net Position	
Restricted for pension	<u>126,003,772</u>
Total Net Position	<u>126,003,772</u>
Total Liabilities and Net Position	<u>\$ 126,006,562</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-J Pensions (continued)

The Pension Plan's statement of changes in fiduciary net position for the year ended December 31, 2022 was as follows:

Additions	
Contributions:	
Employer	\$ 2,600,285
Plan members	<u>647,018</u>
Total contributions	<u>3,247,303</u>
Investment income:	
Interest and dividends	2,595,346
Net increase (decrease) in fair value of investments	<u>(26,646,888)</u>
Total investment income	(24,051,542)
Less: investment expense	<u>168,164</u>
Net investment earnings	<u>(24,219,706)</u>
Total Additions	<u>(20,972,403)</u>
Deductions	
Administrative expenses	41,931
Benefit payments	<u>8,464,660</u>
Total Deductions	<u>8,506,591</u>
Change in Net Position	(29,478,994)
Net Position Beginning of Year	<u>155,482,766</u>
Net Position End of Year	<u>\$ 126,003,772</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, 2022

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, 2022, 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, 2022

3-K Other Postemployment Benefits (continued)

Membership in the OPEB Plan consisted of the following at December 31, 2022:

Current retirees and beneficiaries receiving benefits	151
Active employees not yet receiving benefits	659
Total number of covered individuals	810

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 2022 are as follows:

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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, 2022 through December 31, 2022:

Actuarial Assumptions

Discount rate:	4.31% 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 6.00% for the 2022 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 2022 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, 2022

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 increased from 2.25% per annum to 4.31% per annum.

Discount rate – The discount rate used to measure the total OPEB liability was 4.31%. 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, 2022. The components of the net OPEB liability allocable to the City as of the OPEB Plan’s year end are as follows:

	Allocable Total	Allocable Plan Fiduciary Net	Allocable Net
	OPEB Liability	Position	OPEB Liability
Balance at December 31, 2021	\$ 25,084,507	\$ 2,377,609	\$ 22,706,898
Changes for the year:			
Service cost	138,855	-	138,855
Expected interest growth	1,049,716	85,018	964,698
Unexpected investment income	-	(437,932)	437,932
Demographic experience	(6,200,178)	-	(6,200,178)
Benefit payments	(833,187)	(833,187)	-
Administrative expenses	-	(15,772)	15,772
Assumption changes	(2,050,156)	-	(2,050,156)
Allocation changes	157,868	14,964	142,904
Net changes	<u>(7,737,082)</u>	<u>(1,186,909)</u>	<u>(6,550,173)</u>
Balance at December 31, 2022	<u>\$ 17,347,425</u>	<u>\$ 1,190,700</u>	<u>\$ 16,156,725</u>

Allocable Plan Fiduciary Net Position as a percentage of Allocable Total OPEB Liability 7%

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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, 2022, calculated using the healthcare cost trend rate of 6.00% 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 6.00% - 5.00%	Trend Rates Plus 1.00%
Allocable total OPEB liability	\$ 16,461,122	\$ 17,347,425	\$ 18,320,010
Allocable plan fiduciary net position	1,190,700	1,190,700	1,190,700
Net OPEB liability for City	<u>\$ 15,270,422</u>	<u>\$ 16,156,725</u>	<u>\$ 17,129,310</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, 2022, calculated using the discount rate of 4.31%, as well as what the net OPEB liability would be using a discount rate that is 1% lower or 1% higher than the current rate:

	Discount Rate Minus 1.00%	Discount Rate 4.31%	Discount Rate Plus 1.00%
Allocable total OPEB liability	\$ 18,285,611	\$ 17,347,425	\$ 16,500,574
Allocable plan fiduciary net position	1,190,700	1,190,700	1,190,700
Net OPEB liability for City	<u>\$ 17,094,911</u>	<u>\$ 16,156,725</u>	<u>\$ 15,309,874</u>

OPEB expense and deferred outflows and inflows of resources related to other postemployment benefits – For the year ended December 31, 2022, the City recognized an OPEB benefit of \$829,310. At December 31, 2022, 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	\$ 350,345	\$ 355,987
Differences between expected and actual economic experience	3,583,094	7,151,908
Changes in actuarial assumptions	574,505	4,825,239
Changes in proportion	1,208,319	1,212,123
Balance as of December 31, 2021	<u>\$ 5,716,263</u>	<u>\$ 13,545,257</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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
2023	\$ 1,690,503	\$ 3,883,669	\$ (2,193,166)
2024	1,690,503	3,792,035	(2,101,532)
2025	1,086,086	2,854,427	(1,768,341)
2026	1,004,667	1,312,122	(307,455)
2027	244,504	1,309,576	(1,065,072)
Thereafter	-	393,428	(393,428)

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	\$ 2,285,831	\$ 8,146,548	\$ 7,417,352
WLSF Commission	3,369,000	7,790,000	5,947,000
Nonmajor proprietary funds	61,432	220,177	180,905
Convention Center	112,770	220,177	168,071
DWRSWMA	156,704	559,788	475,357
	<u>\$ 5,985,737</u>	<u>\$ 16,936,690</u>	<u>\$ 14,188,685</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-K Other Postemployment Benefits (continued)

Financial statements – The OPEB Plan’s statement of fiduciary net position at December 31, 2022 was as follows:

Assets	
Investments, at fair value:	
Georgia Municipal Employees Benefit System OPEB Trust Account	\$ 1,385,616
Total Assets	<u>\$ 1,385,616</u>
Liabilities	
Current Liabilities:	
Accounts payable	\$ 137,434
Total Liabilities	<u>137,434</u>
Net Position	
Restricted for OPEB	<u>1,248,182</u>
Total Net Position	<u>1,248,182</u>
Total Liabilities and Net Position	<u>\$ 1,385,616</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-K Other Postemployment Benefits (continued)

The OPEB Plan's statement of changes in fiduciary net position for the year ended December 31, 2022 was as follows:

Additions	
Investment income:	
Interest and dividends	\$ 25,037
Net increase (decrease) in fair value of investments	<u>(389,383)</u>
Total investment income	(364,346)
Less: investment expense	<u>5,605</u>
Net investment earnings	<u>(369,951)</u>
 Total Additions	 <u>(369,951)</u>
 Deductions	
Administrative expenses	16,532
Premium payments	<u>873,409</u>
Total Deductions	<u>889,941</u>
 Change in Net Position	 (1,259,892)
Net Position Beginning of Year	<u>2,508,074</u>
Net Position End of Year	<u>\$ 1,248,182</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.

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 is a defined contribution plan in which the employer contributes 5% of the employee's compensation, up to an annual limit of \$200,000, regardless of employee contribution amounts. Beyond this, the employer will match up to the first 5% of the employee's compensation that the employee contributes to the plan. Employees hired on or after December 27, 2014 become vested in the employer's contributions over a three-year period. Employees hired prior to December 27, 2014 become vested in employer matching contributions after 1 year of service. In 2014, the Retirement Plan was revised to include a Roth contribution option. Employees who participate in the Pension Plan are allowed to make contributions to the Retirement Plan up to IRS annual limitations, but do not receive matching employer contributions. For the year 2022, City employee contributions approximated \$1,057,000 and employer contributions approximated \$1,393,000. For the year 2022, forfeitures of employer matching contributions totaled \$0 and the ending balance in the forfeiture account was \$0.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

3-M Net Position

Net investment in capital assets reported on the government-wide statement of net position as of December 31, 2022 is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Cost of capital assets	\$ 255,868,893	\$ 1,793,923,649	\$ 2,049,792,542
Less: accumulated depreciation	<u>(164,034,531)</u>	<u>(643,944,526)</u>	<u>(807,979,057)</u>
Book value	91,834,362	1,149,979,123	1,241,813,485
Less: capital related debt	-	(135,602,000)	(135,602,000)
Less: premium on capital related debt	-	(22,297,000)	(22,297,000)
Less: payables for capital items	(1,488,487)	-	(1,488,487)
Less: asset retirement obligations	-	(99,604,000)	(99,604,000)
Less: deferred inflows of resources - ITS sale	-	(4,732,000)	(4,732,000)
Add: regulatory asset - capital asset AROs	<u>-</u>	<u>34,714,000</u>	<u>34,714,000</u>
Net investment in capital assets	<u>\$ 90,345,875</u>	<u>\$ 922,458,123</u>	<u>\$ 1,012,803,998</u>

Net position restricted for capital projects for governmental activities, reported on the government-wide statement of net position as of December 31, 2022, is calculated as follows:

	Governmental Activities
Capital projects fund balance	\$ 37,626,429
Less: capital related debt	(17,760,000)
Less: premium on capital related debt	(1,865,825)
Add: payables for capital items included elsewhere	<u>1,488,487</u>
Net position restricted for capital projects	<u>\$ 19,489,091</u>

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, 2022, interutility sales were as follows:

Electric	\$ 5,956,000
Natural gas	20,000
Water	242,000
Wastewater	161,000
Information technology	<u>2,511,000</u>
Total	<u>\$ 8,890,000</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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>1,833,769</u>
Expenditures for promotion of tourism and support:	
Northwest Georgia Trade and Convention Center Authority	590,704
Dalton Area Convention and Visitors Bureau	466,170
Other tourism expenditures	<u>776,895</u>
Total expenditures	<u>\$ 1,833,769</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 City obtained commercial insurance for health insurance effective January 1, 2022. From January 1, 2020 through December 31, 2021, the employees of the City were covered by a self-insured health insurance plan. The purpose of the health insurance plan was to pay medical claims on City employees. The insurance plan was a hybrid plan, in which the City funded the plan a contractual dollar amount each month, and claims and administrative fees were paid out of that funding. Should the plan have experienced claims and administrative fees that exceeded the contractual monthly amount, the private insurance carrier was responsible for the overages. Should the plan have experienced claims and administrative fees that were less than the contractual monthly amount, the remaining balance was rolled to the following month. The health insurance internal service fund was funded by premium payments from individual departments of the City and others within the Plan.

A reserve has been made for estimated health insurance claims under the self-insured plan which were incurred but not paid at December 31, 2022. The private insurance carrier estimated claims incurred but not paid at December 31, 2022 were \$342. 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, 2022 and 2021 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
2022	\$ 150,307	\$ -	\$ 149,965	\$ 342
2021	1,074,711	6,898,652	7,823,056	150,307
2020	-	8,847,092	7,772,381	1,074,711

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

4-B Risk Management (continued)

The health insurance fund had an increase in net position for 2022. This change in net position must be allocated among the different functions of the entities that used 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 prior 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	\$ 1,175
Judicial	106
Health and welfare	85
Public safety	3,957
Public works	1,418
Culture and recreation	804
Total governmental activities	7,545
Business-type activities:	
Municipal airport	21
Municipal golf course	169
WLSF Commission	6,264
Total business-type activities	6,454
Change in net position	\$ 13,999

Of the total allocation to the governmental activities culture and recreation function, \$318 of the income allocated is attributable to the City's Convention Center joint venture.

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. For the years ended December 31, 2022, 2021, and 2020 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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

4-B Risk Management (continued)

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 \$2,405,036 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 \$335.3 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, 2022, the WLSF Commission has spent \$306.2 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.

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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

4-C Commitments and Contingent Liabilities (continued)

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 2022. 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.

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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

4-C Commitments and Contingent Liabilities (continued)

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.

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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

4-C Commitments and Contingent Liabilities (continued)

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 2022 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.

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 to begin fuel load.

On February 14, 2022, the Vogtle Owners voted to approve a construction budget of \$20.5 billion (excluding non-sharable costs) which was expected to accommodate costs incurred if achieving commercial operation occurred during the end of the then 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 communicated to GPC that the WLSF Commission believes 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 did 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 did GPC agree with the other Vogtle Owners regarding the extent to which costs resulting from a force majeure event, such as COVID-19, impacted these triggers.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

4-C Commitments and Contingent Liabilities (continued)

On June 17, 2022, OPC 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, OPC and MEAG, 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. On July 26, 2022, the WLSF Commission gave notice to GPC that it was executing its option under the Global Amendments to tender a portion of its ownership in Plant Vogtle Units 3 and 4 and, on September 26, 2022, the WLSF Commission intervened in both suits filed by OPC and MEAG against GPC.

On September 29, 2022, GPC and MEAG reached an agreement to resolve their dispute regarding the proper interpretation of the cost-sharing and tender provisions of the Global Amendments. Under the terms of the agreement, among other items, (i) MEAG will not exercise its tender option and will retain its full ownership interest in Plant Vogtle Units 3 and 4; (ii) GPC will reimburse a portion of MEAG's costs of construction for Plant Vogtle Units 3 and 4 as such costs are incurred and with no further adjustment for force majeure costs, which payments will total approximately \$92 million based on the then current project capital cost forecast; and (iii) GPC will reimburse 20% of MEAG's costs of construction with respect to any amounts over the then current project capital cost forecast, with no further adjustment for force majeure costs. On October 4, 2022, MEAG and GPC filed a notice of settlement and voluntary dismissal of the pending litigation described above, including GPC's counterclaim, and, on October 6, 2022, the WLSF Commission dismissed its related complaint. The settlement with MEAG does not resolve the separate pending litigation with OPC, including the WLSF Commission's associated complaint, described above.

The WLSF Commission's ownership in Vogtle Units 3 and 4 is 1.6%, however that will decrease. All Vogtle Owners agree that current project capital cost forecasts will trigger the tender provisions, however GPC does not agree with the WLSF Commission and one other Vogtle Owner on the trigger date for the tender provisions. Based on the current construction project budget and given that the WLSF Commission has executed its option to tender a portion of its ownership share to GPC, approximately 3 of a total estimate of 36 megawatts is expected to be transferred to GPC. The actual adjusted ownership interest will be calculated after both new units reach commercial operation.

On July 29, 2022, Southern Nuclear announced that all Unit 3 ITAACs had been submitted to the NRC. On August 3, 2022, the NRC published its 103(g) finding that the acceptance criteria in the combined license for Unit 3 had been met, which allowed nuclear fuel to be loaded and start-up testing to begin. Fuel load for Unit 3 was completed on October 17, 2022 and the unit achieved initial criticality on March 6, 2023. During pre-operational testing and start-up sequences, Southern Nuclear discovered a degraded hydrogen seal in the main generator. The unit is currently in a planned maintenance outage and, considering the remediation in addition to remaining pre-operational testing, Unit 3 is now expected to be in service during July 2023. Unit 3 power ascension testing is currently approximately 95% complete, and with Unit 3 having operated as designed during the pre-operational testing and start-up sequence, the projected schedule primarily depends on the continued progression of pre-operational testing and start-up, which may be impacted by further equipment, component, and/or other operational challenges. Ongoing or future challenges also include management of contractors and vendors and/or related cost escalation. As testing continues, new challenges also may continue to be identified, which may result in required engineering changes or remediation 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). These challenges may result in further schedule delays and/or cost increases.

After considering the timeframe and duration of hot functional and other testing and recent experience with Unit 3 start-up and pre-operational testing, Unit 4 has completed hot functional testing and is now projected to be placed in service during the first quarter 2024. The projected schedule for Unit 4 primarily depends on potential impacts arising from Unit 4 testing activities overlapping with Unit 3 start-up and commissioning; maintaining overall construction productivity and production levels, particularly in subcontractor scopes of work; and maintaining appropriate levels of craft laborers. Any further delays could result in later in-service dates and cost increases.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

4-C Commitments and Contingent Liabilities (continued)

During 2022, established construction contingency and additional costs totaling \$307,000,000 were assigned to the base capital cost forecast for costs primarily associated with schedule extensions, construction productivity, the pace of system turnovers, additional craft and support resources, and procurement for Units 3 and 4. On February 28, 2023, the WLSF Commission further increased its total project capital cost forecast, including contingency estimates, by \$7,000,000, to a total of \$335,000,000 due to continued pressure on the previously mentioned cost drivers. This increase supports additional forecasted construction costs related to the equipment and component issues identified during Unit 3 start-up and pre-operational testing, as well as an adjusted schedule with Unit 3 becoming commercially operable in July 2023 and Unit 4 reaching COD by the end of first quarter 2024.

The ultimate outcome of these matters cannot be determined at this time. However, any extension of the in-service date beyond July 2023 for Unit 3 or the first quarter 2024 for Unit 4 is currently estimated to result in additional base capital costs for the WLSF Commission of approximately \$240,000 per month for Unit 3 and approximately \$1,020,000 per month for Unit 4.

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 Claims - City of Rome, Georgia v. Board of Water Light and Sinking Fund Commissioners of the City of Dalton, Georgia d/b/a Dalton Utilities, et. al. - This suit was originally filed in 2019 by the City of Rome, Georgia against several floorcovering and chemical manufacturers alleging that PFAS chemicals from their respective operations had entered the waterways in and around Dalton through the land application system (“LAS”) operated by the WLSF Commission, resulting in alleged damages to the City of Rome. The original suit was amended, and by motion dated May 13, 2022, the WLSF Commission was sought to be added as a party to this litigation by order of the court. The WLSF Commission was subsequently added to the amended suit as a party defendant. The amended suit contained various claims against the WLSF Commission. The City of Rome case was recently settled by all defendants, including the WLSF Commission, with confidential terms of settlement. The WLSF Commission’s financial part of the settlement is an agreement to pay \$25 million dollars to the City of Rome in annual payments of \$5 million dollars, beginning in June of 2023 and continuing until the settlement amount of \$25 million dollars is paid in full. The WLSF Commission recognized this financial obligation as an expense in its wastewater business sector in 2022 and established a liability for future payments to be made.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

4-C Commitments and Contingent Liabilities (continued)

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

Clean Water Act Claims - Johnson v. 3M, et al (including the Board of Water Light and Sinking Fund Commissioners of the City of Dalton, Georgia d/b/a Dalton Utilities) - In 2020, the WLSF Commission was named as a defendant in a claim that it was in violation of the Clean Water Act and two additional state laws. In September 2021, the court dismissed one of the state law claims. 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.

Core Scientific Bankruptcy - On December 21, 2022, Core Scientific, Inc., and certain of its subsidiaries (“Core”) filed voluntary chapter 11 bankruptcy petitions in the United States Bankruptcy Court for the Southern District of Texas. Prior to the commencement of the bankruptcy proceeding, the WLSF Commission supplied Core with electric utility and other services to power its cryptocurrency mining operations. At the petition date, Core owed the WLSF Commission \$9.1 million related to utility services provided prior to the petition date, and such charges remain due and owing by Core (the “Prepetition Claim”). The WLSF Commission is vigorously pursuing repayment of the Prepetition Claim; however, it is unable at this time to determine what, if any, portion of the Prepetition Claim will be recoverable through the bankruptcy proceeding.

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 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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

4-C Commitments and Contingent Liabilities (continued)

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 2022, the WLSF Commission incurred purchased gas expense of 37,500,000 and purchased electricity expense of \$163,600,000, the majority of which was purchased under long-term commitments. The WLSF Commission expects that a substantial amount of its future gas and purchased electricity needs will continue to be purchased under long-term commitments.

