

CITY OF DALTON GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2016



CITY OF DALTON, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended
December 31, 2016

Cindy Jackson, CPA
Chief Financial Officer

By Authority of
Mayor and Council

**City of Dalton, Georgia
Comprehensive Annual Financial Report
For The Year Ended December 31, 2016**

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June 19, 2017

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

The Comprehensive Annual Financial Report ("CAFR") of the City of Dalton, Georgia ("City") for the year ended December 31, 2016 is hereby submitted as mandated by Georgia state statutes. These statutes require that every general-purpose local government publish within six months of the close of each fiscal year, unless an extension is approved, a complete set of audited financial statements.

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

The City has prepared the financial statements to meet the current applicable requirements of the Governmental Accounting Standards Board ("GASB"). The City of Dalton's financial statements have been audited by Estes & Walcott, Certified Public Accountants and they have rendered an unqualified opinion for the year ended December 31, 2016. The independent auditors' report is presented in the financial section of this report.

The independent audit of the financial statements of the City of Dalton for the year ended December 31, 2016 included a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit section of this report.

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

Profile of the Government

Dalton is located in northwest Georgia at the foothills of the Appalachian Mountains. Dalton is conveniently located off Interstate 75, within 85 miles north of Atlanta, Georgia 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 1837 as the village of Cross Plains. In honor of founder Captain Edward White's mother, the name was officially changed to Dalton and chartered December 29, 1847.

Dalton occupies 20 square miles and serves an estimated daytime population of 63,000. According to the 2010 U.S. Census, Dalton has a population of 33,123, with Whitfield County's population at 102,599. The Census Bureau estimates the 2016 population for Dalton at 34,077. Dalton boasts a mild climate with four distinctive seasons, an average temperature of 60°, and average annual rainfall of 56 “.

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

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

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

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

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

Local Economy

Dalton is the economic hub of northwest Georgia and continues to benefit economically by being the Carpet Capital of the World. Dalton is home to the two largest carpet producers in the world (Mohawk Industries and Shaw Industries) and is the third largest manufacturing community per capita in Georgia. According to the Carpet and Rug Institute, more than 85% of the U.S. carpet and rug market is produced by mills located within a 65 mile radius of Dalton, for an estimated \$8 billion in business activity.

The local economy continues to strengthen with current unemployment reaching pre-recession levels. Dalton Metropolitan Statistical Area (“Dalton MSA”) unemployment rate at the end of 2016 was 6% and is currently at 5.2%. The declining rate is due to the improving housing industry and expansion of manufacturing as the economy continues to improve.

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. From an overall growth perspective, the JDA reports that during 2016, 3 projects were awarded that will create 292 direct jobs, 146 indirect jobs, and \$184 million in new capital investment in the Dalton MSA. All 3 projects are flooring related, which include two expansions (Mohawk Industries and Engineered Floors) and one new location (Marquis Industries, Inc.).

W. F. Taylor LLC, a leader in technologically-advanced adhesives and coatings used in the flooring industry, relocated its company headquarters to Dalton from Southern California. The Company brings 10 top managers and roughly 30 manufacturing employees in the process.

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

The City's largest asset is the WLSF Commission, which operates under the trade name Dalton Utilities. Dalton Utilities is a debt-free public utility which provides electric, natural gas, water, wastewater, and information technology services to approximately 73,000 customers in the Dalton-Whitfield area and portions of Murray, Gordon, Catoosa, and Floyd counties. Dalton Utilities owns portions of two coal-fired and two nuclear generating plants and has invested in portions of two additional nuclear units being built at Plan Vogtle in Waynesboro, Georgia. The Riverbend Waste Water Plant received the 2016 Wastewater Treatment Plant of the Year Award by the Georgia Association of Water Professionals.

On the education front, Dalton State College ("DSC") completed the 120 unit, 365 resident Mashburn Hall dormitory in the summer of 2016. The new dormitory increases student housing capacity by 305 residents. DSC also completed renovations of the Health Professionals Building and the Pope Student Center. The college's current enrollment is 5,188, which increased 2.9% from the prior year.

The Georgia Northwestern Technical College ("GNTC") will receive \$18.7 million from the state of Georgia to build a 75,000 square foot facility. The Whitfield County Board of Education donated 23 acres of land to GNTC which made it possible to expand the campus. The expanded facility will provide classes that will develop the occupational skills and knowledge needed by area business and industry. The expansion is expected to be completed late 2018 or early 2019.

Dalton's downtown area continues to revitalize as vacant spots are filled with new businesses and a public park. The area features four new restaurants, a brewery, a wine bar, and several new retail businesses. The City has designated property through the Dalton Downtown Development Authority to serve as a downtown public park and performance venue. A private donor established a permanent endowment to fund programming and support of the site. Burr Park is expected to open in the spring of 2018.

Planning for the Future

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 planning for the future, the City leadership is investing in quality of life projects. The greenway redevelopment initiative is designed to enhance the City's natural resources, which include a lake and a mountain, while connecting to the downtown area with walking, biking, and hiking trails. Phase 2 of this project consists of construction of a walking trail that connects the historic Crown Mill area to the Mt. Rachel walking trail. This Phase was completed in 2016 utilizing \$481,000 in federal funds from a Georgia Department of Transportation Enhancement Grant and \$120,000 of matching City funds.

Two additional quality of life projects are being funded from the 2015 1% Special Purpose Local Option Sales Tax ("SPLOST"). \$2.2 million of the estimated \$20.4 million of City SPLOST projects has been designated to the Lakeshore and Brookwood Park areas. During 2016, \$1.4 million was expended to construct 6 tennis courts, procure 15 acres of park property, and fund pre-construction costs for park development and improvements.

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

In 2015, the citizens of Dalton approved a referendum that authorizes the City to exercise redevelopment powers. The City has adopted a redevelopment plan and designated two tax allocation districts ("TAD"). The TAD #1 area encompasses much of the downtown area while the TAD #2 area encompasses East Walnut Avenue. In December 2016, the City amended the redevelopment plan, eliminated TAD #2, and adopted TAD #3. TAD #3 expanded the East Walnut Avenue area and reestablished base values for that area. Establishment of the district base value does not obligate the City, the City of Dalton Board of Education, or Whitfield County, Georgia to participate in the TAD.

The City continues to maintain a healthy fund balance and exceeds the minimum general fund unrestricted fund balance requirement of 25% of operating expenditures. At the end of 2016, the City's general fund unrestricted fund balance was equal to 70% of operating expenditures. The general fund unrestricted fund balance is intended to 1) meet future capital needs, 2) offset significant economic downturns and revision in general government activity, 3) provide sufficient working capital, 4) provide sufficient cash flow for current financial needs, and 5) provide for emergency situations.

Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Excellence in Financial Reporting to the City of Dalton for its CAFR for the fiscal year ended December 31, 2015. This is the fourteenth consecutive year that the government has received this prestigious award. In order to be awarded the Certificate of Excellence, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Excellence in Financial Reporting is valid for a period of one year. We believe that our current CAFR continues to meet the GFOA's requirements, and are submitting it in anticipation of receiving the Certificate of Excellence 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,

A handwritten signature in cursive script that reads "Cindy Jackson".

Cindy Jackson,
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**City of Dalton
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

**City of Dalton, Georgia
City Officials and Administration
December 31, 2016**

Dennis Mock
Mayor

City Council

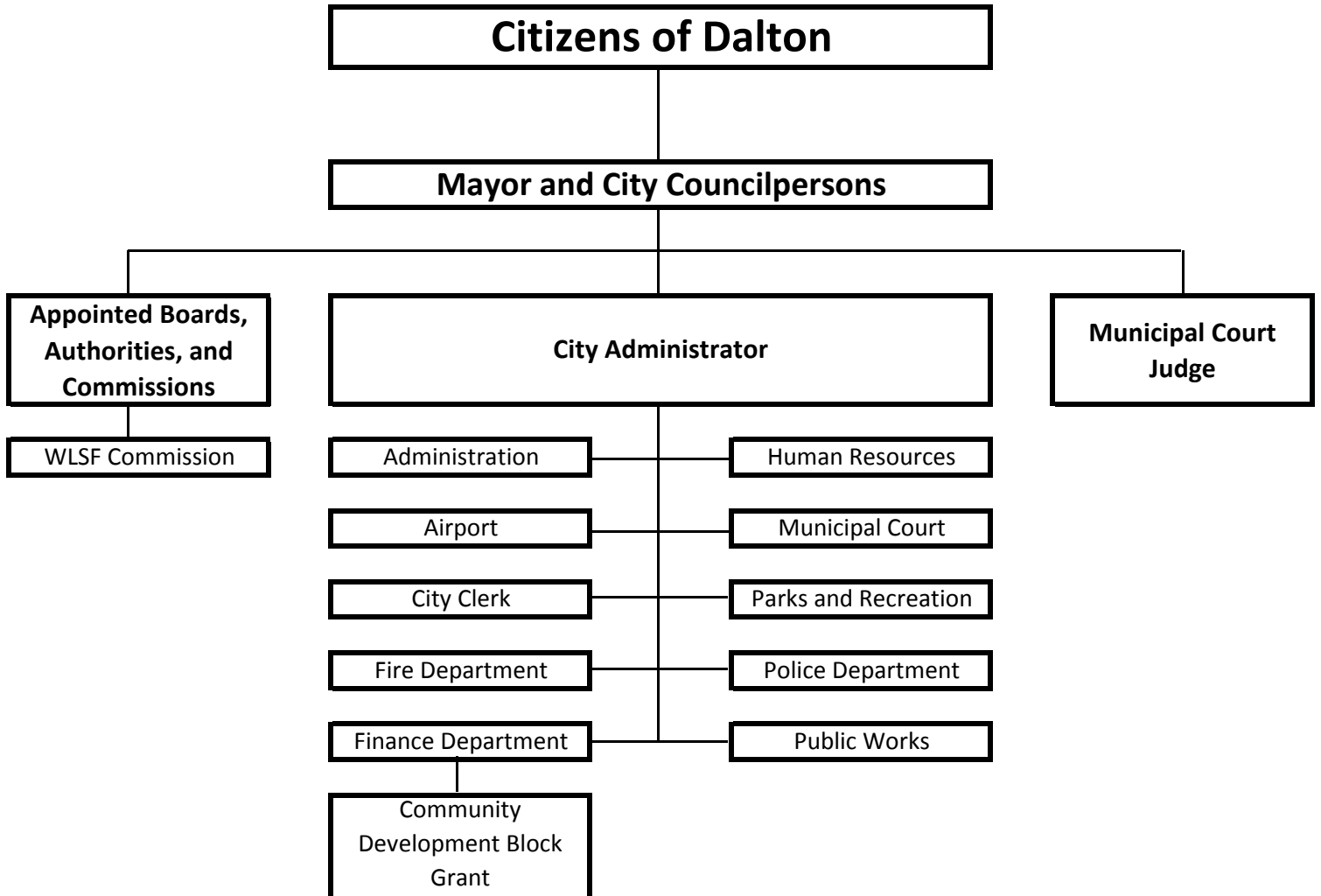
Denise Wood, Ward 1
William T. O'Gwin, Ward 2
Tyree Goodlett, Ward 3
Gary Crews, Ward 4

City Administration

Cindy Jackson
Bernadette Chattam
Tom Bundros
Bruce Satterfield
Greg Batts
Steve Card
Jason Parker
Benny Dunn

Chief Financial Officer
City Clerk
Dalton Utilities
Fire Chief
Human Resource Director
Parks & Recreation Director
Police Chief
Public Works Director

City of Dalton, Georgia
Organizational Chart
December 31, 2016





INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Dalton, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia, as of December 31, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information for pension plans on pages 4 –19 and 86 - 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2017, on our consideration of the City of Dalton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dalton, Georgia's internal control over financial reporting and compliance.