4-D Conduit Debt Obligations

Conduit debt obligations with limited commitments – In April 2018, the City issued general obligation bonds for the use and benefit of the City of Dalton Board of Education to finance the construction and equipping of a new school building. The City of Dalton Board of Education is the obligor of the debt pursuant to a contractual agreement. The City of Dalton Board of Education is not a component unit of the City. The bonds are payable solely from a voter-approved property tax, as facilitated through a Dalton Public Schools debt service millage rate. In addition, no commitments beyond the pledged tax funds, the payments from the City of Dalton Board of Education, and maintenance of the tax-exempt status of the conduit debt obligations were extended by the City for any of those bonds. At December 31, 2022, the bonds have an aggregate outstanding principal amount payable of \$40,380,000.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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 May 26, 2023.

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>\$ 343,000</u>	<u>\$ 898,000</u>	<u>2,165,000</u>	<u>2,242,000</u>	<u>1,243,000</u>	<u>6,891,000</u>
	343,000	898,000	5,381,000	5,572,000	3,010,000	15,204,000
Percentage of total landfill capacity used as of						
December 31, 2022	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>54.2%</u>	<u>100.0%</u>	
	343,000	898,000	5,381,000	3,018,000	3,010,000	12,650,000
Land acquisition	<u>50,000</u>	-	-	-	-	<u>50,000</u>
Accrual at 12/31/22	<u>\$ 393,000</u>	<u>\$ 898,000</u>	<u>\$ 5,381,000</u>	<u>\$ 3,018,000</u>	<u>\$ 3,010,000</u>	<u>\$ 12,700,000</u>

The DWRSWMA will record the remaining estimated cost of closure and post-closure care costs of \$2,504,000 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 2022. Actual costs when incurred may be higher due to inflation, changes in technology, or changes in laws and regulations.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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 January 18, 2023, the DWRSWMA was in compliance for closure and post-closure care financial assurance requirements through June 30, 2023.

Condensed audited financial statements for the DWRSWMA at December 31, 2022 are as follows:

Statement of Net Position

Assets	
Current assets	\$ 26,113,737
Capitalized assets	21,174,538
Other assets	<u>120,512</u>
Total assets	<u>47,408,787</u>
Deferred outflows of resources	<u>960,506</u>
Total assets and deferred outflows	<u>\$ 48,369,293</u>
Liabilities	
Current liabilities	\$ 879,507
Non-current liabilities	<u>14,529,522</u>
Total liabilities	<u>15,409,029</u>
Deferred inflows of resources	<u>930,570</u>
Net position	<u>32,029,694</u>
Total liabilities, deferred inflows, and net position	<u>\$ 48,369,293</u>

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

Operating revenues	\$ 9,114,893
Operating expenses	(5,460,466)
Depreciation	<u>(1,310,425)</u>
Operating income (loss)	2,344,002
Non-operating revenues (expenses)	<u>(264,613)</u>
Change in net position	2,079,389
Beginning net position	<u>29,950,305</u>
Ending net position	<u>\$ 32,029,694</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

4-E Joint Ventures (continued)

The City participates with Whitfield County in the Northwest Georgia Trade and Convention Center Authority. All budgetary and financial records are maintained by the City of Dalton. The Convention Center issued separate audited financial statements dated May 26, 2023.

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, 2022 are as follows:

Statement of Net Position

Assets	
Current assets	\$ 727,163
Capitalized assets	9,815,741
Total assets	10,542,904
Deferred outflows of resources	112,770
Total assets and deferred outflows	\$ 10,655,674
Liabilities	
Current liabilities	\$ 526,757
Non-current liabilities	344,977
Total liabilities	871,734
Deferred inflows of resources	168,071
Net position	9,615,869
Total liabilities, deferred inflows, and net position	\$ 10,655,674

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

Operating revenues	\$ 1,482,712
Operating expenses	(2,115,659)
Depreciation	(821,125)
Operating income (loss)	(1,454,072)
Non-operating revenues (expenses)	1,211,915
Change in net position	(242,157)
Beginning net position	9,858,026
Ending net position	\$ 9,615,869

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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 26, 2023.

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, 2022 are as follows:

Statement of Net Position

Assets	
Current assets	\$ 5,136,090
Noncurrent assets	289,282
Total assets	<u>\$ 5,425,372</u>
Current liabilities	<u>\$ 2,753,155</u>
Net position	<u>2,672,217</u>
Total liabilities and net position	<u>\$ 5,425,372</u>

Statement of Activities

Program revenues	\$ 3,238,750
General revenues	315,000
Economic development expenses	<u>(2,736,657)</u>
Change in net position	817,093
Beginning net position	<u>1,855,124</u>
Ending net position	<u>\$ 2,672,217</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

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, 2022 is \$2,935,000.

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, 2022 is \$13,369,000.

The City of Dalton Building Authority issued revenue bonds as a public offering during 2022 to finance certain capital outlay projects for the City of Dalton Board of Education. The amount of the bonds outstanding as of December 31, 2022 is \$15,930,000.

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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2022

4-H Tax Abatements (continued)

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

Thirty abatement agreements are outstanding as of December 31, 2022. Reductions in tax revenues attributable to local governments are as follows:

<u>Government Entity</u>	<u>2022 Tax Reduction</u>
City of Dalton, Georgia	\$ 70,831
Whitfield County, Georgia	2,391,982
City of Dalton Board of Education	277,611
Whitfield County Board of Education	4,008,613

REQUIRED SUPPLEMENTARY INFORMATION

City of Dalton, Georgia
Required Supplementary Information
Schedule of Changes in the Net Pension (Asset) Liability
December 31, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
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	\$ 1,470,510
Expected interest growth	8,238,500	8,495,017	8,713,989	8,904,957	9,270,324	9,429,765	9,868,313	10,314,455
Demographic experience	(1,273,686)	216,267	(54,192)	(798,265)	(780,862)	(1,001,988)	3,245,665	(703,877)
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)	(8,464,660)
Benefit term changes	-	-	-	-	-	-	-	2,543,098
Assumption changes	1,890,054	-	-	3,352,582	-	4,198,143	-	(252,245)
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	4,907,281
Total pension liability - beginning (a)	<u>122,337,634</u>	<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>
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>	<u>\$ 159,034,427</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	\$ 2,600,285
Employee contributions	784,871	769,249	727,343	688,300	663,908	677,164	646,835	647,018
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)	(8,464,660)
Administrative expenses	(59,791)	(42,900)	(59,239)	(50,901)	(69,262)	(79,278)	(61,000)	(49,056)
Expected interest growth	5,718,288	5,800,923	6,299,827	7,130,290	6,967,184	8,411,988	9,461,022	10,412,008
Unexpected investment income	(5,527,933)	814,584	5,258,879	(10,188,016)	12,813,826	7,913,820	9,130,438	(34,630,214)
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	(29,484,619)
Plan fiduciary net position - beginning (b)	<u>83,354,643</u>	<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>
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>	<u>\$ 125,998,147</u>
Net pension (asset) 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>	<u>\$ (1,355,620)</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>	<u>\$ 33,036,280</u>
Pension Plan's fiduciary net position								
as a % of total pension liability	67%	71%	79%	74%	87%	96%	101%	79%
Covered payroll	\$ 16,758,095	\$ 15,756,935	\$ 15,113,517	\$ 14,091,077	\$ 13,722,784	\$ 13,304,622	\$ 13,740,735	\$ 13,030,951
Net pension liability as a percentage of covered payroll	248%	240%	189%	260%	134%	48%	N/A	254%

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

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

City of Dalton, Georgia
Required Supplementary Information
Schedule of Funding Progress for Pensions
December 31, 2022

Measurement Date	Total Pension Liability	Fiduciary Net Position	Net Pension (Asset) Liability	Funded Percentage	Covered Payroll	Net Pension Liability as a % of Covered Payroll
12/31/2013	\$ 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
12/31/2022	159,034,427	125,998,147	33,036,280	79%	13,030,951	254%

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, 2022

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
12/31/2013	\$ 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%
12/31/2022	2,600,285	2,600,285	-	13,030,951	20%

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, 2022

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

December 31, 2022 -15.74%

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, 2022
Measurement date:	December 31, 2022
Actuarial valuation date:	January 1, 2022
Actuarial cost method:	Projected unit credit cost
Amortization method:	The unfunded actuarial accrued liability is amortized over a 20 year period from January 1, 2020 with level dollar payments.
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:	Effective January 1, 2022, the mortality improvement scale was updated from Scale MP-2017 to Scale MP-2020. Effective January 1, 2022, assumed administrative expenses were increased from \$50,000 per year to \$75,000 per year.
Changes in benefit terms:	Since the prior measurement date, retirees were granted a one-time 3% cost-of-living adjustment.

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, 2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB liability:					
Service cost	\$ 718,157	\$ 343,785	\$ 372,240	\$ 327,457	\$ 145,558
Expected interest growth	1,345,164	1,142,963	453,023	461,185	1,100,391
Demographic experience	(4,699,489)	(4,840,113)	(36,737)	5,507,148	(6,499,491)
Benefit payments and refunds	(755,998)	(766,394)	(805,454)	(1,388,280)	(873,409)
Assumption changes	<u>96,681</u>	<u>(7,827,897)</u>	<u>1,041,897</u>	<u>63,701</u>	<u>(2,149,127)</u>
Net change in total OPEB liability	(3,295,485)	(11,947,656)	1,024,969	4,971,211	(8,276,078)
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>	<u>26,460,949</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>	<u>\$ 18,184,871</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)	(873,409)
Administrative expenses	(24,560)	(14,717)	(24,180)	(19,282)	(16,533)
Expected interest growth	296,647	236,909	222,135	190,631	89,122
Unexpected investment income	<u>(456,718)</u>	<u>480,291</u>	<u>257,561</u>	<u>290,148</u>	<u>(459,073)</u>
Net change in plan fiduciary net position	(747,483)	123,687	(151,442)	(731,492)	(1,259,893)
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>	<u>2,508,074</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>	<u>\$ 1,248,181</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>	<u>\$ 23,952,875</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>	<u>\$ 16,936,690</u>
OPEB Plan's fiduciary net position as a percentage of total OPEB liability	10%	17%	15%	9%	7%
Covered payroll	\$ 31,589,049	\$ 34,333,776	\$ 40,206,869	\$ 39,986,095	\$ 44,439,081
Net OPEB liability as a percentage of covered payroll	92%	50%	45%	60%	38%

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

Note: Only five 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, 2022

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%
12/31/2022	18,184,871	1,248,181	16,936,690	7%	44,439,081	38%

NA - Not available

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

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

City of Dalton, Georgia
Required Supplementary Information
Notes to Required Supplementary Information for OPEB
December 31, 2022

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, 2022
Measurement date:	December 31, 2022
Actuarial valuation date:	January 1, 2022
Discount rate:	4.31% 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 6.00% for the 2022 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 increased from 2.25% per annum to 4.31% 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, 2022

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,402,921	\$ 3,747	\$ 12,863,852	\$ 15,270,520
Restricted cash	-	-	9,720,037	9,720,037
Receivables:				
Accounts	123,209	2	15,471,238	15,594,449
Intergovernmental - federal	78,040	-	-	78,040
Intergovernmental - state	-	-	1,059,789	1,059,789
Intergovernmental - local	91,289	-	-	91,289
Interfund	13,307	-	-	13,307
Total Assets	\$ 2,708,766	\$ 3,749	\$ 39,114,916	\$ 41,827,431
Liabilities				
Accounts payable	\$ 171,550	\$ -	\$ 1,488,075	\$ 1,659,625
Interfund payable	66,717	-	412	67,129
Total Liabilities	238,267	-	1,488,487	1,726,754
Fund Balances				
Restricted for:				
Economic development	2,159,761	-	-	2,159,761
Public safety	310,737	-	-	310,737
Housing and development	1	-	-	1
Debt service	-	3,749	-	3,749
Capital projects	-	-	37,626,429	37,626,429
Total Fund Balances	2,470,499	3,749	37,626,429	40,100,677
Total Liabilities and Fund Balances	\$ 2,708,766	\$ 3,749	\$ 39,114,916	\$ 41,827,431

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, 2022

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Hotel/motel taxes	\$ 1,833,769	\$ -	\$ -	\$ 1,833,769
Intergovernmental - federal	10,036,585	-	-	10,036,585
Intergovernmental - state	79,914	-	-	79,914
Intergovernmental - local	91,289	-	8,887,007	8,978,296
Charges for services	10,000	-	-	10,000
Fines and forfeitures	147,458	-	-	147,458
Investment earnings	3,797	163	191,281	195,241
Miscellaneous	-	-	62,500	62,500
Total Revenues	<u>12,202,812</u>	<u>163</u>	<u>9,140,788</u>	<u>21,343,763</u>
Expenditures				
Current:				
General government	91,758	-	193,227	284,985
Public safety	27,841	-	44,395	72,236
Public works	-	-	2,404,605	2,404,605
Health and welfare	296,768	-	-	296,768
Culture and recreation	135,000	-	140,469	275,469
Housing and development	638,777	-	5,020	643,797
Capital Outlay				
General government	799,038	-	250,819	1,049,857
Public safety	-	-	1,336,035	1,336,035
Public works	-	-	1,682,991	1,682,991
Culture and recreation	-	-	6,226,197	6,226,197
Housing and development	136,781	-	-	136,781
Debt Service:				
Principal retirement	-	600,000	-	600,000
Interest and fiscal charges	-	605,185	-	605,185
Total Expenditures	<u>2,125,963</u>	<u>1,205,185</u>	<u>12,283,758</u>	<u>15,614,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,076,849</u>	<u>(1,205,022)</u>	<u>(3,142,970)</u>	<u>5,728,857</u>
Other Financing Sources (Uses)				
Proceeds from sale of assets	23,295	-	84,124	107,419
Transfers in	63,067	922,910	13,147,737	14,133,714
Transfers out	(10,052,812)	-	-	(10,052,812)
Total Other Financing Sources (Uses)	<u>(9,966,450)</u>	<u>922,910</u>	<u>13,231,861</u>	<u>4,188,321</u>
Net Change in Fund Balances	110,399	(282,112)	10,088,891	9,917,178
Fund Balances Beginning of Year	<u>2,360,100</u>	<u>285,861</u>	<u>27,537,538</u>	<u>30,183,499</u>
Fund Balances End of Year	<u>\$ 2,470,499</u>	<u>\$ 3,749</u>	<u>\$ 37,626,429</u>	<u>\$ 40,100,677</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 16,766,934	\$ 25,220,264
Investments	3,670,372	670,771
Receivables:		
Accounts	1,761,660	2,368,154
Taxes	5,776,718	1,029,513
Intergovernmental - federal	60,624	48,866
Intergovernmental - state	2,538	746
Intergovernmental - local	82,321	-
Interfund	104,976	315,580
Inventory	224,285	126,216
Prepaid items	3,158	1,905
Total Assets	<u>\$ 28,453,586</u>	<u>\$ 29,782,015</u>
Liabilities		
Accounts payable	\$ 600,902	\$ 418,028
Accrued expenditures	522,748	513,836
Unearned revenue	239,732	175,800
Interfund payable	13,307	69,949
Total Liabilities	<u>1,376,689</u>	<u>1,177,613</u>
Deferred Inflows of Resources		
Unavailable revenue - property taxes	<u>540,456</u>	<u>411,142</u>
Fund Balances		
Nonspendable:		
Inventory	224,285	126,216
Prepaid items	3,158	1,905
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:		
Unassigned	<u>25,987,581</u>	<u>27,743,722</u>
Total Fund Balances	<u>26,536,441</u>	<u>28,193,260</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 28,453,586</u>	<u>\$ 29,782,015</u>

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Taxes:					
Real and personal property taxes	\$ 7,918,000	\$ 7,899,990	\$ 7,890,700	\$ (9,290)	\$ 8,016,012
Alcohol tax	894,000	914,700	917,745	3,045	896,644
Business and occupation tax	570,000	570,900	570,870	(30)	567,552
Franchise tax	453,000	551,000	551,042	42	425,682
Financial institution tax	95,000	74,700	74,931	231	93,987
Insurance premium tax	2,828,000	2,809,400	2,809,407	7	2,745,678
Intangible tax	49,000	68,500	68,923	423	62,383
Real estate transfer tax	20,000	37,500	37,942	442	23,646
Sales tax	7,500,000	8,745,770	8,746,400	630	7,699,455
Title ad valorem tax	883,000	1,234,500	1,226,357	(8,143)	1,264,700
Vehicle tax	48,000	54,000	52,611	(1,389)	53,036
Penalties, fines, and interest	105,000	107,360	104,261	(3,099)	130,565
Total taxes	21,363,000	23,068,320	23,051,189	(17,131)	21,979,340
Licenses and permits:					
Alcohol beverage licenses	298,000	340,800	340,854	54	293,896
Insurance business licenses	58,000	52,200	52,210	10	58,100
Other permits	2,400	4,150	4,225	75	2,400
Penalties, fines, and interest	2,500	13,000	12,592	(408)	1,323
Total licenses and permits	360,900	410,150	409,881	(269)	355,719
Intergovernmental:					
Payments in lieu of taxes	120,700	131,700	124,602	(7,098)	129,360
Federal grants and contracts	12,000	189,580	202,545	12,965	11,003
State grants and contracts	402,000	404,000	404,775	775	3,508
Total intergovernmental	534,700	725,280	731,922	6,642	143,871
Charges for services:					
Cemetery fees	120,000	75,100	73,090	(2,010)	115,650
Concession revenue	246,100	182,340	184,688	2,348	244,468
Election and advertising fees	3,000	5,700	6,000	300	7,605
Garbage and recycling revenue	7,000	900	820	(80)	12,759
Indirect cost allocation	100,600	100,600	100,679	79	104,606
Municipal court fees	630,000	571,300	570,533	(767)	629,098
Program fees and admissions	164,000	213,700	211,572	(2,128)	153,785
Public works fees	6,000	3,000	2,378	(622)	6,500
Public safety fees	54,000	56,000	54,715	(1,285)	46,182
Senior center	240,500	217,035	217,034	(1)	205,654
School resource officer	322,000	359,000	359,828	828	303,747
Special events revenue	-	600	730	130	(5)
Total charges for services	1,893,200	1,785,275	1,782,067	(3,208)	1,830,049

(Continued)

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022			2021	
	Original Budget	Final Budget	Actual	Variance	Actual
Fines and forfeitures	446,000	510,100	532,283	22,183	438,735
Investment earnings	120,150	285,915	286,251	336	43,082
Miscellaneous:					
Donations	24,500	71,200	71,201	1	37,915
Reimbursements	10,000	71,380	71,411	31	23,655
Rental income	225,550	304,900	304,664	(236)	228,214
Miscellaneous	219,600	239,515	239,351	(164)	224,807
Total miscellaneous	479,650	686,995	686,627	(368)	514,591
Total revenues	\$ 25,197,600	\$ 27,472,035	\$ 27,480,220	\$ 8,185	\$ 25,305,387