Estes & Walcott

Dalton, Georgia
June 19, 2017

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

The City of Dalton's management is pleased to provide this narrative overview and analysis of the financial activities of the City for the calendar year ended December 31, 2016. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures that follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$971.5 million (net position) for the calendar year reported. This represents an increase of \$33.3 million from the prior year net position.
- Total net position is comprised of the following:
 - Net investment in capital assets of \$819.9 million includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - Net position of \$105.1 million is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - Unrestricted net position of \$46.5 million represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- The City's governmental funds reported total ending fund balance of \$29.5 million this year. This represents a decrease of \$339,528 from the prior year.
- At the end of the current calendar year, unassigned fund balance for the general fund was \$20.9 million, or 70% of total general fund expenditures.
- The business-type activities enterprise funds reported total ending net position of \$889.0 million as of December 31, 2016. This reflects an increase of \$26.5 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, wastewater, and information technology. The WLSF Commission transferred \$10.2 million to the general fund during 2016. The WLSF Commission passes the cost of this transfer along to their customers. This surcharge is included in charges for services.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

Government-wide Financial Statements

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

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

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

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

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

The government-wide financial statements are presented on pages 20 through 22 of this report.

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Fund Financial Statements

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

The City's funds are divided into three categories:

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

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

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

The basic governmental fund financial statements are presented on pages 23 through 27 of this report.

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

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

The basic enterprise fund financial statements are presented on pages 28 through 34 of this report.

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- **Fiduciary funds** - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The City's fiduciary funds consist of a pension trust fund, an other post-employment benefits ("OPEB") trust fund, and a municipal court agency fund. The pension trust fund accounts for the City's single employer pension trust fund. The OPEB trust fund accounts for the City's single employer OPEB trust fund. These funds are reported on two statements: a statement of fiduciary net position and a statement of changes in fiduciary net position. These statements are found on pages 35 and 36 of this report. The municipal court agency fund is custodial in nature, and the balances are reported in the statement of fiduciary net position.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 37 of this report.

Other Supplementary Information

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

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

The City has one discretely presented component unit, the City of Dalton Building Authority. The City of Dalton Building Authority does not issue separate financial statements. The City of Dalton Building Authority's financial statements are presented in the financial section of this report on pages 143 through 145. Additional information about the component unit can be found in Note 1-A, Note 4-E, and Note 4-F.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City's overall financial position for the 2016 year is summarized as follows, based on information presented in the government-wide statement of net position.

Summary Statement of Net Position
Fiscal Years 2016 and 2015

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current assets	\$ 32,726,510	\$ 33,017,833	\$ 55,453,713	\$ 46,497,886	\$ 88,180,223	\$ 79,515,719
Capital assets	86,753,469	81,359,466	801,827,712	784,845,305	888,581,181	866,204,771
Other long-term assets	245,772	81,099	146,647,934	144,806,157	146,893,706	144,887,256
Total assets	119,725,751	114,458,398	1,003,929,359	976,149,348	1,123,655,110	1,090,607,746
Deferred outflows of resources	1,937,366	2,536,449	2,368,426	3,100,527	4,305,792	5,636,976
Total assets and deferred outflows	\$ 121,663,117	\$ 116,994,847	\$ 1,006,297,785	\$ 979,249,875	\$ 1,127,960,902	\$ 1,096,244,722
Liabilities:						
Current liabilities	5,514,443	4,825,937	26,543,879	30,627,111	32,058,322	35,453,048
Long-term liabilities	28,764,280	32,701,307	88,129,129	82,803,339	116,893,409	115,504,646
Total liabilities	34,278,723	37,527,244	114,673,008	113,430,450	148,951,731	150,957,694
Deferred inflows of resources	793,928	757,027	6,744,266	6,314,459	7,538,194	7,071,486
Net position:						
Net investment in capital assets	75,726,246	67,728,129	744,179,712	725,497,305	819,905,958	793,225,434
Restricted	8,550,470	8,151,582	96,509,000	97,394,000	105,059,470	105,545,582
Unrestricted	2,313,750	2,830,865	44,191,799	36,613,661	46,505,549	39,444,526
Total net position	86,590,466	78,710,576	884,880,511	859,504,966	971,470,977	938,215,542
Total liabilities, deferred inflows, and net position	\$ 121,663,117	\$ 116,994,847	\$ 1,006,297,785	\$ 979,249,875	\$ 1,127,960,902	\$ 1,096,244,722

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 \$971.5 million at the close of the current year.

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The most substantial portion of the City's net position is net investment in capital assets of \$819.9 million (84%). This represents the City's machinery, equipment, and infrastructure less any related debt used to purchase or construct those capital assets. The City uses these assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City reports restricted net position of \$105.1 million (11%). These funds are subject to external restrictions on how they may be used. The remaining net position of \$46.5 million (5%) is unrestricted and may be used to meet the ongoing operations and obligations of the City.

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

At the end of the current fiscal year, the City reported positive balances in all categories of net position for its governmental and business-type activities. As a whole, the City of Dalton's net position increased by \$33.3 million during 2016. The business-type activities net position increased by \$25.4 million while the governmental activities net position increased by \$7.9 million.

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The effects of the City's operations and resulting change in net position for the 2016 year is summarized as follows, based on information presented in the government-wide statement of activities.

Summary Statement of Activities
Fiscal Years 2016 and 2015

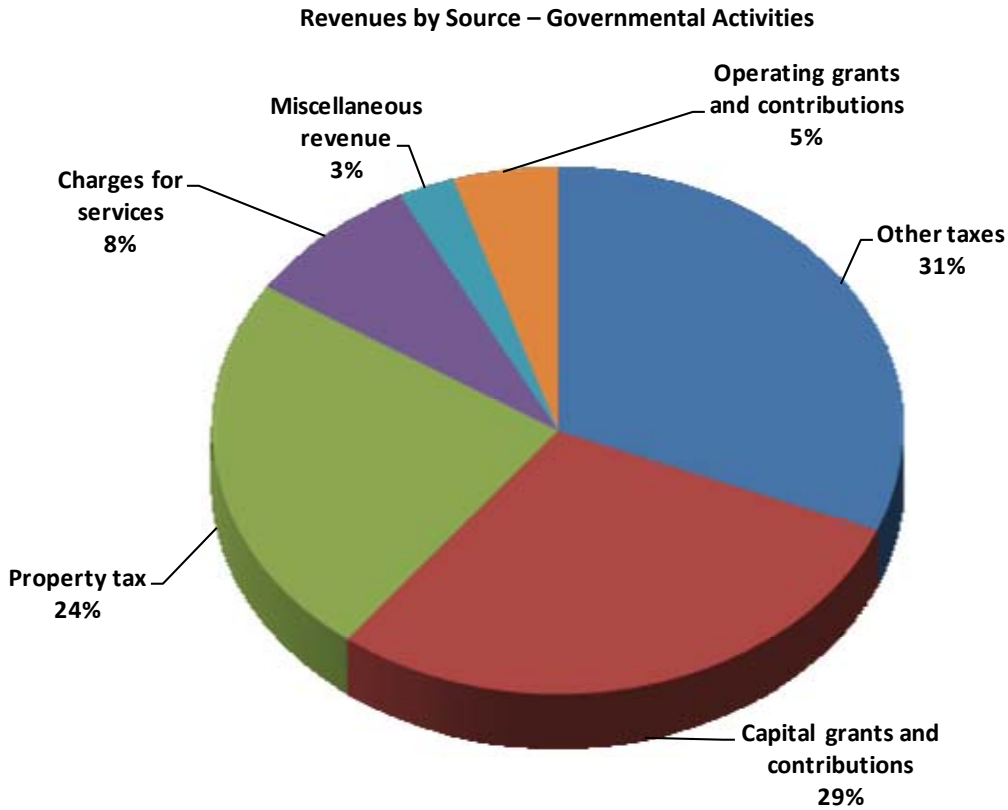
	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program:						
Charges for services	\$ 2,881,592	\$ 2,682,903	\$ 206,636,183	\$ 203,385,620	\$ 209,517,775	\$ 206,068,523
Operating grants	1,699,959	868,439	-	-	1,699,959	868,439
Capital grants	10,147,970	3,708,918	-	-	10,147,970	3,708,918
General:						
Property taxes	8,197,757	9,143,523	-	-	8,197,757	9,143,523
Other taxes	10,789,526	11,297,872	-	-	10,789,526	11,297,872
Investment earnings	227,495	224,686	180,242	1,715,779	407,737	1,940,465
Other	683,418	580,190	410,850	150,000	1,094,268	730,190
Total revenues	<u>34,627,717</u>	<u>28,506,531</u>	<u>207,227,275</u>	<u>205,251,399</u>	<u>241,854,992</u>	<u>233,757,930</u>
Program Expenses:						
General government	3,029,543	2,971,036	-	-	3,029,543	2,971,036
Judicial	433,156	437,044	-	-	433,156	437,044
Public safety	16,548,965	15,703,840	-	-	16,548,965	15,703,840
Public works	9,367,281	9,170,285	-	-	9,367,281	9,170,285
Health and welfare	468,925	522,072	-	-	468,925	522,072
Culture and recreation	5,833,592	5,390,895	-	-	5,833,592	5,390,895
Housing and development	260,840	454,327	-	-	260,840	454,327
Interest	372,838	270,543	-	-	372,838	270,543
Utilities	-	-	170,567,104	166,660,568	170,567,104	166,660,568
Trade Center	-	-	492,074	593,614	492,074	593,614
Landfill	-	-	(522,810)	(448,366)	(522,810)	(448,366)
Golf course	-	-	901,402	925,758	901,402	925,758
Airport	-	-	846,647	813,242	846,647	813,242
Total expenses	<u>36,315,140</u>	<u>34,920,042</u>	<u>172,284,417</u>	<u>168,544,816</u>	<u>208,599,557</u>	<u>203,464,858</u>
Excess (deficiency)	(1,687,423)	(6,413,511)	34,942,858	36,706,583	33,255,435	30,293,072
Transfers	9,567,313	9,400,547	(9,567,313)	(9,400,547)	-	-
Change in net position	7,879,890	2,987,036	25,375,545	27,306,036	33,255,435	30,293,072
Beginning net position	78,710,576	75,723,540	859,504,966	832,198,930	938,215,542	907,922,470
Ending net position	<u>\$ 86,590,466</u>	<u>\$ 78,710,576</u>	<u>\$ 884,880,511</u>	<u>\$ 859,504,966</u>	<u>\$ 971,470,977</u>	<u>\$ 938,215,542</u>

The City's total revenues increased \$8.1 million (3%) and the total cost of services and programs provided increased \$5.1 million (3%). Additional information is provided below regarding governmental and business-type activities changes in net position.

**City of Dalton, Georgia
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Governmental Activities

The following chart depicts revenues of the governmental activities for the year ended December 31, 2016:



As indicated by the revenue diagram above, other taxes was the largest revenue source for governmental activities. Other taxes includes sales tax, insurance premium tax, hotel-motel tax, title advalorem tax, franchise tax, and alcohol beverage tax. The City's governmental activities total revenues increased \$6.1 million (21%).