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
General Government:					
Legislative					
Personal services and benefits	\$ 104,500	\$ 78,000	\$ 77,930	\$ 70	\$ 85,515
Purchased and contracted services	35,415	60,920	60,661	259	27,109
Supplies	14,085	18,005	17,899	106	11,243
Other costs	-	-	-	-	2,000
Total	<u>154,000</u>	<u>156,925</u>	<u>156,490</u>	<u>435</u>	<u>125,867</u>
Administrative					
Personal services and benefits	446,700	410,780	408,940	1,840	469,076
Purchased and contracted services	199,800	196,590	153,509	43,081	144,890
Supplies	13,000	13,870	9,044	4,826	29,363
Other costs	200,000	-	-	-	-
Total	<u>859,500</u>	<u>621,240</u>	<u>571,493</u>	<u>49,747</u>	<u>643,329</u>
City Clerk					
Personal services and benefits	322,030	340,495	340,544	(49)	277,220
Purchased and contracted services	40,200	32,269	32,230	39	28,488
Supplies	5,300	9,746	9,736	10	5,224
Total	<u>367,530</u>	<u>382,510</u>	<u>382,510</u>	<u>-</u>	<u>310,932</u>
Elections					
Purchased and contracted services	-	-	-	-	8,737
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,737</u>
Finance					
Personal services and benefits	521,070	497,105	495,392	1,713	433,792
Purchased and contracted services	330,930	327,685	294,810	32,875	282,974
Supplies	9,000	16,500	12,697	3,803	13,134
Total	<u>861,000</u>	<u>841,290</u>	<u>802,899</u>	<u>38,391</u>	<u>729,900</u>
Human Resources					
Personal services and benefits	465,350	415,510	398,264	17,246	331,549
Purchased and contracted services	59,200	32,590	28,467	4,123	103,398
Supplies	3,800	4,800	4,247	553	1,890
Total	<u>528,350</u>	<u>452,900</u>	<u>430,978</u>	<u>21,922</u>	<u>436,837</u>
Technology					
Personal services and benefits	316,450	325,665	322,385	3,280	286,019
Purchased and contracted services	242,850	241,450	230,431	11,019	181,258
Supplies	8,000	6,400	5,555	845	11,303
Total	<u>567,300</u>	<u>573,515</u>	<u>558,371</u>	<u>15,144</u>	<u>478,580</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Buildings and Grounds					
Purchased and contracted services	176,950	231,610	214,154	17,456	192,763
Supplies	90,000	131,510	125,072	6,438	88,498
Total	<u>266,950</u>	<u>363,120</u>	<u>339,226</u>	<u>23,894</u>	<u>281,261</u>
Total General Government	<u>3,604,630</u>	<u>3,391,500</u>	<u>3,241,967</u>	<u>149,533</u>	<u>3,015,443</u>
Judicial:					
Municipal Court					
Personal services and benefits	279,300	275,955	269,795	6,160	248,137
Purchased and contracted services	208,210	214,583	210,564	4,019	180,249
Supplies	12,800	25,972	25,056	916	9,285
Total Judicial	<u>500,310</u>	<u>516,510</u>	<u>505,415</u>	<u>11,095</u>	<u>437,671</u>
Public Safety:					
Fire Department					
Personal services and benefits	8,959,040	9,041,085	9,135,407	(94,322)	8,042,164
Purchased and contracted services	370,180	369,335	368,951	384	312,703
Supplies	421,750	423,435	368,018	55,417	403,402
Capital outlay	4,000	30	-	30	35,781
Total	<u>9,754,970</u>	<u>9,833,885</u>	<u>9,872,376</u>	<u>(38,491)</u>	<u>8,794,050</u>
Police Department					
Personal services and benefits	8,809,550	8,212,800	8,194,668	18,132	7,205,509
Purchased and contracted services	972,255	934,590	867,076	67,514	770,603
Supplies	420,700	463,070	427,170	35,900	339,123
Capital outlay	28,000	26,770	26,770	-	5,246
Other costs	-	13,035	13,035	-	6,015
Total	<u>10,230,505</u>	<u>9,650,265</u>	<u>9,528,719</u>	<u>121,546</u>	<u>8,326,496</u>
Total Public Safety	<u>19,985,475</u>	<u>19,484,150</u>	<u>19,401,095</u>	<u>83,055</u>	<u>17,120,546</u>
Public Works:					
Public Works					
Personal services and benefits	5,143,380	4,899,165	4,862,756	36,409	4,431,311
Purchased and contracted services	1,703,975	1,010,125	916,237	93,888	1,245,330
Supplies	1,639,700	1,951,060	1,855,624	95,436	1,226,802
Capital outlay	40,000	523,715	511,877	11,838	310,379
Total	<u>8,527,055</u>	<u>8,384,065</u>	<u>8,146,494</u>	<u>237,571</u>	<u>7,213,822</u>
Total Public Works	<u>8,527,055</u>	<u>8,384,065</u>	<u>8,146,494</u>	<u>237,571</u>	<u>7,213,822</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Health and Welfare:					
Senior Center					
Personal services and benefits	296,345	418,930	418,922	8	262,746
Purchased and contracted services	24,065	30,390	30,358	32	17,204
Supplies	94,660	69,050	69,025	25	57,387
Total	415,070	518,370	518,305	65	337,337
Special Projects					
Other costs	1,000	31,000	25,984	5,016	28,049
Total	1,000	31,000	25,984	5,016	28,049
Total Health and Welfare	416,070	549,370	544,289	5,081	365,386
Culture and Recreation:					
Recreation Department					
Personal services and benefits	2,550,950	2,400,955	2,393,336	7,619	2,175,626
Purchased and contracted services	621,880	526,609	521,492	5,117	407,890
Supplies	618,950	854,116	841,921	12,195	725,014
Total	3,791,780	3,781,680	3,756,749	24,931	3,308,530
Special Projects					
Other costs	355,200	355,200	353,600	1,600	365,200
Total	355,200	355,200	353,600	1,600	365,200
Total Culture and Recreation	4,146,980	4,136,880	4,110,349	26,531	3,673,730
Housing and Development:					
Code Compliance					
Personal services and benefits	-	61,180	56,446	4,734	-
Purchased and contracted services	-	15,398	13,898	1,500	-
Supplies	-	10,452	9,393	1,059	-
Total	-	87,030	79,737	7,293	-
Special Projects					
Other	372,500	382,500	382,500	-	342,749
Total	372,500	382,500	382,500	-	342,749
Total Housing and Development	372,500	469,530	462,237	7,293	342,749
Total expenditures	\$ 37,553,020	\$ 36,932,005	\$ 36,411,846	\$ 520,159	\$ 32,169,347

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Police Department:					
Administration					
Personal services and benefits	\$ 625,480	\$ 641,375	\$ 640,250	1,125	\$ 573,357
Purchased and contracted services	410,755	427,905	402,578	25,327	393,205
Supplies	12,600	13,025	9,435	3,590	12,893
Other costs	-	13,035	13,035	-	-
Total	1,048,835	1,095,340	1,065,298	30,042	979,455
Patrol					
Personal services and benefits	5,647,000	5,275,670	5,267,542	8,128	4,504,992
Purchased and contracted services	280,300	269,050	257,739	11,311	199,304
Supplies	261,500	306,485	294,025	12,460	221,321
Total	6,188,800	5,851,205	5,819,306	31,899	4,925,617
Criminal Investigation Division					
Personal services and benefits	1,570,930	1,405,880	1,400,077	5,803	1,302,630
Purchased and contracted services	66,500	70,200	62,715	7,485	40,765
Supplies	32,100	37,070	31,231	5,839	30,087
Capital outlay	28,000	26,770	26,770	-	-
Total	1,697,530	1,539,920	1,520,793	19,127	1,373,482
Support Services					
Personal services and benefits	966,140	889,875	886,799	3,076	824,530
Purchased and contracted services	109,700	72,435	56,122	16,313	81,626
Supplies	114,500	106,490	92,479	14,011	74,822
Capital outlay	-	-	-	-	5,246
Other costs	-	-	-	-	6,015
Total	1,190,340	1,068,800	1,035,400	33,400	992,239
Custody of Prisoners					
Purchased and contracted services	105,000	95,000	87,922	7,078	55,703
Total	105,000	95,000	87,922	7,078	55,703
Total Police Department	\$ 10,230,505	\$ 9,650,265	\$ 9,528,719	\$ 121,546	\$ 8,326,496

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Public Works Department:					
Administration					
Personal services and benefits	\$ 568,980	\$ 528,076	\$ 524,424	\$ 3,652	\$ 507,360
Purchased and contracted services	127,380	180,100	163,080	17,020	109,867
Supplies	122,500	121,890	117,478	4,412	95,226
Total	<u>818,860</u>	<u>830,066</u>	<u>804,982</u>	<u>25,084</u>	<u>712,453</u>
Roads and Walkways					
Personal services and benefits	723,480	574,734	570,237	4,497	535,241
Purchased and contracted services	9,025	4,025	3,525	500	8,393
Supplies	182,000	150,740	149,700	1,040	141,844
Capital outlay	-	20,400	20,372	28	-
Total	<u>914,505</u>	<u>749,899</u>	<u>743,834</u>	<u>6,065</u>	<u>685,478</u>
Solid Waste Collections					
Personal services and benefits	1,769,275	1,773,995	1,759,726	14,269	1,541,954
Purchased and contracted services	361,910	336,410	297,073	39,337	307,530
Supplies	76,000	78,100	74,265	3,835	51,555
Total	<u>2,207,185</u>	<u>2,188,505</u>	<u>2,131,064</u>	<u>57,441</u>	<u>1,901,039</u>
Shop and Maintenance					
Personal services and benefits	536,655	548,325	543,154	5,171	495,284
Purchased and contracted services	220,205	105,295	97,075	8,220	506,059
Supplies	549,700	820,140	776,035	44,105	249,347
Total	<u>1,306,560</u>	<u>1,473,760</u>	<u>1,416,264</u>	<u>57,496</u>	<u>1,250,690</u>
Traffic engineer					
Personal services and benefits	502,420	476,510	473,697	2,813	444,043
Purchased and contracted services	9,110	6,420	5,160	1,260	4,386
Supplies	48,000	90,190	87,932	2,258	85,023
Capital outlay	40,000	77,050	77,000	50	-
Total	<u>599,530</u>	<u>650,170</u>	<u>643,789</u>	<u>6,381</u>	<u>533,452</u>
Right of Way Maintenance					
Personal services and benefits	686,860	656,580	652,383	4,197	584,464
Purchased and contracted services	158,540	158,540	150,720	7,820	126,646
Supplies	64,500	64,500	57,758	6,742	38,616
Capital outlay	-	-	-	-	10,379
Total	<u>909,900</u>	<u>879,620</u>	<u>860,861</u>	<u>18,759</u>	<u>760,105</u>
Street Lighting					
Supplies	520,000	548,000	520,784	27,216	489,838
Total	<u>520,000</u>	<u>548,000</u>	<u>520,784</u>	<u>27,216</u>	<u>489,838</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Storm Drainage					
Personal services and benefits	355,710	340,945	339,135	1,810	322,965
Purchased and contracted services	183,805	178,870	178,815	55	181,521
Supplies	<u>77,000</u>	<u>77,500</u>	<u>71,672</u>	<u>5,828</u>	<u>75,353</u>
Total	<u>616,515</u>	<u>597,315</u>	<u>589,622</u>	<u>7,693</u>	<u>579,839</u>
Other					
Purchased and contracted services	634,000	40,465	20,789	19,676	928
Capital outlay	<u>-</u>	<u>426,265</u>	<u>414,505</u>	<u>11,760</u>	<u>300,000</u>
Total	<u>634,000</u>	<u>466,730</u>	<u>435,294</u>	<u>31,436</u>	<u>300,928</u>
Total Public Works Department	<u>\$ 8,527,055</u>	<u>\$ 8,384,065</u>	<u>\$ 8,146,494</u>	<u>\$ 237,571</u>	<u>\$ 7,213,822</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Recreation Department:					
Administration					
Personal services and benefits	\$ 980,150	\$ 889,920	\$ 888,924	\$ 996	\$ 748,811
Purchased and contracted services	128,260	126,380	123,949	2,431	109,713
Supplies	<u>21,750</u>	<u>18,480</u>	<u>16,488</u>	<u>1,992</u>	<u>14,937</u>
Total	<u>1,130,160</u>	<u>1,034,780</u>	<u>1,029,361</u>	<u>5,419</u>	<u>873,461</u>
Programs					
Personal services and benefits	174,000	146,360	145,264	1,096	147,183
Purchased and contracted services	93,000	108,130	108,130	-	87,894
Supplies	<u>147,010</u>	<u>144,050</u>	<u>140,812</u>	<u>3,238</u>	<u>147,464</u>
Total	<u>414,010</u>	<u>398,540</u>	<u>394,206</u>	<u>4,334</u>	<u>382,541</u>
Parks					
Personal services and benefits	1,128,950	1,144,655	1,143,716	939	1,075,635
Purchased and contracted services	361,620	232,129	230,512	1,617	177,439
Supplies	<u>306,190</u>	<u>550,036</u>	<u>546,637</u>	<u>3,399</u>	<u>444,487</u>
Total	<u>1,796,760</u>	<u>1,926,820</u>	<u>1,920,865</u>	<u>5,955</u>	<u>1,697,561</u>
Concessions					
Personal services and benefits	57,200	29,480	28,396	1,084	55,992
Purchased and contracted services	4,000	5,820	5,803	17	5,786
Supplies	<u>105,000</u>	<u>104,750</u>	<u>103,981</u>	<u>769</u>	<u>107,616</u>
Total	<u>166,200</u>	<u>140,050</u>	<u>138,180</u>	<u>1,870</u>	<u>169,394</u>
Facilities					
Personal services and benefits	183,200	170,190	166,821	3,369	130,306
Purchased and contracted services	30,000	23,350	22,298	1,052	173
Supplies	<u>19,000</u>	<u>13,900</u>	<u>11,203</u>	<u>2,697</u>	<u>4,666</u>
Total	<u>232,200</u>	<u>207,440</u>	<u>200,322</u>	<u>7,118</u>	<u>135,145</u>
Special Activities					
Personal services and benefits	27,450	20,350	20,215	135	17,699
Purchased and contracted services	5,000	30,800	30,800	-	26,885
Supplies	<u>20,000</u>	<u>22,900</u>	<u>22,800</u>	<u>100</u>	<u>5,844</u>
Total	<u>52,450</u>	<u>74,050</u>	<u>73,815</u>	<u>235</u>	<u>50,428</u>
Total Recreation Department	<u>\$ 3,791,780</u>	<u>\$ 3,781,680</u>	<u>\$ 3,756,749</u>	<u>\$ 24,931</u>	<u>\$ 3,308,530</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

Opioid Settlement Fund – Established to account for proceeds from the opioid settlement.

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2022

	<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 Districts #1, #3, and #4</u>	<u>Economic Development</u>	<u>Opioid Settlement</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets									
Cash and cash equivalents	\$ 35,448	\$ 195,345	\$ 1	\$ -	\$ -	\$ 26,279	\$ 2,042,193	\$ 103,655	\$ 2,402,921
Receivables:									
Accounts	123,131	78	-	-	-	-	-	-	123,209
Intergovernmental - federal	-	-	12,132	65,908	-	-	-	-	78,040
Intergovernmental - local	-	-	-	-	-	-	91,289	-	91,289
Interfund	-	13,307	-	-	-	-	-	-	13,307
Total Assets	<u>\$ 158,579</u>	<u>\$ 208,730</u>	<u>\$ 12,133</u>	<u>\$ 65,908</u>	<u>\$ -</u>	<u>\$ 26,279</u>	<u>\$ 2,133,482</u>	<u>\$ 103,655</u>	<u>\$ 2,708,766</u>
Liabilities									
Accounts payable	\$ 158,579	\$ 1,648	\$ 11,323	\$ -	\$ -	\$ -	\$ -	\$ -	171,550
Interfund payable	-	-	809	65,908	-	-	-	-	66,717
Total Liabilities	<u>158,579</u>	<u>1,648</u>	<u>12,132</u>	<u>65,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,267</u>
Fund Balances									
Restricted for:									
Economic development	-	-	-	-	-	26,279	2,133,482	-	2,159,761
Public safety	-	207,082	-	-	-	-	-	103,655	310,737
Housing and development	-	-	1	-	-	-	-	-	1
Total Fund Balances	<u>-</u>	<u>207,082</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>26,279</u>	<u>2,133,482</u>	<u>103,655</u>	<u>2,470,499</u>
Total Liabilities and Fund Balances	<u>\$ 158,579</u>	<u>\$ 208,730</u>	<u>\$ 12,133</u>	<u>\$ 65,908</u>	<u>\$ -</u>	<u>\$ 26,279</u>	<u>\$ 2,133,482</u>	<u>\$ 103,655</u>	<u>\$ 2,708,766</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, 2022

	Hotel/ Motel Tax	Confiscated Assets	Community Development Block Grant	Airport Improvement Grant	ARPA Grant	Tax Allocation Districts #1, #3, and #4	Economic Development	Opioid Settlement	Total Nonmajor Special Revenue Funds
Revenues									
Hotel/motel taxes	\$ 1,833,769	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,833,769
Payments in lieu of taxes	-	-	-	-	-	-	91,289	-	91,289
Intergovernmental - federal	-	13,307	485,816	666,304	8,871,158	-	-	-	10,036,585
Intergovernmental - state	-	-	-	79,914	-	-	-	-	79,914
Application fees	-	-	-	-	-	10,000	-	-	10,000
Fines and forfeitures	-	43,803	-	-	-	-	-	103,655	147,458
Investment earnings	-	894	-	-	857	121	1,925	-	3,797
Total Revenues	<u>1,833,769</u>	<u>58,004</u>	<u>485,816</u>	<u>746,218</u>	<u>8,872,015</u>	<u>10,121</u>	<u>93,214</u>	<u>103,655</u>	<u>12,202,812</u>
Expenditures									
Current:									
General government	-	-	81,248	10,247	-	263	-	-	91,758
Public safety	-	27,841	-	-	-	-	-	-	27,841
Health and welfare	-	-	296,768	-	-	-	-	-	296,768
Culture and recreation	135,000	-	-	-	-	-	-	-	135,000
Housing and development	530,977	-	107,800	-	-	-	-	-	638,777
Total Current	<u>665,977</u>	<u>27,841</u>	<u>485,816</u>	<u>10,247</u>	<u>-</u>	<u>263</u>	<u>-</u>	<u>-</u>	<u>1,190,144</u>
Capital Outlay:									
General government	-	-	-	799,038	-	-	-	-	799,038
Housing and development	-	-	-	-	-	-	136,781	-	136,781
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>799,038</u>	<u>-</u>	<u>-</u>	<u>136,781</u>	<u>-</u>	<u>935,819</u>
Total Expenditures	<u>665,977</u>	<u>27,841</u>	<u>485,816</u>	<u>809,285</u>	<u>-</u>	<u>263</u>	<u>136,781</u>	<u>-</u>	<u>2,125,963</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,167,792	30,163	-	(63,067)	8,872,015	9,858	(43,567)	103,655	10,076,849 (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, 2022

	Hotel/ Motel Tax	Confiscated Assets	Community Development Block Grant	Airport Improvement Grant	ARPA Grant	Tax Allocation Districts #1, #3, and #4	Economic Development	Opioid Settlement	Total Nonmajor Special Revenue Funds
Other Financing Sources (Uses)									
Proceeds from sale of assets	\$ -	\$ 23,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,295
Transfers in	-	-	-	63,067	-	-	-	-	63,067
Transfers out	(1,167,792)	-	-	-	(8,872,015)	(13,005)	-	-	(10,052,812)
Total Other Financing Sources (Uses)	<u>(1,167,792)</u>	<u>23,295</u>	<u>-</u>	<u>63,067</u>	<u>(8,872,015)</u>	<u>(13,005)</u>	<u>-</u>	<u>-</u>	<u>(9,966,450)</u>
Net Change in Fund Balances	-	53,458	-	-	-	(3,147)	(43,567)	103,655	110,399
Fund Balances Beginning of Year	-	153,624	1	-	-	29,426	2,177,049	-	2,360,100
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 207,082</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,279</u>	<u>\$ 2,133,482</u>	<u>\$ 103,655</u>	<u>\$ 2,470,499</u>

City of Dalton, Georgia
Comparative Balance Sheet
Hotel/Motel Tax Fund
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 35,448	\$ 14,561
Receivables:		
Accounts	<u>123,131</u>	<u>117,550</u>
Total Assets	<u>\$ 158,579</u>	<u>\$ 132,111</u>
Liabilities		
Accounts payable	\$ 158,579	\$ 20,478
Interfund payable	<u>-</u>	<u>111,633</u>
Total Liabilities	<u>\$ 158,579</u>	<u>\$ 132,111</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, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Hotel/motel taxes	\$ 1,570,000	\$ 1,825,220	\$ 1,825,207	\$ (13)	\$ 1,557,965
Penalties, fines, and interest	5,000	8,560	8,562	2	4,254
Total Revenues	<u>1,575,000</u>	<u>1,833,780</u>	<u>1,833,769</u>	<u>(11)</u>	<u>1,562,219</u>
Expenditures					
Current:					
Culture and recreation:					
Purchased and contracted services	50,000	135,000	135,000	-	-
Housing and development:					
Supplies	20,000	24,675	24,675	-	10,000
Other costs	430,000	506,305	506,302	3	391,695
Total Expenditures	<u>500,000</u>	<u>665,980</u>	<u>665,977</u>	<u>3</u>	<u>401,695</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,075,000	1,167,800	1,167,792	(8)	1,160,524
Other Financing Sources (Uses)					
Transfers out	(1,075,000)	(1,167,800)	(1,167,792)	8	(1,160,524)
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 195,345	\$ 158,471
Receivables:		
Accounts	78	-
Interfund	13,307	-
Total Assets	<u>\$ 208,730</u>	<u>\$ 158,471</u>
Liabilities		
Accounts payable	\$ 1,648	\$ 1,822
Interfund payable	-	3,025
Total Liabilities	<u>1,648</u>	<u>4,847</u>
Fund Balances		
Restricted - public safety	<u>207,082</u>	<u>153,624</u>
Total Fund Balances	<u>207,082</u>	<u>153,624</u>
Total Liabilities and Fund Balances	<u>\$ 208,730</u>	<u>\$ 158,471</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, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	\$ -	\$ -	\$ 13,307	\$ 13,307	\$ -
Fines and forfeitures	43,000	43,000	43,803	803	61,050
Investment earnings	300	300	894	594	227
Total Revenues	<u>43,300</u>	<u>43,300</u>	<u>58,004</u>	<u>14,704</u>	<u>61,277</u>
Expenditures					
Current:					
Public Safety:					
Purchased and contracted services	26,600	29,000	24,082	4,918	30,715
Supplies	23,700	21,300	3,759	17,541	2,929
Other costs	-	-	-	-	14,533
Total Expenditures	<u>50,300</u>	<u>50,300</u>	<u>27,841</u>	<u>22,459</u>	<u>48,177</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,000)	(7,000)	30,163	37,163	13,100
Other Financing Sources (Uses)					
Proceeds from sale of assets	5,000	5,000	23,295	18,295	7,350
Net Change in Fund Balances	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>	53,458	<u>\$ 55,458</u>	20,450
Fund Balances Beginning of Year			<u>153,624</u>		<u>133,174</u>
Fund Balances End of Year			<u>\$ 207,082</u>		<u>\$ 153,624</u>

City of Dalton, Georgia
Comparative Balance Sheet
Community Development Block Grant Fund
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 1	\$ 1
Receivables:		
Intergovernmental - federal	<u>12,132</u>	<u>73,661</u>
Total Assets	<u>\$ 12,133</u>	<u>\$ 73,662</u>
Liabilities		
Accounts payable	\$ 11,323	\$ 71,224
Interfund payable	<u>809</u>	<u>2,437</u>
Total Liabilities	<u>12,132</u>	<u>73,661</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>\$ 12,133</u>	<u>\$ 73,662</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, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	\$ 603,000	\$ 838,012	\$ 485,816	\$ (352,196)	\$ 639,398
Total Revenues	<u>603,000</u>	<u>838,012</u>	<u>485,816</u>	<u>(352,196)</u>	<u>639,398</u>
Expenditures					
Current:					
General Government:					
Purchased and contracted services	120,590	234,312	81,248	153,064	94,366
Health and Welfare:					
Other costs	288,940	349,285	296,768	52,517	220,868
Housing and Development:					
Other costs	193,470	254,415	107,800	146,615	324,164
Total Expenditures	<u>603,000</u>	<u>838,012</u>	<u>485,816</u>	<u>352,196</u>	<u>639,398</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ (704,392)</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
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CHIP Grant
For the Year Ended December 31, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Other Financing Sources (Uses)					
Transfers out	\$ -	\$ -	\$ -	\$ -	\$ (1)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	(1)
Fund Balances Beginning of Year			<u>-</u>		<u>1</u>
Fund Balances End of Year			<u>\$ -</u>		<u>\$ -</u>

City of Dalton, Georgia
Comparative Balance Sheet
Airport Improvement Grant Fund
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Receivables:		
Intergovernmental - federal	\$ 65,908	\$ 112,778
Intergovernmental - state	<u>-</u>	<u>2,153</u>
Total Assets	<u>\$ 65,908</u>	<u>\$ 114,931</u>
Liabilities		
Accounts payable	\$ -	\$ 5,015
Interfund payable	<u>65,908</u>	<u>109,916</u>
Total Liabilities	<u>\$ 65,908</u>	<u>\$ 114,931</u>

City of Dalton, Georgia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Airport Improvement Grant Fund
 For the Year Ended December 31, 2022
 (With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	\$ 285,000	\$ 675,355	\$ 666,304	\$ (9,051)	\$ 135,778
Intergovernmental - state	<u>112,500</u>	<u>84,220</u>	<u>79,914</u>	<u>(4,306)</u>	<u>2,153</u>
Total Revenues	<u>397,500</u>	<u>759,575</u>	<u>746,218</u>	<u>(13,357)</u>	<u>137,931</u>
Expenditures					
Current:					
General Government:					
Other costs	10,247	10,247	10,247	-	-
Capital outlay:					
General Government:					
Capital outlay	<u>419,753</u>	<u>812,423</u>	<u>799,038</u>	<u>13,385</u>	<u>55,931</u>
Total Expenditures	<u>430,000</u>	<u>822,670</u>	<u>809,285</u>	<u>13,385</u>	<u>55,931</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,500)	(63,095)	(63,067)	28	82,000
Other Financing Sources (Uses)					
Transfers in	32,500	63,095	63,067	(28)	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,000)</u>
Total Other Financing Sources (Uses)	<u>32,500</u>	<u>63,095</u>	<u>63,067</u>	<u>(28)</u>	<u>(82,000)</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
Comparative Balance Sheet
ARPA Grant Fund
December 31, 2022 and 2021

	2022	2021
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, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	\$ 4,434,451	\$ 8,871,158	\$ 8,871,158	\$ -	\$ 2,255
Investment earnings	<u>5</u>	<u>857</u>	<u>857</u>	<u>-</u>	<u>905</u>
Total Revenues	<u>4,434,456</u>	<u>8,872,015</u>	<u>8,872,015</u>	<u>-</u>	<u>3,160</u>
Expenditures					
Current:					
General Government:					
Purchased and contracted services	-	-	-	-	2,255
Other costs	<u>4,434,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>4,434,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,255</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5	8,872,015	8,872,015	-	905
Other Financing Sources (Uses)					
Transfers out	<u>(5)</u>	<u>(8,872,015)</u>	<u>(8,872,015)</u>	<u>-</u>	<u>(905)</u>
Total Other Financing Sources (Uses)	<u>(5)</u>	<u>(8,872,015)</u>	<u>(8,872,015)</u>	<u>-</u>	<u>(905)</u>
Net Change in Fund Balances	<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
Comparative Balance Sheet
Tax Allocation Districts #1, #3, and #4
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 26,279	\$ 19,422
Receivables:		
Accounts	-	10,000
Taxes	-	4
Total Assets	\$ 26,279	\$ 29,426
 Fund Balances		
Restricted - economic development	\$ 26,279	\$ 29,426
Total Fund Balances	\$ 26,279	\$ 29,426

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Tax Allocation Districts #1, #3, and #4
For the Year Ended December 31, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Real and personal property taxes	\$ -	\$ -	\$ -	\$ -	\$ 9
Application fees	-	10,000	10,000	-	10,000
Investment earnings	<u>50</u>	<u>70</u>	<u>121</u>	<u>51</u>	<u>28</u>
Total Revenues	<u>50</u>	<u>10,070</u>	<u>10,121</u>	<u>51</u>	<u>10,037</u>
Expenditures					
Current:					
General Government:					
Purchased and contracted services	<u>50</u>	<u>350</u>	<u>263</u>	<u>87</u>	<u>-</u>
Total Expenditures	<u>50</u>	<u>350</u>	<u>263</u>	<u>87</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	9,720	9,858	138	10,037
Other Financing Sources (Uses)					
Transfers out	<u>-</u>	<u>(13,005)</u>	<u>(13,005)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(13,005)</u>	<u>(13,005)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (3,285)</u>	<u>(3,147)</u>	<u>\$ 138</u>	<u>10,037</u>
Fund Balances Beginning of Year			<u>29,426</u>		<u>19,389</u>
Fund Balances End of Year			<u>\$ 26,279</u>		<u>\$ 29,426</u>

**City of Dalton, Georgia
Comparative Balance Sheet
Economic Development Fund
December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 2,042,193	\$ 2,120,128
Receivables:		
Intergovernmental - local	<u>91,289</u>	<u>56,921</u>
Total Assets	<u>\$ 2,133,482</u>	<u>\$ 2,177,049</u>
Fund Balances		
Restricted - economic development	<u>\$ 2,133,482</u>	<u>\$ 2,177,049</u>
Total Fund Balances	<u>\$ 2,133,482</u>	<u>\$ 2,177,049</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, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Payments in lieu of taxes	\$ 33,000	\$ 45,100	\$ 91,289	\$ 46,189	\$ 56,921
Investment earnings	<u>3,000</u>	<u>2,000</u>	<u>1,925</u>	<u>(75)</u>	<u>3,162</u>
Total Revenues	<u>36,000</u>	<u>47,100</u>	<u>93,214</u>	<u>46,114</u>	<u>60,083</u>
Expenditures					
Current:					
Economic Development:					
Other costs	-	-	-	-	157,500
Capital outlay:					
Economic Development:					
Capital outlay	<u>1,500,000</u>	<u>1,500,000</u>	<u>136,781</u>	<u>1,363,219</u>	<u>-</u>
Total Expenditures	<u>1,500,000</u>	<u>1,500,000</u>	<u>136,781</u>	<u>1,363,219</u>	<u>157,500</u>
Net Change in Fund Balances	<u>\$ (1,464,000)</u>	<u>\$ (1,452,900)</u>	(43,567)	<u>\$ 1,409,333</u>	(97,417)
Fund Balances Beginning of Year			<u>2,177,049</u>		<u>2,274,466</u>
Fund Balances End of Year			<u>\$ 2,133,482</u>		<u>\$ 2,177,049</u>

City of Dalton, Georgia
Comparative Balance Sheet
Opioid Settlement
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 103,655	\$ -
Total Assets	<u>\$ 103,655</u>	<u>\$ -</u>
Fund Balances		
Restricted - public safety	\$ 103,655	\$ -
Total Fund Balances	<u>\$ 103,655</u>	<u>\$ -</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Opioid Settlement
For the Year Ended December 31, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022			2021	
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Fines and forfeitures	\$ -	\$ 103,700	\$ 103,655	\$ (45)	\$ -
Total Revenues	<u>-</u>	<u>103,700</u>	<u>103,655</u>	<u>(45)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ 103,700</u>	103,655	<u>\$ (45)</u>	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			<u>\$ 103,655</u>		<u>\$ -</u>

NONMAJOR DEBT SERVICE FUND

City of Dalton, Georgia
Comparative Balance Sheet
Debt Service Fund
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 3,747	\$ 285,861
Receivables:		
Accounts	2	-
Total Assets	\$ 3,749	\$ 285,861
 Fund Balances		
Restricted - debt service	\$ 3,749	\$ 285,861
Total Fund Balances	\$ 3,749	\$ 285,861

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, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Investment earnings	\$ 800	\$ 500	\$ 163	\$ (337)	\$ 24,639
Total Revenues	<u>800</u>	<u>500</u>	<u>163</u>	<u>(337)</u>	<u>24,639</u>
Expenditures					
Debt Service:					
Principal retirement	355,000	600,000	600,000	-	3,175,000
Interest and fiscal charges	463,425	605,185	605,185	-	230,370
Revenue bond issuance costs	-	-	-	-	51,029
Total Expenditures	<u>818,425</u>	<u>1,205,185</u>	<u>1,205,185</u>	<u>-</u>	<u>3,456,399</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(817,625)</u>	<u>(1,204,685)</u>	<u>(1,205,022)</u>	<u>(337)</u>	<u>(3,431,760)</u>
Other Financing Sources (Uses)					
Revenue bonds issued	-	-	-	-	2,725,000
Premium on revenue bonds issued	-	-	-	-	558,614
Transfers in	<u>532,000</u>	<u>922,910</u>	<u>922,910</u>	<u>-</u>	<u>393,000</u>
Total Other Financing Sources (Uses)	<u>532,000</u>	<u>922,910</u>	<u>922,910</u>	<u>-</u>	<u>3,676,614</u>
Net Change in Fund Balances	<u>\$ (285,625)</u>	<u>\$ (281,775)</u>	<u>(282,112)</u>	<u>\$ (337)</u>	<u>244,854</u>
Fund Balances Beginning of Year			<u>285,861</u>		<u>41,007</u>
Fund Balances End of Year			<u>\$ 3,749</u>		<u>\$ 285,861</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.

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, 2022

	Bonded Capital Projects Fund	SPLOST 2020 Capital Projects Fund	SPLOST 2015 Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Assets					
Cash and cash equivalents	\$ -	\$ 6,149,662	\$ 2,543,639	\$ 4,170,551	\$ 12,863,852
Restricted cash	8,871,157	598,880	250,000	-	9,720,037
Receivables:					
Accounts	15,467,606	2,486	1,146	-	15,471,238
Intergovernmental - state	-	1,059,789	-	-	1,059,789
Total Assets	<u>\$ 24,338,763</u>	<u>\$ 7,810,817</u>	<u>\$ 2,794,785</u>	<u>\$ 4,170,551</u>	<u>\$ 39,114,916</u>
Liabilities					
Accounts payable	\$ 41,103	\$ 1,115,737	\$ 65,877	\$ 265,358	\$ 1,488,075
Interfund payable	275	-	137	-	412
Total Liabilities	<u>41,378</u>	<u>1,115,737</u>	<u>66,014</u>	<u>265,358</u>	<u>1,488,487</u>
Fund Balances					
Restricted for:					
Capital projects	24,297,385	6,695,080	2,728,771	3,905,193	37,626,429
Total Fund Balances	<u>24,297,385</u>	<u>6,695,080</u>	<u>2,728,771</u>	<u>3,905,193</u>	<u>37,626,429</u>
Total Liabilities and Fund Balances	<u>\$ 24,338,763</u>	<u>\$ 7,810,817</u>	<u>\$ 2,794,785</u>	<u>\$ 4,170,551</u>	<u>\$ 39,114,916</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, 2022

	Bonded Capital Projects Fund	SPLOST 2020 Capital Projects Fund	SPLOST 2015 Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Revenues					
Intergovernmental - local	\$ -	\$ 8,887,007	\$ -	\$ -	\$ 8,887,007
Investment earnings	108,645	43,017	20,925	18,694	191,281
Miscellaneous	-	-	-	62,500	62,500
Total Revenues	<u>108,645</u>	<u>8,930,024</u>	<u>20,925</u>	<u>81,194</u>	<u>9,140,788</u>
Expenditures					
Current:					
General government	-	-	-	193,227	193,227
Public safety	-	20,255	-	24,140	44,395
Public works	-	2,037,023	364,097	3,485	2,404,605
Culture and recreation	-	52,506	-	87,963	140,469
Housing and development	-	-	-	5,020	5,020
Total Current	<u>-</u>	<u>2,109,784</u>	<u>364,097</u>	<u>313,835</u>	<u>2,787,716</u>
Capital Outlay:					
General government	-	-	-	250,819	250,819
Public safety	-	782,348	-	553,687	1,336,035
Public works	969,687	-	314,401	398,903	1,682,991
Culture and recreation	60,370	6,033,627	-	132,200	6,226,197
Total Capital Outlay	<u>1,030,057</u>	<u>6,815,975</u>	<u>314,401</u>	<u>1,335,609</u>	<u>9,496,042</u>
Total Expenditures	<u>1,030,057</u>	<u>8,925,759</u>	<u>678,498</u>	<u>1,649,444</u>	<u>12,283,758</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(921,412)	4,265	(657,573)	(1,568,250)	(3,142,970)
Other Financing Sources (Uses)					
Proceeds from sale of assets	-	-	-	84,124	84,124
Transfers in	8,871,157	598,980	250,000	3,427,600	13,147,737
Total Other Financing Sources (Uses)	<u>8,871,157</u>	<u>598,980</u>	<u>250,000</u>	<u>3,511,724</u>	<u>13,231,861</u>
Net Change in Fund Balances	7,949,745	603,245	(407,573)	1,943,474	10,088,891
Fund Balances Beginning 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>
Fund Balances End of Year	<u>\$ 24,297,385</u>	<u>\$ 6,695,080</u>	<u>\$ 2,728,771</u>	<u>\$ 3,905,193</u>	<u>\$ 37,626,429</u>