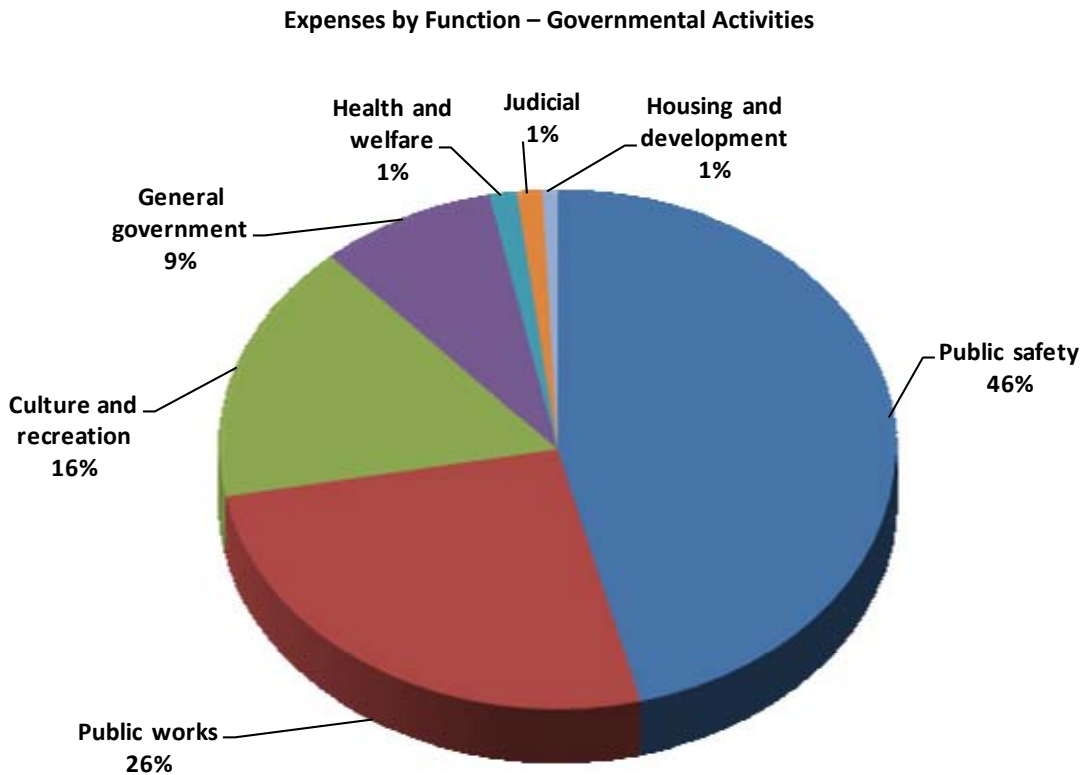
Key elements regarding the increased revenues and fluctuations are discussed below:

- The largest increase occurred in the capital grants and contributions category. This substantial increase of \$6.4 million (174%) is due to Special Purpose Local Option Sales Tax ("SPLOST") collections. 2016 marked the first full year of collections since the passage of the 2015 SPLOST.
- The operating grants category also experienced a large increase of \$832,000 (96%). This revenue boost is also due to SPLOST collections for non-capitalized expenses such as road resurfacing costs.
- Other taxes comprise 31% of total revenues and decreased \$508,000 (4%). The decrease is primarily attributable to a reduction in sales tax collections of \$550,000.

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- Property taxes comprised 24% of total revenue and decreased \$946,000 (10%). The taxable digest decreased 2% coupled with a slight decrease in the millage rate of .005 mills resulted in approximately \$168,000 decrease in tax revenue. An error occurred in reporting property tax revenue in the government-wide statement of activities prior to 2015. Deferred taxes of \$714,000 were reported as deferred inflows of resources on the government-wide statement of net position instead of being adjusted to tax revenue during the conversion. The 2015 property tax revenue number reflects the correction of this error.

The following chart depicts expenses of the governmental activities for the year ended December 31, 2016:



As depicted by the expense diagram above, the largest use of City resources was providing public safety services such as fire and police, followed by public works. The City's governmental activities total expenses increased \$1.4 million (4%).

Key elements regarding the increase and fluctuations are discussed below:

- Public safety represented 46% of total expenses and increased \$845,000 (10%) when compared to the prior year. Personal services and benefits increased \$580,000 in 2016 due to a 2% across the board cost of living increase for full-time employees, an adjustment to the fire departments payroll ranges equivalent to approximately a 1% increase in wages, a 3% increase in health insurance premiums, and an increase in the net pension liability of \$61,000. Depreciation of capital assets increased \$289,000 due to equipment purchases.

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- Public works represented 26% of total expenses and increased \$197,000 (2%). Personal services and benefits increased \$195,000 in 2016 due to a 2% across the board cost of living increase for full-time employees, a 3% increase in health insurance premiums, and an increase in the net pension liability of \$31,000.
- Culture and recreation comprised 16% of expenses and increased \$443,000 (8%) when compared to 2015. Personal services and benefits increased \$91,000 in 2016 due to a 2% across the board cost of living increase for full-time employees, a 3% increase in health insurance premiums, an increase in the net pension liability of \$5,000, and an increase in net OPEB obligation of \$19,000. Operating expenses increased \$365,000 due to an increase in a mowing contract of \$30,000, facility repairs and small equipment purchases of \$267,000, and increase in depreciation expense of \$48,000 due to equipment purchases and expansion-improvement of facilities.