**City of Dalton, Georgia
Comparative Balance Sheet
Bonded Capital Projects Fund
December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Restricted cash	\$ 8,871,157	\$ -
Receivables:		
Accounts	15,467,606	16,406,555
Interfund	.	23
Total Assets	<u>\$ 24,338,763</u>	<u>\$ 16,406,578</u>
Liabilities		
Accounts payable	\$ 41,103	\$ 58,938
Interfund payable	275	-
Total Liabilities	<u>41,378</u>	<u>58,938</u>
Fund Balances		
Restricted - capital projects	<u>24,297,385</u>	<u>16,347,640</u>
Total Fund Balances	<u>24,297,385</u>	<u>16,347,640</u>
Total Liabilities and Fund Balances	<u>\$ 24,338,763</u>	<u>\$ 16,406,578</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, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	<u>2022</u>	<u>2021</u>	<u>Project to Date</u>			<u>Remaining Budget</u>
	<u>Actual</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues						
Investment earnings	\$ 108,645	\$ 9,322	\$ -	\$ 85,538	\$ 117,967	\$ (32,429)
Total Revenues	<u>108,645</u>	<u>9,322</u>	<u>-</u>	<u>85,538</u>	<u>117,967</u>	<u>(32,429)</u>
Expenditures						
Current:						
General government:						
Administrative fees	-	10	-	6,400	10	6,390
Total Current	<u>-</u>	<u>10</u>	<u>-</u>	<u>6,400</u>	<u>10</u>	<u>6,390</u>
Capital Outlay:						
Public Works:						
Market Street Project	212,364	408,952	8,000,000	700,453	621,316	79,137
Stormwater projects	757,323	-	4,750,000	7,900,000	757,323	7,142,677
Culture and Recreation:						
Aquatic Center	60,370	23,025	4,020,305	17,120,147	83,395	17,036,752
Total Capital Outlay	<u>1,030,057</u>	<u>431,977</u>	<u>16,770,305</u>	<u>25,720,600</u>	<u>1,462,034</u>	<u>24,258,566</u>
Debt Service:						
Revenue bond issuance costs	-	270,107	270,107	270,107	270,107	-
Total Debt Service	<u>-</u>	<u>270,107</u>	<u>270,107</u>	<u>270,107</u>	<u>270,107</u>	<u>-</u>
Total Expenditures	<u>1,030,057</u>	<u>702,094</u>	<u>17,040,412</u>	<u>25,997,107</u>	<u>1,732,151</u>	<u>24,264,956</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(921,412)</u>	<u>(692,772)</u>	<u>(17,040,412)</u>	<u>(25,911,569)</u>	<u>(1,614,184)</u>	<u>24,297,385</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	-
Transfers in	8,871,157	-	-	8,871,157	8,871,157	-
Total Other Financing Sources (Uses)	<u>8,871,157</u>	<u>17,040,412</u>	<u>17,040,412</u>	<u>25,911,569</u>	<u>25,911,569</u>	<u>-</u>
Net Change in Fund Balances	7,949,745	16,347,640	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,297,385</u>	<u>\$ 24,297,385</u>
Fund Balances Beginning of Year	16,347,640	-				
Fund Balances End of Year	<u>\$ 24,297,385</u>	<u>\$ 16,347,640</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 6,149,662	\$ 5,150,926
Restricted cash	598,880	-
Receivables:		
Accounts	2,486	932,199
Interfund	-	69,926
Intergovernmental - state	1,059,789	-
Total Assets	<u>\$ 7,810,817</u>	<u>\$ 6,153,051</u>
Liabilities		
Accounts payable	\$ 1,115,737	\$ 61,216
Total Liabilities	<u>1,115,737</u>	<u>61,216</u>
Fund Balances		
Restricted - capital projects	<u>6,695,080</u>	<u>6,091,835</u>
Total Fund Balances	<u>6,695,080</u>	<u>6,091,835</u>
Total Liabilities and Fund Balances	<u>\$ 7,810,817</u>	<u>\$ 6,153,051</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, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022	2021	Project to Date			
	Actual	Actual	Original Budget	Final Budget	Actual	Remaining Budget
Revenues						
Intergovernmental - local	\$ 8,887,007	\$ 7,912,928	\$ 19,099,000	\$ 19,099,000	\$ 16,799,935	\$ 2,299,065
Investment earnings	43,017	3,235	-	46,250	46,252	(2)
Total Revenues	8,930,024	7,916,163	19,099,000	19,145,250	16,846,187	2,299,063
Expenditures						
Current:						
Public Safety:						
Fire Department equipment	20,255	-	-	20,255	20,255	-
Public Works:						
Roads, streets, & bridges	2,037,023	356,967	2,000,000	2,608,013	2,393,990	214,023
Culture and Recreation:						
John Davis Recreation Center	52,506	40	40	52,506	52,546	(40)
Health and Welfare:						
Building repairs	-	-	300,000	425,000	-	425,000
Total Current	2,109,784	357,007	2,300,040	3,105,774	2,466,791	638,983
Capital Outlay:						
Public Safety:						
Fire Department vehicles	717,152	1,036,635	2,612,000	2,591,745	1,753,787	837,958
Police Department vehicles	65,196	-	735,000	735,000	65,196	669,804
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
Roads, streets, & bridges	-	-	-	403,217	-	403,217
Culture and Recreation:						
John Davis Recreation Center	32,395	-	8,499,960	4,047,494	32,395	4,015,099
Heritage Point Park	6,001,232	271,356	2,675,000	7,075,000	6,273,188	801,812
Health and Welfare:						
Senior Center vehicles	-	-	125,000	-	-	-
Total Capital Outlay	6,815,975	1,832,700	16,798,960	17,004,456	8,649,275	8,355,181
Total Expenditures	8,925,759	2,189,707	19,099,000	20,110,230	11,116,066	8,994,164
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,265	5,726,456	-	(964,980)	5,730,121	6,695,101
Other Financing Sources (Uses)						
Transfers in	598,980	365,979	-	964,980	964,959	21
Net Change in Fund Balances	603,245	6,092,435	\$ -	\$ -	\$ 6,695,080	\$ 6,695,080
Fund Balances Beginning of Year	6,091,835	(600)				
Fund Balances End of Year	\$ 6,695,080	\$ 6,091,835				

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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 2,543,639	\$ 3,206,789
Restricted cash	250,000	-
Receivables:		
Accounts	1,146	-
Total Assets	<u>\$ 2,794,785</u>	<u>\$ 3,206,789</u>
Liabilities		
Accounts payable	\$ 65,877	\$ 70,422
Interfund payable	137	23
Total Liabilities	<u>66,014</u>	<u>70,445</u>
Fund Balances		
Restricted - capital projects	<u>2,728,771</u>	<u>3,136,344</u>
Total Fund Balances	<u>2,728,771</u>	<u>3,136,344</u>
Total Liabilities and Fund Balances	<u>\$ 2,794,785</u>	<u>\$ 3,206,789</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, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	<u>2022</u>	<u>2021</u>	<u>Project to Date</u>			<u>Remaining Budget</u>
	<u>Actual</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues						
Intergovernmental - state	\$ -	\$ -	\$ -	\$ 1,977,041	\$ 1,977,040	\$ 1
Intergovernmental - local	-	-	24,913,115	26,689,958	26,689,958	-
Investment earnings	<u>20,925</u>	<u>8,908</u>	<u>-</u>	<u>446,409</u>	<u>432,097</u>	<u>14,312</u>
Total Revenues	<u>20,925</u>	<u>8,908</u>	<u>24,913,115</u>	<u>29,113,408</u>	<u>29,099,095</u>	<u>14,313</u>
Expenditures						
Current:						
Public Safety:						
Other costs	-	-	-	447	447	-
Public Works:						
Bridge maintenance	-	(21,078)	-	763,130	142,052	621,078
Drainage projects	343,892	547,621	-	1,991,688	929,947	1,061,741
Street resurfacing	<u>20,205</u>	<u>1,164,675</u>	<u>5,000,000</u>	<u>7,084,979</u>	<u>6,925,875</u>	<u>159,104</u>
Total Current	<u>364,097</u>	<u>1,691,218</u>	<u>5,000,000</u>	<u>9,840,244</u>	<u>7,998,321</u>	<u>1,841,923</u>
Capital Outlay:						
Public Safety:						
Police Department vehicles	-	-	1,123,957	1,123,509	1,123,509	-
Public Works:						
Bridge maintenance	-	-	1,000,000	1,341,143	1,341,143	-
Sidewalk construction	171,933	268,572	2,000,000	493,242	440,505	52,737
Guardrail project	-	-	-	28,360	28,360	-
Drainage projects	142,468	674,122	2,000,000	2,000,000	1,915,889	84,111
Culture and Recreation:						
Greenway project	-	-	-	750,000	-	750,000
Haig Mill recreation project	-	-	5,000,000	5,293,814	5,284,954	8,860
Total Capital Outlay	<u>314,401</u>	<u>942,694</u>	<u>11,123,957</u>	<u>11,030,068</u>	<u>10,134,360</u>	<u>895,708</u>
Debt Service:						
Principal retirement	-	-	8,505,956	8,504,958	8,504,958	-
Interest and fiscal charges	-	-	283,202	288,621	283,168	5,453
Total Debt Service	<u>-</u>	<u>-</u>	<u>8,789,158</u>	<u>8,793,579</u>	<u>8,788,126</u>	<u>5,453</u>
Total Expenditures	<u>678,498</u>	<u>2,633,912</u>	<u>24,913,115</u>	<u>29,663,891</u>	<u>26,920,807</u>	<u>2,743,084</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(657,573)</u>	<u>(2,625,004)</u>	<u>-</u>	<u>(550,483)</u>	<u>2,178,288</u>	<u>2,728,771</u>
Other Financing Sources (Uses)						
Transfers in	<u>250,000</u>	<u>200,000</u>	<u>-</u>	<u>550,483</u>	<u>550,483</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>200,000</u>	<u>-</u>	<u>550,483</u>	<u>550,483</u>	<u>-</u>
Net Change in Fund Balances	<u>(407,573)</u>	<u>(2,425,004)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,728,771</u>	<u>\$ 2,728,771</u>
Fund Balances Beginning of Year	<u>3,136,344</u>	<u>5,561,348</u>				
Fund Balances End of Year	<u>\$ 2,728,771</u>	<u>\$ 3,136,344</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
Capital Acquisition Fund
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 4,170,551	\$ 2,078,752
Total Assets	\$ 4,170,551	\$ 2,078,752
Liabilities		
Accounts payable	\$ 265,358	\$ 117,033
Total Liabilities	265,358	117,033
Fund Balances		
Restricted - capital projects	3,905,193	1,961,719
Total Fund Balances	3,905,193	1,961,719
Total Liabilities and Fund Balances	\$ 4,170,551	\$ 2,078,752

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, 2022
(With Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Investment earnings	\$ 2,000	\$ 18,695	\$ 18,694	\$ (1)	\$ 2,014
Donations	-	62,500	62,500	-	-
Total Revenues	<u>2,000</u>	<u>81,195</u>	<u>81,194</u>	<u>(1)</u>	<u>2,014</u>
Expenditures					
Current:					
General Government:					
Other costs	-	193,227	193,227	-	78,264
Public Safety:					
Other costs	-	264,000	24,140	239,860	114,196
Public Works:					
Other costs	-	3,485	3,485	-	35,524
Culture and Recreation:					
Other costs	-	301,000	87,963	213,037	83,685
Housing and Development:					
Other costs	-	5,020	5,020	-	-
Total Current	<u>-</u>	<u>766,732</u>	<u>313,835</u>	<u>452,897</u>	<u>311,669</u>
Capital Outlay:					
General Government:					
Facilities	396,600	-	-	-	-
Equipment	-	514,145	250,819	263,326	118,210
Public Safety:					
Equipment and vehicles	-	618,687	553,687	65,000	-
Public Works:					
Facility maintenance	-	250,000	100,275	149,725	-
Equipment and vehicles	-	1,387,211	298,628	1,088,583	-
Culture and Recreation:					
Facilities	-	1,973,200	132,200	1,841,000	4,120
Equipment	-	45,000	-	45,000	23,850
Total Capital Outlay	<u>396,600</u>	<u>4,788,243</u>	<u>1,335,609</u>	<u>3,452,634</u>	<u>146,180</u>
Total Expenditures	<u>396,600</u>	<u>5,554,975</u>	<u>1,649,444</u>	<u>3,905,531</u>	<u>457,849</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(394,600)</u>	<u>(5,473,780)</u>	<u>(1,568,250)</u>	<u>3,905,530</u>	<u>(455,835)</u>
Other Financing Sources (Uses)					
Proceeds from sale of assets	-	84,125	84,124	(1)	175,509
Transfers in	384,600	3,427,600	3,427,600	-	1,300,000
Total Other Financing Sources (Uses)	<u>384,600</u>	<u>3,511,725</u>	<u>3,511,724</u>	<u>(1)</u>	<u>1,475,509</u>
Net Change in Fund Balances	<u>\$ (10,000)</u>	<u>\$ (1,962,055)</u>	<u>1,943,474</u>	<u>\$ 3,905,529</u>	<u>1,019,674</u>
Fund Balances Beginning of Year			<u>1,961,719</u>		<u>942,045</u>
Fund Balances End of Year			<u>\$ 3,905,193</u>		<u>\$ 1,961,719</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, 2022

	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	\$ 6,028	\$ 100,725	\$ -	\$ -	\$ 106,753
Receivables:					
Accounts	-	11,865	-	-	11,865
Interfund	-	-	-	-	-
Inventory	28,067	37,291	-	-	65,358
Prepaid items	-	15,104	-	-	15,104
Total Current Assets	<u>34,095</u>	<u>164,985</u>	<u>-</u>	<u>-</u>	<u>199,080</u>
Noncurrent Assets:					
Capital Assets:					
Construction in progress	-	40,477	-	-	40,477
Land	739,352	4,475,793	-	-	5,215,145
Depreciable capital assets, net	1,070,058	4,861,443	-	-	5,931,501
Other Assets:					
Investment in joint ventures	-	-	6,309,855	16,014,847	22,324,702
Total Noncurrent Assets	<u>1,809,410</u>	<u>9,377,713</u>	<u>6,309,855</u>	<u>16,014,847</u>	<u>33,511,825</u>
Total Assets	<u>1,843,505</u>	<u>9,542,698</u>	<u>6,309,855</u>	<u>16,014,847</u>	<u>33,710,905</u>
Deferred Outflows of Resources	<u>393,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>393,882</u>
Total Assets and Deferred Outflows	<u>\$ 2,237,387</u>	<u>\$ 9,542,698</u>	<u>\$ 6,309,855</u>	<u>\$ 16,014,847</u>	<u>\$ 34,104,787</u>
Liabilities					
Current Liabilities:					
Accounts payable	9,955	22,978	-	-	32,933
Accrued expenses	10,864	3,992	-	-	14,856
Unearned revenue	32,289	7,299	-	-	39,588
Interfund payable	37,847	-	-	-	37,847
Compensated absences payable	36,000	4,000	-	-	40,000
Total Current Liabilities	<u>126,955</u>	<u>38,269</u>	<u>-</u>	<u>-</u>	<u>165,224</u>
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	49,290	10,738	-	-	60,028
Net pension liability	396,435	-	-	-	396,435
Net OPEB liability	220,177	-	-	-	220,177
Total Long-Term Liabilities	<u>665,902</u>	<u>10,738</u>	<u>-</u>	<u>-</u>	<u>676,640</u>
Total Liabilities	<u>792,857</u>	<u>49,007</u>	<u>-</u>	<u>-</u>	<u>841,864</u>
Deferred Inflows of Resources	<u>315,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,387</u>
Net Position					
Net investment in capital assets	1,809,410	9,377,713	-	-	11,187,123
Unrestricted	(680,267)	115,978	6,309,855	16,014,847	21,760,413
Total Net Position	<u>1,129,143</u>	<u>9,493,691</u>	<u>6,309,855</u>	<u>16,014,847</u>	<u>32,947,536</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 2,237,387</u>	<u>\$ 9,542,698</u>	<u>\$ 6,309,855</u>	<u>\$ 16,014,847</u>	<u>\$ 34,104,787</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, 2022

	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	\$ 994,133	\$ 888,018	\$ -	\$ -	\$ 1,882,151
Merchandise sales	156,123	-	-	-	156,123
Tournaments	126,597	-	-	-	126,597
Concessions	69,363	-	-	-	69,363
Miscellaneous	97	60,254	-	-	60,351
Total Operating Revenues	<u>1,346,313</u>	<u>948,272</u>	<u>-</u>	<u>-</u>	<u>2,294,585</u>
Operating Expenses					
Personal services and benefits	657,264	210,135	-	-	867,399
Purchased and contracted services	90,291	144,235	-	-	234,526
Supplies	356,759	549,429	-	-	906,188
Depreciation	103,157	453,799	-	-	556,956
Total Operating Expenses	<u>1,207,471</u>	<u>1,357,598</u>	<u>-</u>	<u>-</u>	<u>2,565,069</u>
Operating Income (Loss)	<u>138,842</u>	<u>(409,326)</u>	<u>-</u>	<u>-</u>	<u>(270,484)</u>
Non-Operating Revenues (Expenses)					
Investment earnings	2	230	-	-	232
Gain (loss) on sale of assets	278,400	-	-	-	278,400
Income (loss) from joint ventures	-	-	(711,782)	1,039,695	327,913
Total Non-Operating Revenues (Expenses)	<u>278,402</u>	<u>230</u>	<u>(711,782)</u>	<u>1,039,695</u>	<u>606,545</u>
Income (Loss) Before Transfers In (Out)	417,244	(409,096)	(711,782)	1,039,695	336,061
Transfers in (out)	-	799,038	590,704	-	1,389,742
Change in Net Position	417,244	389,942	(121,078)	1,039,695	1,725,803
Net Position Beginning of Year, as restated	<u>711,899</u>	<u>9,103,749</u>	<u>6,430,933</u>	<u>14,975,152</u>	<u>31,221,733</u>
Net Position End of Year	<u>\$ 1,129,143</u>	<u>\$ 9,493,691</u>	<u>\$ 6,309,855</u>	<u>\$ 16,014,847</u>	<u>\$ 32,947,536</u>

City of Dalton, Georgia
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2022

	Municipal Golf Course	Municipal Airport	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,355,297	\$ 943,121	\$ 2,298,418
Cash payments for personnel services and benefits	(595,631)	(214,299)	(809,930)
Cash payments for goods, services, claims, and fees	(453,215)	(692,106)	(1,145,321)
Net Cash Provided by (Used in) Operating Activities	<u>306,451</u>	<u>36,716</u>	<u>343,167</u>
Cash Flows from Noncapital Financing Activities			
Interfund loans received (paid)	(108,719)	59,000	(49,719)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(108,719)</u>	<u>59,000</u>	<u>(49,719)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(490,106)	(59,564)	(549,670)
Cash received from sale of capital assets	278,400	-	278,400
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(211,706)</u>	<u>(59,564)</u>	<u>(271,270)</u>
Cash Flows from Investing Activities			
Investment earnings	2	230	232
Net Cash Provided by (Used in) Investing Activities	<u>2</u>	<u>230</u>	<u>232</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,972)	36,382	22,410
Cash and Cash Equivalents Beginning of Year	<u>20,000</u>	<u>64,343</u>	<u>84,343</u>
Cash and Cash Equivalents End of Year	<u>\$ 6,028</u>	<u>\$ 100,725</u>	<u>\$ 106,753</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ 138,842	\$ (409,326)	\$ (270,484)
Adjustments:			
Depreciation	103,157	453,799	556,956
Pension (benefit)/expense	49,471	-	49,471
OPEB (benefit)/expense	32,500	-	32,500
(Increase) Decrease in Assets:			
Accounts receivable	179	(11,865)	(11,686)
Inventory	6,533	(896)	5,637
Prepaid items	-	1,621	1,621
Increase (Decrease) in Liabilities:			
Accounts payable	(12,698)	833	(11,865)
Accrued expenses	(647)	178	(469)
Unearned revenue	8,805	6,714	15,519
Compensated absences payable	(19,691)	(4,342)	(24,033)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 306,451</u>	<u>\$ 36,716</u>	<u>\$ 343,167</u>
Noncash Investing, Capital, and Financing Activities			
Acquisition of capital assets from interfund transfers	<u>\$ -</u>	<u>\$ 799,038</u>	<u>\$ 799,038</u>

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2022

	Electric System	Gas System	Water System	Sewer System	Information Technology System	Total
Assets						
Current Assets:						
Cash and cash equivalents	\$ 14,833,000	\$ 2,594,000	\$ 1,425,000	\$ 1,199,000	\$ 1,256,000	\$ 21,307,000
Short-term investments	179,000	31,000	17,000	15,000	15,000	257,000
Restricted customer deposit fund	2,318,000	405,000	223,000	187,000	-	3,133,000
Accounts receivable, net	15,194,000	2,658,000	1,460,000	1,229,000	779,000	21,320,000
Unbilled revenues	5,878,000	2,115,000	1,760,000	1,027,000	-	10,780,000
Interest receivable	279,000	-	1,000	1,000	1,000	282,000
Fuel stocks	647,000	3,542,000	-	-	-	4,189,000
Materials and supplies inventory	16,382,000	535,000	951,000	60,000	1,931,000	19,859,000
Deposits and prepaid items	1,496,000	261,000	138,000	116,000	117,000	2,128,000
Total Current Assets	<u>57,206,000</u>	<u>12,141,000</u>	<u>5,975,000</u>	<u>3,834,000</u>	<u>4,099,000</u>	<u>83,255,000</u>
Noncurrent Assets:						
Construction in progress	308,225,000	-	-	17,000	-	308,242,000
Nuclear fuel, at amortized cost	21,344,000	-	-	-	-	21,344,000
Depreciable capital assets, net	364,640,000	25,081,000	234,474,000	143,011,000	42,000,000	809,206,000
Restricted combined utilities renewals/extensions fund	233,000	17,000	134,000	108,000	57,000	549,000
Restricted combined utilities construction fund	30,122,000	-	-	-	-	30,122,000
Restricted nuclear decommissioning fund	38,465,000	-	-	-	-	38,465,000
Regulatory asset, net	57,556,000	5,270,000	12,648,000	5,973,000	2,460,000	83,907,000
Net lease assets	3,959,000	-	-	-	149,000	4,108,000
Total Noncurrent Assets	<u>824,544,000</u>	<u>30,368,000</u>	<u>247,256,000</u>	<u>149,109,000</u>	<u>44,666,000</u>	<u>1,295,943,000</u>
Total Assets	<u>881,750,000</u>	<u>42,509,000</u>	<u>253,231,000</u>	<u>152,943,000</u>	<u>48,765,000</u>	<u>1,379,198,000</u>
Deferred Outflows of Resources	<u>4,298,000</u>	<u>2,579,000</u>	<u>6,190,000</u>	<u>2,923,000</u>	<u>1,203,000</u>	<u>17,193,000</u>
Total Assets and Deferred Outflows	<u>\$ 886,048,000</u>	<u>\$ 45,088,000</u>	<u>\$ 259,421,000</u>	<u>\$ 155,866,000</u>	<u>\$ 49,968,000</u>	<u>\$ 1,396,391,000</u>

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2022

	Electric System	Gas System	Water System	Sewer System	Information Technology System	Total
Liabilities						
Current Liabilities:						
Customer deposits	\$ 4,680,000	\$ 818,000	\$ 449,000	\$ 378,000	\$ -	\$ 6,325,000
Current maturities of long-term debt	2,842,000	77,000	2,375,000	102,000	-	5,396,000
Current settlement liability	-	-	-	5,000,000	-	5,000,000
Accounts payable and accrued expenses	<u>17,736,000</u>	<u>5,613,000</u>	<u>1,375,000</u>	<u>1,499,000</u>	<u>1,434,000</u>	<u>27,657,000</u>
Total Current Liabilities	<u>25,258,000</u>	<u>6,508,000</u>	<u>4,199,000</u>	<u>6,979,000</u>	<u>1,434,000</u>	<u>44,378,000</u>
Long-Term Liabilities:						
Long-term debt	91,943,000	1,817,000	56,321,000	2,422,000	-	152,503,000
Long-term settlement liability	-	-	-	20,000,000	-	20,000,000
Net pension liability	4,121,000	2,473,000	5,935,000	2,802,000	1,154,000	16,485,000
Net OPEB liability	1,948,000	1,169,000	2,804,000	1,324,000	545,000	7,790,000
Asset retirement obligations	<u>99,604,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,604,000</u>
Total Long-Term Liabilities	<u>197,616,000</u>	<u>5,459,000</u>	<u>65,060,000</u>	<u>26,548,000</u>	<u>1,699,000</u>	<u>296,382,000</u>
Total Liabilities	<u>222,874,000</u>	<u>11,967,000</u>	<u>69,259,000</u>	<u>33,527,000</u>	<u>3,133,000</u>	<u>340,760,000</u>
Deferred Inflows of Resources	<u>11,576,000</u>	<u>1,731,000</u>	<u>4,154,000</u>	<u>1,962,000</u>	<u>956,000</u>	<u>20,379,000</u>
Net Position						
Net investment in capital assets	529,802,000	23,187,000	175,778,000	140,504,000	42,000,000	911,271,000
Restricted for:						
Debt service	30,122,000	-	-	-	-	30,122,000
Capital projects	233,000	17,000	134,000	108,000	57,000	549,000
Nuclear decommissioning	38,465,000	-	-	-	-	38,465,000
Wansley closure	14,058,000	-	-	-	-	14,058,000
Pension	3,193,000	1,915,000	4,597,000	2,171,000	894,000	12,770,000
OPEB	935,000	561,000	1,348,000	637,000	263,000	3,744,000
Unrestricted	<u>34,790,000</u>	<u>5,710,000</u>	<u>4,151,000</u>	<u>(23,043,000)</u>	<u>2,665,000</u>	<u>24,273,000</u>
Total Net Position	<u>651,598,000</u>	<u>31,390,000</u>	<u>186,008,000</u>	<u>120,377,000</u>	<u>45,879,000</u>	<u>1,035,252,000</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 886,048,000</u>	<u>\$ 45,088,000</u>	<u>\$ 259,421,000</u>	<u>\$ 155,866,000</u>	<u>\$ 49,968,000</u>	<u>\$ 1,396,391,000</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, 2022

	Electric System	Gas System	Water System	Sewer System	Information Technology System	Total
Operating Revenues						
Electric	\$ 260,633,000	\$ -	\$ -	\$ -	\$ -	\$ 260,633,000
Parity income	2,818,000	-	-	-	-	2,818,000
Natural gas	-	46,093,000	-	-	-	46,093,000
Water	-	-	25,312,000	-	-	25,312,000
Wastewater	-	-	-	21,304,000	-	21,304,000
Information technology	-	-	-	-	22,316,000	22,316,000
Total Operating Revenues	<u>263,451,000</u>	<u>46,093,000</u>	<u>25,312,000</u>	<u>21,304,000</u>	<u>22,316,000</u>	<u>378,476,000</u>
Operating Expenses						
Production	34,233,000	-	4,907,000	38,418,000	-	77,558,000
Purchased electricity	163,614,000	-	-	-	-	163,614,000
Purchased natural gas	-	37,534,000	-	-	-	37,534,000
Distribution	9,284,000	2,473,000	5,414,000	2,076,000	11,366,000	30,613,000
Depreciation and amortization	11,049,000	696,000	6,719,000	5,573,000	3,626,000	27,663,000
General and administrative	4,137,000	2,247,000	7,003,000	3,897,000	2,490,000	19,774,000
Total Operating Expenses	<u>222,317,000</u>	<u>42,950,000</u>	<u>24,043,000</u>	<u>49,964,000</u>	<u>17,482,000</u>	<u>356,756,000</u>
Operating Income (Loss)	<u>41,134,000</u>	<u>3,143,000</u>	<u>1,269,000</u>	<u>(28,660,000)</u>	<u>4,834,000</u>	<u>21,720,000</u>
Non-Operating Revenues (Expenses)						
Interest income	939,000	2,000	3,000	1,000	1,000	946,000
Interest expense	(3,396,000)	(69,000)	(2,145,000)	(92,000)	-	(5,702,000)
Net increase (decrease) in fair value of investments	(5,097,000)	(12,000)	(6,000)	(5,000)	(8,000)	(5,128,000)
Miscellaneous income (expense)	292,000	51,000	28,000	24,000	25,000	420,000
Total Non-Operating Revenues (Expenses)	<u>(7,262,000)</u>	<u>(28,000)</u>	<u>(2,120,000)</u>	<u>(72,000)</u>	<u>18,000</u>	<u>(9,464,000)</u>
Income Before Reallocations and Transfers	<u>33,872,000</u>	<u>3,115,000</u>	<u>(851,000)</u>	<u>(28,732,000)</u>	<u>4,852,000</u>	<u>12,256,000</u>
Reallocations and Transfers						
Reallocations	(498,000)	2,689,000	2,073,000	1,205,000	(5,469,000)	-
Transfers out	(8,296,000)	(1,451,000)	(797,000)	(671,000)	(703,000)	(11,918,000)
Total Reallocations and Transfers	<u>(8,794,000)</u>	<u>1,238,000</u>	<u>1,276,000</u>	<u>534,000</u>	<u>(6,172,000)</u>	<u>(11,918,000)</u>
Change in Net Position	25,078,000	4,353,000	425,000	(28,198,000)	(1,320,000)	338,000
Net Position Beginning 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>
Net Position End of Year	<u>\$ 651,598,000</u>	<u>\$ 31,390,000</u>	<u>\$ 186,008,000</u>	<u>\$ 120,377,000</u>	<u>\$ 45,879,000</u>	<u>\$ 1,035,252,000</u>

City of Dalton, Georgia
Comparative Statement of Net Position
Municipal Golf Course Fund
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 6,028	\$ 20,000
Accounts receivable	-	179
Inventory	28,067	34,600
Total Current Assets	<u>34,095</u>	<u>54,779</u>
Noncurrent Assets:		
Capital Assets:		
Land	739,352	739,352
Depreciable capital assets, net	1,070,058	683,109
Total Capital Assets	<u>1,809,410</u>	<u>1,422,461</u>
Other Assets:		
Net pension asset	-	14,912
Total Noncurrent Assets	<u>1,809,410</u>	<u>1,437,373</u>
Total Assets	<u>1,843,505</u>	<u>1,492,152</u>
Deferred Outflows of Resources	<u>393,882</u>	<u>85,518</u>
Total Assets and Deferred Outflows	<u>\$ 2,237,387</u>	<u>\$ 1,577,670</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 9,955	\$ 22,653
Accrued expenses	10,864	11,511
Unearned revenue	32,289	23,484
Interfund payable	37,847	146,566
Compensated absences payable	36,000	36,000
Total Current Liabilities	<u>126,955</u>	<u>240,214</u>
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	49,290	68,981
Net pension liability	396,435	-
Net OPEB liability	220,177	263,482
Total Long-Term Liabilities	<u>665,902</u>	<u>332,463</u>
Total Liabilities	<u>792,857</u>	<u>572,677</u>
Deferred Inflows of Resources	<u>315,387</u>	<u>293,094</u>
Net Position		
Net investment in capital assets	1,809,410	1,422,461
Unrestricted	(680,267)	(710,562)
Total Net Position	<u>1,129,143</u>	<u>711,899</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 2,237,387</u>	<u>\$ 1,577,670</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Charges for services	\$ 994,133	\$ 916,654
Merchandise sales	156,123	130,392
Tournaments	126,597	126,012
Concessions	69,363	67,121
Miscellaneous	97	1,302
Total Operating Revenues	<u>1,346,313</u>	<u>1,241,481</u>
Operating Expenses		
Personal services and benefits	657,264	644,736
Purchased and contracted services	90,291	144,476
Supplies	356,759	283,282
Depreciation	103,157	94,247
Total Operating Expenses	<u>1,207,471</u>	<u>1,166,741</u>
Operating Income (Loss)	<u>138,842</u>	<u>74,740</u>
Non-Operating Revenues (Expenses)		
Investment earnings	2	-
Gain on sale of assets	278,400	-
Total Non-Operating Revenues (Expenses)	<u>278,402</u>	<u>-</u>
Income (Loss) Before Transfers In	417,244	74,740
Transfers in (out)	-	254,035
Change in Net Position	417,244	328,775
Net Position Beginning of Year	<u>711,899</u>	<u>383,124</u>
Net Position End of Year	<u>\$ 1,129,143</u>	<u>\$ 711,899</u>

City of Dalton, Georgia
Comparative Statement of Net Position
Dalton Municipal Airport Fund
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 100,725	\$ 64,343
Receivables:		
Accounts	11,865	-
Interfund	-	59,000
Inventory	37,291	36,395
Prepaid items	15,104	16,725
Total Current Assets	<u>164,985</u>	<u>176,463</u>
Noncurrent Assets:		
Capital Assets:		
Construction in progress	40,477	25,412
Land	4,475,793	3,786,177
Depreciable capital assets, net	4,861,443	5,161,321
Total Noncurrent Assets	<u>9,377,713</u>	<u>8,972,910</u>
Total Assets	<u>\$ 9,542,698</u>	<u>\$ 9,149,373</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 22,978	\$ 22,145
Accrued expenses	3,992	3,814
Unearned revenue	7,299	585
Compensated absences payable	4,000	4,000
Total Current Liabilities	<u>38,269</u>	<u>30,544</u>
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	10,738	15,080
Total Liabilities	<u>49,007</u>	<u>45,624</u>
Net Position		
Net investment in capital assets	9,377,713	8,972,910
Unrestricted	115,978	130,839
Total Net Position	<u>9,493,691</u>	<u>9,103,749</u>
Total Liabilities and Net Position	<u>\$ 9,542,698</u>	<u>\$ 9,149,373</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Charges for services	\$ 888,018	\$ 559,787
Miscellaneous	60,254	256
Total Operating Revenues	<u>948,272</u>	<u>560,043</u>
Operating Expenses		
Personal services and benefits	210,135	181,667
Purchased and contracted services	144,235	133,927
Supplies	549,429	287,746
Depreciation	453,799	454,194
Total Operating Expenses	<u>1,357,598</u>	<u>1,057,534</u>
Operating (Loss)	<u>(409,326)</u>	<u>(497,491)</u>
Nonoperating Revenues (Expenses)		
Investment earnings	230	107
Total Nonoperating Revenues (Expenses)	<u>230</u>	<u>107</u>
Income (Loss) Before Transfers In	<u>(409,096)</u>	<u>(497,384)</u>
Transfers In (Out)		
Transfers in	799,038	107,412
Net Transfers	<u>799,038</u>	<u>107,412</u>
Change in Net Position	389,942	(389,972)
Net Position Beginning of Year	<u>9,103,749</u>	<u>9,493,721</u>
Net Position End of Year	<u>\$ 9,493,691</u>	<u>\$ 9,103,749</u>

INTERNAL SERVICE FUNDS

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. The City transferred the risk of loss to a commercial insurer for health insurance effective January 1, 2022.