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

	Governmental activities	
	Total cost of services	Net cost of services
General government	\$ 3,029,543	\$ 576,310
Judicial	433,156	(370,062)
Public safety	16,548,965	14,290,124
Public works	9,367,281	4,441,152
Health and welfare	468,925	198,930
Culture and recreation	5,833,592	1,977,812
Housing and development	260,840	98,515
Interest	372,838	372,838
Total	\$ 36,315,140	\$ 21,585,619

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

Business-type Activities

The City's business-type activities revenues increased \$2.0 million (1%) and expenses increased \$3.7 million (2%).

Revenues:

The increase in charges for services of \$3.3 million (2%) is primarily attributable to Dalton's utility operations, the WLSF Commission, as follows:

- Electric system revenues increased \$2.1 million (2%) due to increased consumption for commercial and industrial customer classes resulting from new customers, offset by a decrease in consumption for residential customers as a result of milder weather.
- Natural gas system revenues decreased \$300,000 (2%) due to a decrease in the average market-based index prices, coupled with decreased consumption for all customer classes except industrial.
- Water system revenues increased \$300,000 (2%) due to increased consumption for residential and commercial customers.

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- Wastewater system revenues increased \$20,000 (less than 1%) due to increased consumption for commercial customers.
- Information technology system revenues increased \$800,000 (4%) due to an increase in customer base.

The decrease in investment income of \$1.5 million (89%) is primarily attributable to Dalton's utility operations as follows:

- Interest income decreased \$400,000 due to the reinvestment of portfolio securities at lower interest rates.
- The fair value of investments decreased \$1.2 million as a result of the change in the overall bond market.

Expenses:

The increase in program expenses of \$3.7 million (2%) is primarily attributable to the WLSF Commission operations as follows:

- Production expenses increased \$1.7 million (4%) due to an increase in fuel expenses at jointly owned generating facilities, resulting from an increase in the average price of coal.
- Purchased electricity expense increased \$1.9 million (4%) due to an increase in the variable embedded energy expenses.
- Purchased natural gas expense decreased \$1.1 million (8%) due to a decrease in the average monthly index cost of natural gas. The average monthly index cost of natural gas decreased 9% and was \$2.42 per Dth for 2016 as compared to \$2.64 Dth for 2015.
- Distribution expenses increased \$2.3 million (9%) due to an increase in television content charges and maintenance expenses related to the jointly owned generating facilities.
- Depreciation and amortization expenses decreased \$500,000 (2%), which reflects that the regulatory asset related to Optilink's depreciable lives had been fully amortized as of 2015, offset by the addition of assets in the normal course of business.
- General and administrative expenses decreased \$400,000 (3%) due to the decrease in the net pension liability.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$29,466,240. Of this year-end total, 71% (\$20,912,480) is unassigned fund balance that is available for spending at the City's discretion. The remainder is nonspendable (\$249,062) and restricted for particular purposes (\$8,304,698).

The total ending fund balances of governmental funds reflect a decrease of \$339,528 (1%) from the prior year. The general fund reported a decrease in fund balance of \$569,798 (3%) and the other governmental funds reported an increase in fund balances of \$230,270 (3%).

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Major Governmental Fund

The general fund is the City's primary operating fund and is used to account for all governmental financial resources not restricted by state or federal laws, local ordinances, or other externally imposed requirements. At the end of 2016, the fund balance of the general fund was \$21.3 million. Unassigned fund balance represents 70% of general fund expenditures, a decrease from the prior year, in which unassigned fund balance represented 71% of expenditures.

The general fund fund balance decreased \$569,798 during the fiscal year. This decrease was substantially less than the projected budget deficit of \$2.6 million. Key factors are as follows:

- General fund total revenues of \$21.8 million were slightly over budget by \$250,496. This is due primarily to municipal court fees and real and personal property tax collections exceeding projected collections by \$222,000 and \$182,000, respectively.
- General fund total expenditures of \$30.1 million were less than budget by \$1.6 million. Personal services accounted for \$849,000 primarily due to unfilled positions in public safety and over-estimation of pension and health insurance costs by public works. The City also realized savings of \$148,000 from low fuel costs. Other operating line items contributing to the favorable variance were small capital items (\$69,000), utilities (\$68,000), and contract services (\$53,000).

Capital Projects Funds

- The SPLOST 2015 capital projects fund is used to account for the issuance of debt associated with the 2015 SPLOST and the acquisition and construction of major capital assets from those funds. Revenues consisted of investment earnings of \$12,703 and expenditures totaled \$2.6 million for various SPLOST projects. At the end of 2016, fund balance was \$3.5 million and is restricted to complete the various projects.
- The SPLOST 2015 bonded debt capital projects fund is used to account for the acquisition and construction of major capital assets and accumulation of funds to retire the debt associated with the 2015 SPLOST. Revenues are derived primarily from SPLOST. SPLOST revenues totaled \$6.9 million and expenditures totaled \$4.1 million for various SPLOST projects. At the end of 2016, fund balance was \$4.6 million and is restricted to complete the various projects and retire debt.
- The SPLOST 2007 capital projects fund is used to account for the acquisition and construction of major capital assets. Revenues are derived from SPLOST. This SPLOST expired at the end of 2010. Whitfield County, Georgia is fiscally responsible for unspent funds. The City of Dalton accounts for the various infrastructure projects within the City of Dalton limits as the funds are spent.
- The capital acquisition fund is used to account for expenditures for general capital outlays. Revenues are derived from transfers from the general fund. Other financing sources totaled \$2.0 million from the general fund for equipment purchases. Total expenditures were \$2.0 million for acquisition of vehicles, equipment, and building repairs and renovations for various departments.

Proprietary Funds

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

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Major Proprietary Fund

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Dalton's general fund budget is prepared in accordance with Georgia law and over the course of the year was amended by the City Council. The amendments to the general fund resulted in a net decrease to budgeted revenues of \$327,250, a net increase to budgeted expenditures of \$540,835, and net decrease to other financing sources (uses) of \$226,145.

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

Revenues:

- Increase of \$35,045 for insurance reimbursements
- Increase of \$30,000 for sale of assets
- Increase of \$20,500 for cash donations
- Increase of \$1,500 for public safety miscellaneous revenue
- Decrease of \$413,640 for sales tax
- Decrease of \$655 for senior center activity revenue

Expenditures:

- Increase of \$167,910 for settlement costs associated with real estate issues
- Increase of \$280,580 for the Greenway, Lakeshore, Crawford Street, and paving projects
- Increase of \$72,500 for building and equipment repairs
- Increase of \$20,500 for restricted donations for Greenway project and police community outreach programs
- Decrease of \$655 for senior center activity expenditures

Other Financing Sources (Uses):

- Increased uses of \$608,545 for 2015 uncompleted projects for public safety, public works, and recreation departmental purchases of equipment, and renovation projects
- Increased uses of \$31,240 for airport grant match and tax allocation district expenditures
- Increased sources of \$413,640 for hotel-motel tax revenue and utility transfer fee

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental and business-type activities at December 31, 2016 was \$86.8 million and \$801.8 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 \$17.0 million. Depreciated cost for capital assets of the City as a whole increased by \$22.4 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 2016 and 2015

	Governmental activities		Business-type activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Non-depreciable assets:						
Land	\$ 20,805,637	\$ 20,028,167	\$ 1,664,722	\$ 1,664,722	\$ 22,470,359	\$ 21,692,889
Construction in progress	7,475,228	2,343,525	135,273,000	125,006,000	142,748,228	127,349,525
Total non-depreciable	<u>28,280,865</u>	<u>22,371,692</u>	<u>136,937,722</u>	<u>126,670,722</u>	<u>165,218,587</u>	<u>149,042,414</u>
Depreciable assets:						
Land improvements	30,235,823	28,851,832	7,819,408	7,819,408	38,055,231	36,671,240
Buildings and improvements	35,310,771	34,867,256	3,763,489	3,763,488	39,074,260	38,630,744
Machinery, equipment, and furniture	24,102,913	23,392,360	2,508,198	2,472,280	26,611,111	25,864,640
Intangibles	1,161,002	1,161,002	-	-	1,161,002	1,161,002
Utility plant	-	-	1,156,064,000	1,130,770,000	1,156,064,000	1,130,770,000
Infrastructure	<u>105,955,134</u>	<u>106,040,431</u>	<u>-</u>	<u>-</u>	<u>105,955,134</u>	<u>106,040,431</u>
Total depreciable assets	196,765,643	194,312,881	1,170,155,095	1,144,825,176	1,366,920,738	1,339,138,057
Less accumulated depreciation	<u>138,293,039</u>	<u>135,325,107</u>	<u>526,225,105</u>	<u>507,625,593</u>	<u>664,518,144</u>	<u>642,950,700</u>
Book value-depreciable assets	<u>58,472,604</u>	<u>58,987,774</u>	<u>643,929,990</u>	<u>637,199,583</u>	<u>702,402,594</u>	<u>696,187,357</u>
Percentage depreciated	<u>70%</u>	<u>70%</u>	<u>45%</u>	<u>44%</u>	<u>49%</u>	<u>48%</u>
Nuclear fuel, at amortized cost	<u>-</u>	<u>-</u>	<u>20,960,000</u>	<u>20,975,000</u>	<u>20,960,000</u>	<u>20,975,000</u>
Book value - all assets	<u>\$ 86,753,469</u>	<u>\$ 81,359,466</u>	<u>\$ 801,827,712</u>	<u>\$ 784,845,305</u>	<u>\$ 888,581,181</u>	<u>\$ 866,204,771</u>

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

- Public safety vehicle and equipment purchases of \$918,000; major purchases include a Ford F-550 Air Light truck, thirteen vehicles, a finger print workstation, and various other equipment
- Public works vehicle, machinery, and equipment purchases of \$805,000; major purchases include five pieces of machinery
- Culture and recreation machinery and equipment purchases of \$478,000
- Land and construction in progress for land acquisition at the airport (\$342,000), various road infrastructure projects (\$4.7 million), and recreational facilities (\$2.4 million)

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

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

- Increase in plant in service of \$25.3 million and construction in progress of \$10.3 million related to the transmission system and jointly owned nuclear generating facility and construction costs on the WLSF Commission's ownership interest in the construction of Vogtle Units 3 and 4

Long-term Debt

At the end of the calendar year, the City had total capital leases and notes outstanding of \$11.0 million. This is a decrease of \$2.6 million from the prior year. Refer to Note 3-I for additional information regarding the City's long-term debt.

	Governmental activities		Business-type activities		Totals	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Capital leases payable	\$ 10,868,223	\$ 13,419,337	\$ -	\$ -	\$ 10,868,223	\$ 13,419,337
Notes	<u>159,000</u>	<u>212,000</u>	<u>-</u>	<u>-</u>	<u>159,000</u>	<u>212,000</u>
Total	<u>\$ 11,027,223</u>	<u>\$ 13,631,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,027,223</u>	<u>\$ 13,631,337</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Dalton's current unemployment rate of 5.2% exceeds the state and national rate. The rate is steadily declining as local manufacturing companies expand in the Dalton area. The flooring industry, the dominate component of the economy in Dalton, will continue to improve along with the national housing industry.

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

The current LOST agreement provides for an additional 1% allocation starting in 2017 that increases the City's total collection percentage to 34% for the 2017 budget year.