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, 2022

	Health Insurance Fund	Risk Pool Fund	Total Internal Service Funds
Assets			
Current Assets:			
Cash and cash equivalents	\$ 757	\$ -	\$ 757
Accounts receivable	750	25,412	26,162
Total Assets	<u>\$ 1,507</u>	<u>\$ 25,412</u>	<u>\$ 26,919</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ -	\$ 25,412	\$ 25,412
Claims payable	342	-	342
Total Liabilities	<u>342</u>	<u>25,412</u>	<u>25,754</u>
Net Position			
Unrestricted	<u>1,165</u>	<u>-</u>	<u>1,165</u>
Total Net Position	<u>1,165</u>	<u>-</u>	<u>1,165</u>
Total Liabilities and Net Position	<u>\$ 1,507</u>	<u>\$ 25,412</u>	<u>\$ 26,919</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, 2022

	Health Insurance Fund	Risk Pool Fund	Total Internal Service Funds
Operating Revenues			
Charges for services	\$ 13,184	\$ 177,500	\$ 190,684
Operating Expenses			
Claims	-	177,500	177,500
Total Operating Expenses	-	177,500	177,500
Operating Income (Loss)	13,184	-	13,184
Non-Operating Revenues and Expenses			
Investment earnings	815	-	815
Total Non-Operating Revenues and Expenses	815	-	815
Change in Net Position	13,999	-	13,999
Net Position Beginning of Year	(12,834)	-	(12,834)
Net Position End of Year	\$ 1,165	\$ -	\$ 1,165

City of Dalton, Georgia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2022

	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	\$ 411,422	\$ 152,088	\$ 563,510
Cash payments for claims and fees	<u>(1,263,145)</u>	<u>(180,904)</u>	<u>(1,444,049)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(851,723)</u>	<u>(28,816)</u>	<u>(880,539)</u>
Cash Flows from Investing Activities			
Investment earnings	<u>815</u>	<u>-</u>	<u>815</u>
Net Cash Provided by (Used in) Investing Activities	<u>815</u>	<u>-</u>	<u>815</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(850,908)	(28,816)	(879,724)
Cash and Cash Equivalents Beginning of Year	<u>851,665</u>	<u>28,816</u>	<u>880,481</u>
Cash and Cash Equivalents End of Year	<u>\$ 757</u>	<u>\$ -</u>	<u>\$ 757</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ 13,184	\$ -	\$ 13,184
(Increase) Decrease in Assets:			
Accounts receivable	398,238	(25,412)	372,826
Increase (Decrease) in Liabilities:			
Accounts payable	(1,113,180)	18,111	(1,095,069)
Claims payable	<u>(149,965)</u>	<u>(21,515)</u>	<u>(171,480)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (851,723)</u>	<u>\$ (28,816)</u>	<u>\$ (880,539)</u>

City of Dalton, Georgia
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Workers' Compensation Fund
For the Years Ended December 31, 2022 and 2021

	2022	2021
Operating Expenses		
Claims	\$ -	\$ 39
Non-Operating Revenues and Expenses		
Investment earnings	-	39
Change in Net Position	-	-
Net Position Beginning of Year	-	-
Net Position End of Year	\$ -	\$ -

City of Dalton, Georgia
Comparative Statement of Net Position
Health Insurance Fund
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 757	\$ 851,665
Accounts receivable	<u>750</u>	<u>398,988</u>
Total Assets	<u>\$ 1,507</u>	<u>\$ 1,250,653</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ -	\$ 1,113,180
Claims payable	<u>342</u>	<u>150,307</u>
Total Liabilities	<u>342</u>	<u>1,263,487</u>
Net Position		
Unrestricted	<u>1,165</u>	<u>(12,834)</u>
Total Net Position	<u>1,165</u>	<u>(12,834)</u>
Total Liabilities and Net Position	<u>\$ 1,507</u>	<u>\$ 1,250,653</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Charges for services	\$ 13,184	\$ 9,101,591
Operating Expenses		
Claims	-	6,898,652
Premiums and administrative fees	-	1,958,808
Total Operating Expenses	<u>-</u>	<u>8,857,460</u>
Operating Income (Loss)	<u>13,184</u>	<u>244,131</u>
Non-Operating Revenues and Expenses		
Investment earnings	<u>815</u>	<u>810</u>
Change in Net Position	13,999	244,941
Net Position Beginning of Year	<u>(12,834)</u>	<u>(257,775)</u>
Net Position End of Year	<u>\$ 1,165</u>	<u>\$ (12,834)</u>

City of Dalton, Georgia
Comparative Statement of Net Position
Risk Pool Fund
December 31, 2022 and 2021

	2022	2021
Assets		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 28,816
Accounts receivable	25,412	-
Total Assets	\$ 25,412	\$ 28,816
 Liabilities		
Current Liabilities:		
Accounts payable	\$ 25,412	\$ 7,301
Claims payable	-	21,515
Total Liabilities	\$ 25,412	\$ 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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Charges for services	\$ 177,500	\$ 240,519
Operating Expenses		
Claims	177,500	240,519
Change in Net Position	-	-
Net Position Beginning of Year	-	-
Net Position End of Year	\$ -	\$ -

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, 2022

	Pension Trust		
	Fund	OPEB Trust Fund	Total Trust Funds
Assets			
Cash and cash equivalents	\$ 643,972	\$ -	\$ 643,972
Investments, at fair value:			
Georgia Municipal Employees Benefit System			
OPEB Trust Account	-	1,385,616	1,385,616
MetLife Large Cap Equity Index Fund	10,386,348	-	10,386,348
MetLife Small Cap Index Fund	29,980,766	-	29,980,766
MetLife Aggregate Bond Index Fund	9,939,992	-	9,939,992
Vanguard Institutional Index Fund	45,030,571	-	45,030,571
Vanguard Small Cap Index Fund	15,640,129	-	15,640,129
Vanguard Total Bond Market Index Fund	14,144,821	-	14,144,821
Contributions receivable	239,963	-	239,963
Total Assets	\$ 126,006,562	\$ 1,385,616	\$ 127,392,178
Liabilities			
Current Liabilities:			
Accounts payable	\$ 2,790	\$ 137,434	140,224
Total Liabilities	2,790	137,434	140,224
Net Position			
Restricted for pension	126,003,772	-	126,003,772
Restricted for OPEB	-	1,248,182	1,248,182
Total Net Position	126,003,772	1,248,182	127,251,954
Total Liabilities and Net Position	\$ 126,006,562	\$ 1,385,616	\$ 127,392,178

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, 2022

	Pension Trust		
	Fund	OPEB Trust Fund	Total Trust Funds
Additions			
Contributions:			
Employer	\$ 2,600,285	\$ -	\$ 2,600,285
Plan members	647,018	-	647,018
Total contributions	<u>3,247,303</u>	<u>-</u>	<u>3,247,303</u>
Investment income:			
Interest and dividends	2,595,346	25,037	2,620,383
Net increase (decrease) in fair value of investments	<u>(26,646,888)</u>	<u>(389,383)</u>	<u>(27,036,271)</u>
Total investment income	(24,051,542)	(364,346)	(24,415,888)
Less: investment expense	168,164	5,605	173,769
Net investment earnings	<u>(24,219,706)</u>	<u>(369,951)</u>	<u>(24,589,657)</u>
Total Additions	<u>(20,972,403)</u>	<u>(369,951)</u>	<u>(21,342,354)</u>
Deductions			
Administrative expenses	41,931	16,532	58,463
Premium payments	-	873,409	873,409
Benefit payments	<u>8,464,660</u>	<u>-</u>	<u>8,464,660</u>
Total Deductions	<u>8,506,591</u>	<u>889,941</u>	<u>9,396,532</u>
Change in Net Position	(29,478,994)	(1,259,892)	(30,738,886)
Net Position Beginning of Year	<u>155,482,766</u>	<u>2,508,074</u>	<u>157,990,840</u>
Net Position End of Year	<u>\$ 126,003,772</u>	<u>\$ 1,248,182</u>	<u>\$ 127,251,954</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, 2022

	<u>Municipal Court Custodial Fund</u>	<u>Police Custodial Fund</u>	<u>Total Custodial Funds</u>
Assets			
Cash and cash equivalents	\$ 221,071	\$ 73,731	\$ 294,802
Total Assets	<u>\$ 221,071</u>	<u>\$ 73,731</u>	<u>\$ 294,802</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 18,483	\$ -	18,483
Total Liabilities	<u>18,483</u>	<u>-</u>	<u>18,483</u>
Net Position			
Restricted for others	<u>202,588</u>	<u>73,731</u>	<u>276,319</u>
Total Net Position	<u>202,588</u>	<u>73,731</u>	<u>276,319</u>
Total Liabilities and Net Position	<u>\$ 221,071</u>	<u>\$ 73,731</u>	<u>\$ 294,802</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, 2022

	<u>Municipal Court Custodial Fund</u>	<u>Police Custodial Fund</u>	<u>Total Custodial Funds</u>
Additions			
Fine/confiscation collections	\$ 1,465,358	\$ 16,529	\$ 1,481,887
Total Additions	<u>1,465,358</u>	<u>16,529</u>	<u>1,481,887</u>
Deductions			
Fine/confiscation remittances	<u>1,262,770</u>	<u>185,227</u>	<u>1,447,997</u>
Total Deductions	<u>1,262,770</u>	<u>185,227</u>	<u>1,447,997</u>
Change in Net Position	202,588	(168,698)	33,890
Net Position Beginning of Year	<u>-</u>	<u>242,429</u>	<u>242,429</u>
Net Position End of Year	<u>\$ 202,588</u>	<u>\$ 73,731</u>	<u>\$ 276,319</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 31,382,076	\$ 25,285,570
Capital leases receivable	10,219,000	9,988,000
Interest receivable	67,640	-
Total Current Assets	<u>41,668,716</u>	<u>35,273,570</u>
Noncurrent Assets:		
Capital leases receivable (less current portion)	<u>39,775,000</u>	<u>34,064,000</u>
Total Assets	<u>\$ 81,443,716</u>	<u>\$ 69,337,570</u>
Liabilities		
Current Liabilities:		
Accounts payable	31,278,661	25,166,694
Revenue bonds payable	<u>10,219,000</u>	<u>9,988,000</u>
Total Current Liabilities	<u>41,497,661</u>	<u>35,154,694</u>
Long-Term Liabilities:		
Revenue bonds payable (less current portion)	<u>39,775,000</u>	<u>34,064,000</u>
Total Liabilities	<u>81,272,661</u>	<u>69,218,694</u>
Net Position		
Unrestricted	<u>171,055</u>	<u>118,876</u>
Total Net Position	<u>171,055</u>	<u>118,876</u>
Total Liabilities and Net Position	<u>\$ 81,443,716</u>	<u>\$ 69,337,570</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues (Expenses)		
Bond issuance fees	\$ 61,240	\$ 60,990
Fiscal and administrative fees	(9,061)	(9,975)
Total Operating Revenues (Expenses)	<u>52,179</u>	<u>51,015</u>
Non-Operating Revenues (Expenses)		
Interest earnings	100,445	8,533
Interest and fiscal charges, net of subsidy	(944,825)	(829,287)
Total Non-Operating Revenues (Expenses)	<u>(844,380)</u>	<u>(820,754)</u>
Income (Loss) Before Transfers In (Out)	<u>(792,201)</u>	<u>(769,739)</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)	944,825	853,723
Transfer out (outflows of interest earnings and interest subsidy to the City of Dalton, City of Dalton Board of Education, and Whitfield County)	(100,445)	(32,969)
Total Transfers In (Out)	<u>844,380</u>	<u>820,754</u>
Change in Net Position	52,179	51,015
Net Position Beginning of Year	<u>118,876</u>	<u>67,861</u>
Net Position End of Year	<u>\$ 171,055</u>	<u>\$ 118,876</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Bond issuance fees	\$ 61,240	\$ 60,990
Fiscal and administrative fees	(8,490)	(7,580)
Net Cash Provided by (Used in) Operating Activities	<u>52,750</u>	<u>53,410</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from issuance of debt, net of issuance costs	15,747,007	20,002,890
Payments to City of Dalton and Whitfield County for capital use of debt proceeds	(9,804,587)	(13,931,935)
Receipts from City of Dalton, City of Dalton Board of Education, and Whitfield County for payment of debt and interest	10,933,716	9,851,132
Interest subsidy received on capital debt	-	24,436
Interest earnings, net of fees	100,445	8,533
Principal paid on capital debt	(9,988,000)	(12,348,000)
Interest paid on capital debt	(944,825)	(853,723)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>6,043,756</u>	<u>2,753,333</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,096,506	2,806,743
Cash and Cash Equivalents Beginning of Year	<u>25,285,570</u>	<u>22,478,827</u>
Cash and Cash Equivalents End of Year	<u>\$ 31,382,076</u>	<u>\$ 25,285,570</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>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>	<u>2022</u>
Governmental activities										
Net investment in capital assets	\$ 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	\$ 90,345,875
Restricted	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	23,620,864
Unrestricted	<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>	<u>1,539,839</u>
Total governmental activities	<u>\$ 89,584,361</u>	<u>\$ 91,657,091</u>	<u>\$ 78,710,576</u>	<u>\$ 86,581,400</u>	<u>\$ 80,808,034</u>	<u>\$ 87,707,418</u>	<u>\$ 91,712,330</u>	<u>\$ 98,249,892</u>	<u>\$ 101,945,751</u>	<u>\$ 115,506,578</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 922,458,123
Restricted	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	99,708,000
Unrestricted	<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>	<u>44,625,424</u>
Total business-type activities	<u>\$ 812,128,913</u>	<u>\$ 832,127,742</u>	<u>\$ 859,504,966</u>	<u>\$ 884,880,511</u>	<u>\$ 917,828,916</u>	<u>\$ 956,468,969</u>	<u>\$ 1,003,613,533</u>	<u>\$ 1,039,004,612</u>	<u>\$ 1,064,720,258</u>	<u>\$ 1,066,791,547</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 1,012,803,998
Restricted	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	123,328,864
Unrestricted	<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>	<u>46,165,263</u>
Total primary government	<u>\$ 901,713,274</u>	<u>\$ 923,784,833</u>	<u>\$ 938,215,542</u>	<u>\$ 971,461,911</u>	<u>\$ 998,636,950</u>	<u>\$ 1,044,176,387</u>	<u>\$ 1,095,325,863</u>	<u>\$ 1,137,254,504</u>	<u>\$ 1,166,666,009</u>	<u>\$ 1,182,298,125</u>

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

	<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>	<u>2022</u>
Expenses										
Governmental activities										
General government	\$ 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	\$ 4,043,710
Judicial	397,765	371,645	437,044	433,156	424,203	409,440	392,841	416,055	287,867	500,868
Public safety	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	21,860,924
Public works	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	12,053,959
Health and welfare	487,293	508,735	522,072	468,925	419,892	474,442	440,499	508,059	663,315	616,355
Culture and recreation	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	5,740,343
Housing and development	389,213	396,836	454,327	260,840	121,645	296,359	332,616	910,073	1,526,828	697,488
Interest on long-term debt	274,506	281,844	270,543	372,838	324,325	282,702	244,914	200,751	482,128	828,202
Total governmental activities expenses	<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>	<u>46,341,849</u>
Business-type activities										
Electric system	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	225,711,307
Gas system	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	43,018,365
Water system	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	26,186,180
Wastewater system	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	50,054,180
Information technology system	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	17,481,704
Landfill	439,487	189,472	-	-	-	-	-	-	-	-
Convention Center	557,720	499,660	593,614	492,074	515,534	471,563	540,487	848,713	776,070	711,782
Municipal golf course	981,056	814,233	925,758	901,402	898,210	907,034	953,133	944,916	1,163,606	1,207,302
Municipal airport	604,497	904,203	813,242	846,647	853,995	873,083	993,797	942,208	1,057,142	1,357,577
Total business-type activities expenses	<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>	<u>365,728,397</u>
Total primary government expenses	<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>	<u>\$ 412,070,246</u>

(continued)

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

	<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>	<u>2022</u>
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 982,441	\$ 968,883	\$ 957,103	\$ 969,673	\$ 988,534	\$ 898,003	\$ 344,986	\$ 341,327	\$ 467,925	\$ 517,290
Judicial	751,680	884,819	689,686	803,218	743,691	715,497	592,789	507,195	629,098	570,533
Public safety	657,613	711,717	440,278	493,428	650,221	659,703	771,204	783,270	849,714	1,094,284
Public works	157,151	181,188	173,184	163,724	231,156	215,827	135,324	139,385	134,909	76,288
Health and welfare	54,355	51,710	47,783	50,800	51,076	49,575	53,300	22,335	205,654	217,034
Culture and recreation	395,533	373,946	374,869	400,749	405,590	378,835	335,074	287,737	398,253	396,260
Housing and development	-	-	-	-	-	-	-	-	-	10,000
Operating grants and contributions	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	12,514,808
Capital grants and contributions	<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>	<u>7,575,851</u>
Total governmental activities										
program revenues	<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>	<u>22,972,348</u>

(continued)

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

	<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>	<u>2022</u>
Business-type activities										
Charges for services										
Electric system	\$ 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	\$ 263,451,000
Gas system	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	46,093,000
Water system	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	25,312,000
Wastewater system	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	21,304,000
Information technology system	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	22,316,000
Landfill	-	-	448,366	522,810	651,831	828,412	1,725,208	1,200,962	1,646,502	1,039,695
Municipal golf course	927,834	915,270	868,829	923,590	820,183	494,420	908,766	896,164	1,241,481	1,346,313
Municipal airport	211,314	558,553	455,791	494,593	468,152	462,829	522,761	430,201	560,043	948,272
Total business-type activities program revenues	<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>	<u>381,810,280</u>
Total primary government program revenues	<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>	<u>\$ 404,782,628</u>
Net revenues (expenses)										
Governmental activities	\$ (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)	\$ (23,369,501)
Business-type activities	<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>	<u>16,081,883</u>
Total primary government net revenue (expense)	<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>	<u>\$ (7,287,618)</u>

(continued)

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

	<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>	<u>2022</u>
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for:										
General purposes	\$ 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	\$ 8,020,014
Selective taxes	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	15,160,489
Hotel/motel taxes	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	1,833,769
Investment earnings	241,177	222,324	224,686	227,495	299,310	502,978	684,787	444,764	96,332	418,365
Donations	346,807	63,476	20,891	50,252	261,115	714,102	451,396	23,078	37,915	524,901
Miscellaneous	514,289	465,825	559,299	633,166	497,349	729,120	736,893	353,352	659,535	444,532
Transfers	<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>	<u>10,528,258</u>
Total governmental activities general revenues and other changes in net position	<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>	<u>36,930,328</u>
Business-type activities										
Investment earnings	(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)	(4,181,768)
Contributions	-	-	-	-	-	2,000,000	1,000,000	-	-	4,350
Miscellaneous	191,000	234,000	150,000	410,850	591,000	581,500	582,000	638,325	565,000	694,050
Transfers	<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>	<u>(10,528,258)</u>
Total business-type activities general revenues and other changes in net position	<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>	<u>(14,011,626)</u>
Total primary government general revenues and other changes in net position	<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>	<u>\$ 22,918,702</u>
Change in net position										
Governmental activities	\$ 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	\$ 13,560,827
Business-type activities	<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>	<u>2,070,257</u>
Total primary government change in net position	<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>	<u>\$ 15,631,084</u>

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

	<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>	<u>2022</u>
General fund										
Nonspendable	\$ 212,643	\$ 179,680	\$ 155,856	\$ 249,062	\$ 171,680	\$ 157,986	\$ 185,196	\$ 144,225	\$ 128,121	\$ 227,443
Restricted	91,029	96,029	96,029	99,974	114,974	293,499	323,075	321,417	321,417	321,417
Unrestricted	<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>	<u>25,987,581</u>
Total general fund	<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>	<u>\$ 26,536,441</u>
Nonmajor governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	<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>	<u>40,100,677</u>
Total nonmajor governmental funds	<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>	<u>\$ 40,100,677</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>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>	<u>2022</u>
Revenues										
Taxes	\$ 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	\$ 24,884,958
Licenses and permits	982,441	968,883	957,103	969,673	988,534	898,003	344,986	341,327	355,719	409,881
Intergovernmental revenues	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	19,826,717
Charges for services	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	1,792,067
Fines and forfeitures	484,730	549,231	405,566	456,663	454,847	448,006	460,003	444,536	499,785	679,741
Investment earnings	238,043	219,226	221,899	224,509	295,916	497,526	680,144	438,859	95,522	481,492
Miscellaneous	994,634	752,890	591,054	815,699	975,514	763,251	808,703	371,174	514,591	749,127
Total Revenues	<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>	<u>48,823,983</u>
Expenditures										
General government	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	3,526,952
Judicial	381,534	414,003	437,298	433,736	436,770	403,231	404,296	427,469	437,671	505,415
Public safety	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	19,446,561
Public works	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	10,039,222
Health and welfare	447,700	479,815	507,489	441,560	412,987	447,949	451,721	561,809	586,254	841,057
Culture and recreation	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	4,385,818
Housing and development	370,981	463,332	448,165	425,513	351,590	354,964	821,115	1,115,534	1,226,108	1,106,034
Capital outlay	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	10,970,508
Debt service:										
Principal retirement	603,204	509,958	513,798	2,604,114	2,650,290	2,450,074	2,481,859	270,000	3,175,000	600,000
Interest and fiscal charges	274,506	281,844	270,543	372,838	324,325	282,702	244,914	200,751	230,370	605,185
Debt issuance costs	-	-	165,356	-	-	-	-	-	321,136	-
Total Expenditures	<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>	<u>52,026,752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<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>	<u>(3,202,769)</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>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>	<u>2022</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	135,832
Transfers in	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	35,513,822
Transfers out	<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>	<u>(24,186,526)</u>
Total Other Financing Sources (Uses)	<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>	<u>11,463,128</u>
Net Change in Fund Balance	<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>	<u>\$ 8,260,359</u>
Debt service as a % of noncapital expenditures	3.1%	2.6%	2.5%	8.5%	8.5%	7.6%	6.9%	1.3%	8.7%	2.9%

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
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
2022	2,321,226,913	1,685,774,452	20,368,545	351,150,162	3,676,219,748	2.207

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	Dalton Public					Total Direct and Overlapping Rates
	City Millage	Dalton Public Schools Millage	Schools Debt Service Millage	Special Districts Millage	Whitfield County Millage	
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
2022	2.207	8.090	0.560	1.500	7.300	19.657

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	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total	Taxable Assessed Value	Rank	Percentage of Total
			City Taxable Assessed Value			City Taxable Assessed Value
Shaw Industries, Inc.	\$ 550,082,752	1	15.0%	\$ 544,892,653	1	16.4%
Mohawk Industries, Inc.	217,560,951	2	5.9%	105,658,748	2	3.2%
Tarkett USA (2)	107,377,191	3	2.9%	-	NA	0.0%
The Peoples Group	88,746,504	4	2.4%	34,442,865	6	1.0%
Engineered Floors, LLC (1)	85,614,593	5	2.3%	-	NA	0.0%
Dalton Whitfield Joint Development Authority	74,656,657	6	2.0%	-	NA	0.0%
Southwind Building Supply	34,521,817	7	0.9%	-	NA	0.0%
Shiroki Georgia, LLC	27,828,275	8	0.8%	29,195,072	7	0.9%
MFG Chemical Inc.	24,524,373	9	0.7%	-	NA	0.0%
Spectrum Southeast, LLC	22,295,377	10	0.6%	-	NA	0.0%
Beaulieu of America, LLC (1)	-	NA	0.0%	105,471,603	3	3.2%
J & J Industries (1)	-	NA	0.0%	79,710,625	4	2.4%
Tandus Centiva, Inc. (2)	-	NA	0.0%	60,409,748	5	1.8%
CBL & Associates Properties, Inc.	-	NA	0.0%	26,748,527	8	0.8%
Lexmark Carpet Mills, Inc. (2)	-	NA	0.0%	31,126,540	9	0.9%
Ashland Acqualon	-	NA	0.0%	18,544,138	10	0.6%

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
2013	\$ 8,281,354	\$ (1,013)	\$ 8,280,341	\$ 7,339,021	88.6%	\$ 941,250	\$ 8,280,271	100.0%
2014	8,325,685	(122,731)	8,202,954	7,348,018	89.6%	854,889	8,202,907	100.0%
2015	8,366,569	(10,792)	8,355,777	7,466,921	89.4%	888,784	8,355,705	100.0%
2016	8,206,241	(17,806)	8,188,435	7,420,789	90.6%	767,459	8,188,248	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%	568,987	8,652,994	100.0%
2019	8,918,132	(37,655)	8,880,477	8,286,628	93.3%	593,440	8,880,068	100.0%
2020	8,039,817	(25,498)	8,014,319	7,095,136	88.5%	910,130	8,005,266	99.9%
2021	7,788,703	36,744	7,825,447	7,116,547	90.9%	667,375	7,783,922	99.5%
2022	8,058,141	24,836	8,082,977	2,946,042	36.4%	-	2,946,042	36.4%

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				
2013	\$ -	\$ 5,831,137	\$ 318,000	\$ -	\$ 6,149,137	0.6%	\$ 184	
2014	-	5,374,179	265,000	-	5,639,179	0.5%	168	
2015	-	13,419,337	212,000	-	13,631,337	1.3%	403	
2016	-	10,868,223	159,000	-	11,027,223	1.0%	324	
2017	-	8,270,933	106,000	74,953,000	83,329,933	7.3%	2,469	
2018	-	5,873,859	53,000	73,308,000	79,234,859	6.8%	2,362	
2019	-	3,445,000	-	71,055,000	74,500,000	6.1%	2,213	
2020	-	3,175,000	-	168,619,000	171,794,000	12.2%	4,992	
2021	-	20,324,026	-	163,640,000	183,964,026	12.0%	5,366	
2022	-	19,625,825	-	157,899,000	177,524,825	NA	NA	

NA

Not yet available

Note:

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

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
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%	-
2022	-	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, 2022
(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	2,935,000	100.0%	2,935,000
Dalton Public School System agreement with Building Authority - Revenue Bonds, Series 2022	15,930,000	100.0%	15,930,000
Whitfield County agreement with Building Authority - Series 2020 Bonds	13,369,000	32.0%	<u>4,277,378</u>
Total overlapping debt			63,522,378
City direct debt			<u>19,625,825</u>
Total direct and overlapping debt			<u>\$ 83,148,203</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>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>	<u>2022</u>
Debt limit	\$ 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	\$ 402,736,991
Total net debt applicable to limit	-	-	-	-	-	40,380,000	40,380,000	40,380,000	40,380,000	40,380,000
Legal debt margin	<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>	<u>\$ 362,356,991</u>
Total net debt applicable to limit as a % of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	10.3%	10.2%	10.1%	10.4%	10.0%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 3,676,219,748
Add: exempt property	<u>351,150,162</u>
Total assessed value	4,027,369,910
	10.0%
Debt limit (10% of assessed value)	<u>\$ 402,736,991</u>
Debt applicable to limit	
Total general obligation debt	<u>\$ 40,380,000</u>
Legal debt margin	<u>\$ 362,356,991</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
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	-	-	-
2018	213,990,000	143,950,000	70,040,000	-	2,414,000	29.0
2019	217,616,000	139,651,000	77,965,000	2,172,000	3,020,000	15.0
2020	203,811,000	129,595,000	74,216,000	2,202,000	2,915,000	14.5
2021	236,484,000	169,960,000	66,524,000	2,312,000	5,524,000	8.5
2022	378,476,000	329,093,000	49,383,000	5,133,000	6,333,000	4.3

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
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	34,285 *	1,531,442	44,668	3.0%	7,801
2022	NA	NA	NA	4.1%	7,675

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	2022			2013		
	Employees (1)	Rank	Percentage of Total City Employees	Employees (1)	Rank	Percentage of Total City Employees
Shaw Industries, Inc.	4,477	1	13.1%	4,506	1	13.5%
Hamilton Medical Center	2,960	2	8.6%	1,220	4	3.7%
Mohawk Industries, Inc.	1,612	3	4.7%	1,890	2	5.7%
Dalton Public School System	1,059	4	3.1%	890	5	2.7%
Engineered Floors, LLC (2)	960	5	2.8%	-	NA	0.0%
City of Dalton, Georgia	699	6	2.0%	680	8	2.0%
Tarket USA (3)	660	7	1.9%	-	NA	0.0%
Wal-Mart Stores, LP	337	8	1.0%	-	NA	0.0%
Columbia Recycling Corp.	250	9	0.7%	395	10	1.2%
Shiroki Georgia, LLC	232	10	0.7%	402	9	1.2%
Beaulieu of America, LLC (2)	-	NA	0.0%	1,477	3	4.4%
Tandus Centiva, Inc. (3)	-	NA	0.0%	837	6	2.5%
J & J Industries (2)	-	NA	0.0%	717	7	2.1%

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>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>	<u>2022</u>
General Government										
Administration and elected officials	7	7	7	6	6	7	8	8	10	8
Human Resources	3	3	3	3	3	3	3	3	3	4
City Clerk	3	3	3	3	3	3	3	3	3	4
IT	1	2	2	2	2	2	2	3	3	3
Finance	4	5	5	5	5	5	5	5	4	5
Municipal Court	4	5	5	5	5	5	5	5	5	6
Public Safety										
Police - Officers	81	82	83	81	85	85	88	84	80	77
Police - Civilians	14	15	15	15	13	13	13	12	12	12
Fire - Firefighters and officers	89	88	93	91	92	90	93	90	93	90
Fire - Civilians	2	3	3	3	3	3	3	3	1	1
Public Works										
Refuse collection	31	30	29	30	28	26	27	24	27	30
Streets	11	11	11	11	11	10	10	10	9	14
Other	25	25	30	30	30	34	34	34	36	42
DWRSWMA (Landfill)	36	36	36	36	36	40	39	39	41	41
WLSF (Dalton Utilities)	304	310	308	308	309	310	315	310	322	302
Culture and Recreation										
Recreation	29	27	27	28	29	30	32	30	29	30
Golf Course	6	6	8	10	7	7	7	7	7	7
Senior Center	4	4	4	4	4	4	5	5	5	5
Convention Center	12	15	15	15	17	17	14	15	13	13
Economic Development and Assistance										
Airport	-	1	2	2	2	2	3	3	3	3
Health and Welfare										
Compliance Enforcement	-	-	-	-	-	-	-	-	-	2

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>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>	<u>2022</u>
Public Safety										
Police										
Physical arrests	4,682	4,109	4,014	3,668	4,424	4,897	4,712	3,801	4,105	4,015
Traffic citations and warnings	11,375	12,943	11,174	10,826	11,710	13,857	12,644	11,704	11,344	12,062
Fire										
Calls answered	2,537	2,663	2,896	3,590	3,719	3,867	3,906	3,358	3,997	3,954
Inspections conducted	610	598	259	717	1,080	1,536	3,090	1,545	1,314	1,769
Public Works										
Streets resurfaced (miles)	2	4	7	4	7	8	6	5	6	4
Refuse collected (tons)	8,817	9,838	11,264	11,405	11,748	12,397	12,848	12,174	11,679	10,390
Culture and Recreation										
Youth athletic enrollment	4,258	4,273	4,500	4,535	4,580	4,862	4,869	3,487	2,452	3,151
Adult athletic enrollment	2,089	2,001	1,950	1,935	1,940	1,780	1,756	1,320	1,584	971
Special events	20,000	26,452	29,000	28,960	29,558	29,360	29,736	15,947	24,612	24,115
Tournaments	24,268	25,267	25,398	26,243	25,253	24,868	24,532	28,534	31,000	30,250
Round of golf	NA	NA	NA	NA	21,758	12,505	24,909	24,341	27,209	28,826
Tournament rounds of golf	NA	NA	NA	NA	1,877	1,454	2,493	774	2,286	3,045
Senior Center meals	NA	NA	NA	NA	17,250	17,500	18,000	7,141	10,231	8,920
Special needs participation	NA	NA	NA	NA	1,108	1,230	1,454	402	590	630

(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>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>	<u>2022</u>
WLSF (Dalton Utilities) (1) (2)										
Electric System										
Number of service connections	16,512	16,664	16,882	16,907	16,802	16,874	16,815	15,414	15,856	17,155
Daily average consumption	4,236	4,485	4,762	4,931	5,073	5,233	5,663	5,408	5,788	9,365
Maximum daily peak (MW's)	237	256	267	275	271	283	301	299	414	483
Natural Gas System										
Number of service connections	7,594	7,813	7,554	7,534	7,445	7,426	7,456	7,357	7,324	7,273
Daily average consumption	5,819	7,840	7,295	8,622	13,716	14,492	13,515	12,285	13,931	12,771
Maximum daily peak (Dkthms)	18,163	23,440	24,166	25,681	27,824	37,489	32,948	32,662	30,785	29,571
Sewer system										
Number of service connections	12,616	12,773	12,884	12,916	12,847	13,006	13,090	13,334	13,279	13,743
Daily average treatment	22	20	21	19	23	24	20	25	24	24
Maximum daily capacity (Mil/gallons)	67	67	67	67	67	67	67	66	66	66
Water system										
Number of service connections	35,236	35,423	35,532	36,217	36,084	35,580	35,872	36,194	36,273	37,604
Daily average consumption (Mil/gallons)	23	25	27	27	27	28	27	27	25	22
Maximum daily capacity (Mil/gallons)	66	66	66	66	66	66	66	66	590	59
Optilink (Telecom) System										
Number of service connections	12,234	12,502	12,934	13,393	13,534	13,624	13,169	13,729	13,749	13,679

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

Function/Program	For the year ending December 31,									
	<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>	<u>2022</u>
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	58	63	63	65	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	178	180	180	180	180	181	191	186	187	190
Streetlights	4,545	4,610	4,615	4,620	4,633	4,638	4,649	4,625	4,657	4,481
Culture and Recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Parks	13	13	13	13	13	14	14	14	14	14
Park acreage	719	719	719	734	734	1,260	1,260	1,260	1,260	1,260
Golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	22	22	22	28	28	28	28	28	28	28
WLSF (Dalton Utilities)										
Electric System										
Miles of distribution	310	317	334	339	356	356	390	390	390	364
Number of substations	10	10	11	11	11	11	12	12	12	13
Natural gas system										
Miles of distribution	279	285	292	296	298	341	363	350	353	340
Sewer system										
Miles of sewer	323	323	324	328	336	335	337	337	345	351
Number of treatment plants	5	5	5	5	5	5	5	4	4	4
Water system										
Miles of water mains	1,248	1,250	1,251	1,244	1,234	1,223	1,224	1,224	1,215	1,221
Number of fire hydrants	5,008	5,010	5,029	5,040	5,055	5,077	5,077	5,077	5,080	5,101
Optilink (Telecom) System										
Miles of fiber optics	626	827	1,096	1,317	1,367	1,422	1,479	682	1,779	1,921

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, 2022

Project Name	Original Estimated Project Cost	Revised Estimated Project Cost	Funding Sources		Expenditures			Estimated Percentage Complete
			Estimated SPLOST Collections	Estimated Other Sources	Prior Years	Current Year	Total	
SPLOST 2020 (2020 Referendum):								
Public safety building and vehicles Renovations to John Davis and Heritage Park	\$ 4,968,000	\$ 4,968,000	\$ 4,968,000	\$ -	\$ 1,036,635	\$ 802,603	\$ 1,839,238	37%
Renovations to Dalton-Whitfield Senior Center	11,175,000	11,175,000	11,175,000	-	271,996	6,086,133	6,358,129	57%
Roads, streets, bridges, stormwater projects, and equipment	425,000	425,000	425,000	-	-	-	-	0%
	<u>2,531,000</u>	<u>3,542,230</u>	<u>2,531,000</u>	<u>1,011,230</u>	<u>881,676</u>	<u>2,037,023</u>	<u>2,918,699</u>	82%
	<u>\$ 19,099,000</u>	<u>\$ 20,110,230</u>	<u>\$ 19,099,000</u>	<u>\$ 1,011,230</u>	<u>\$ 2,190,307</u>	<u>\$ 8,925,759</u>	<u>\$ 11,116,066</u>	55%
SPLOST 2015 (2015 Referendum):								
County-wide communications project	\$ 113,000	\$ 3,901,222	\$ 3,901,223	\$ -	\$ 3,901,223	\$ -	\$ 3,901,223	100%
County-wide library project	-	162,551	162,551	-	162,551	-	162,551	100%
Lakeshore Park recreation project	2,087,000	2,133,394	2,133,394	-	2,118,827	-	2,118,827	99%
Public safety vehicles	3,200,000	3,193,318	3,193,318	-	3,193,318	-	3,193,318	100%
Haig Mill reservoir recreation project	5,000,000	6,043,814	5,293,814	-	5,284,954	-	5,284,954	87%
Streets, bridges, and stormwater projects	10,000,000	13,702,542	12,005,658	2,446,885	11,045,273	678,498	11,723,771	86%
	<u>\$ 20,400,000</u>	<u>\$ 29,136,841</u>	<u>\$ 26,689,958</u>	<u>\$ 2,446,885</u>	<u>\$ 25,706,146</u>	<u>\$ 678,498</u>	<u>\$ 26,384,644</u>	91%
Total	<u>\$ 39,499,000</u>	<u>\$ 49,247,071</u>	<u>\$ 45,788,958</u>	<u>\$ 3,458,115</u>	<u>\$ 27,896,453</u>	<u>\$ 9,604,257</u>	<u>\$ 37,500,710</u>	

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



**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, 2022, 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 July 28, 2023. Our report includes a reference to other auditors who audited the financial statements of the WLSF Commission, as described in our report on the City of Dalton, Georgia's financial statements. This report does not include the results of the other auditor’s testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Estes & Walcott

Dalton, Georgia
July 28, 2023



**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, 2022. 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, 2022.

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

July 28, 2023

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2022

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Dalton, Georgia.
2. No significant deficiencies were disclosed during the audit which are 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*.
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 the Treasury
 - Direct funding:
 - Coronavirus State and Local Fiscal Recovery Funds
 - CFDA # 21.027
8. The threshold for distinguishing Type A and B programs is \$750,000.
9. The City of Dalton, Georgia was determined to be a low-risk auditee.

City of Dalton, Georgia
Schedule of Expenditures of Federal Awards
December 31, 2022

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				
Grant/Contract # B20MW130011	N/A	14.218	\$ 78,687	
Grant/Contract # B21MC130011	N/A		279,653	
Grant/Contract # B22MC130012	N/A		113,636	
Grant/Contract # B20MC130013	N/A		<u>13,840</u>	
			<u>485,816</u>	<u>358,818</u>
U.S. DEPARTMENT OF JUSTICE				
Direct funding:				
Bulletproof Vest Partnership Program				
Grant/Contract # 2020BUBX20019780	N/A	16.607	5,408	-
Equitable Sharing Program				
Grant/Contract # NKZAZHFZFEN7	N/A	16.922	<u>13,307</u>	-
			<u>18,715</u>	-
U.S. DEPARTMENT OF TRANSPORTATION				
Pass-through Georgia Department of Transportation:				
Airport Improvement Program				
Grant/Contract # AP022-9052-43(313)		20.106	600,397	-
Not yet assigned			<u>65,907</u>	-
			<u>666,304</u>	-
U.S. DEPARTMENT OF THE TREASURY				
Direct funding:				
Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	<u>9,055,239</u>	-
U.S. DEPARTMENT OF HOMELAND SECURITY				
Pass-through Georgia Office of the Governor:				
Emergency Management Performance Grants		97.042	<u>13,056</u>	-
Total			<u>\$ 10,239,130</u>	<u>\$ 358,818</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, 2022

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, 2022

Prior Year Findings – Financial Statement Audit

2021-001 Condition:	Controls related to concession revenues and inventory at the Recreation Department are inadequate.
Current Status:	The City has outsourced the largest concession locations. This finding is no longer a significant deficiency for the 2022 year.