The 2017 general fund budget reflects a less than 1% (\$152,000) decrease in revenues when compared to 2016 actual revenues. Budgeted expenditures for 2017 reflect a 5% (\$1.5 million) increase when compared to actual 2016 expenditures. The 2017 budgeted other financing resources indicate a 4% (\$411,000) increase when compared to 2016, and the 2017 budgeted other financing uses indicate a 66% (\$1.8) decrease. The City's adopted 2017 general fund budget is balanced without utilization of fund balance (\$21.3 million).

**City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)**

The City considered the following factors when preparing the 2017 budget:

- Assessed property values are expected to remain flat. The 2017 budget contains a slight millage increase of .14 mills.
- Revenues were adjusted down to reflect the decrease expected in sales tax, vehicle tax revenue, and title ad valorem tax. Revenues were adjusted up to reflect the increase expected in insurance premium tax, public safety fees, municipal court fees, and fines-forfeitures.
- A one-time fee of \$400,000 was incorporated into the budget anticipating the sale of the old depot.
- A 2% COLA is factored in for full-time employees effective 7/1/17.
- Employee health insurance increased 6% and employees will share the increase. The employer pension contribution rate will increase by 4% to a total rate of 48.5%. The defined contribution plan employer match will remain at 5%.
- The OPEB funding will continue to be paid from the OPEB trust fund with no additional employer contributions to the trust in 2017.
- The public safety budget assumes a 100% staffing level. Employee levels remained flat with no added positions for 2017.
- The 2017 budget does not contain capital expenditure transfers to the capital acquisition fund.
- The City will continue to evaluate the level of services desired by citizens and how to provide those services as economically as possible.

REQUESTS FOR INFORMATION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Dalton, Georgia
Statement of Net Position
December 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Assets				
Current Assets				
Cash and cash equivalents	\$ 22,268,945	\$ 8,974,121	\$ 31,243,066	\$ 24,930,986
Investments	1,156,275	251,000	1,407,275	-
Receivables:				
Accounts	1,445,495	16,536,055	17,981,550	-
Taxes	973,685	-	973,685	-
Intergovernmental	6,633,048	-	6,633,048	-
Interest	-	150,000	150,000	-
Capital leases	-	-	-	6,833,000
Unbilled revenues	-	7,746,000	7,746,000	-
Fuel stocks	-	2,994,000	2,994,000	-
Inventory	207,651	15,201,537	15,409,188	-
Prepaid items and deposits	41,411	650,000	691,411	-
Restricted customer deposit fund	-	2,951,000	2,951,000	-
Total Current Assets	<u>32,726,510</u>	<u>55,453,713</u>	<u>88,180,223</u>	<u>31,763,986</u>
Noncurrent Assets				
Nondepreciable capital assets	28,280,865	136,937,722	165,218,587	-
Depreciable capital assets, net	58,472,604	643,929,990	702,402,594	-
Nuclear fuel, at amortized cost	-	20,960,000	20,960,000	-
Restricted combined renewals and extensions fund	-	29,636,000	29,636,000	-
Restricted nuclear decommissioning	-	64,315,000	64,315,000	-
Regulatory asset	-	34,119,000	34,119,000	-
Capital leases receivable	-	-	-	26,557,000
Investment in joint ventures	245,772	18,577,934	18,823,706	-
Total Noncurrent Assets	<u>86,999,241</u>	<u>948,475,646</u>	<u>1,035,474,887</u>	<u>26,557,000</u>
Total Assets	<u>119,725,751</u>	<u>1,003,929,359</u>	<u>1,123,655,110</u>	<u>58,320,986</u>
Deferred Outflows of Resources	<u>1,937,366</u>	<u>2,368,426</u>	<u>4,305,792</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$121,663,117</u>	<u>\$1,006,297,785</u>	<u>\$1,127,960,902</u>	<u>\$ 58,320,986</u>
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	\$ 1,448,567	\$ 21,471,559	\$ 22,920,126	\$ 24,930,986
Internal balances	(1,452,859)	1,452,859	-	-
Accrued interest payable	120,668	-	120,668	-
Claims payable	677,281	-	677,281	-
Unearned revenue	170,249	14,461	184,710	-
Compensated absences payable	1,900,000	40,000	1,940,000	-
Notes payable	53,000	-	53,000	-
Revenue bonds payable	-	-	-	6,593,000
Recovery zone economic development bonds payable	-	-	-	240,000
Capital leases payable	2,597,537	-	2,597,537	-
Customer deposits	-	3,565,000	3,565,000	-
Total Current Liabilities	<u>5,514,443</u>	<u>26,543,879</u>	<u>32,058,322</u>	<u>31,763,986</u>

See accompanying notes to the basic financial statements.

(continued)

City of Dalton, Georgia
Statement of Net Position
December 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Long-Term Liabilities				
Compensated absences payable (less current portion)	2,329,951	62,543	2,392,494	-
Unearned revenue-TVA right of use	-	117,000	117,000	-
Accrued construction retention	-	2,134,000	2,134,000	-
Asset retirement obligations	-	62,848,000	62,848,000	-
Notes payable (less current portion)	106,000	-	106,000	-
Revenue bonds payable (less current portion)	-	-	-	20,347,000
Recovery zone bonds payable (less current portion)	-	-	-	4,210,000
Capital leases payable (less current portion)	8,270,686	-	8,270,686	-
QZAB bonds payable	-	-	-	2,000,000
Net pension liability	15,917,444	20,147,785	36,065,229	-
Net OPEB obligation	2,140,199	2,819,801	4,960,000	-
Total Long-Term Liabilities	28,764,280	88,129,129	116,893,409	26,557,000
Total Liabilities	34,278,723	114,673,008	148,951,731	58,320,986
Deferred Inflows of Resources	793,928	6,744,266	7,538,194	-
Net Position				
Net investment in capital assets	75,726,246	744,179,712	819,905,958	-
Restricted for:				
Debt service	169	-	169	-
Capital projects	8,110,569	29,636,000	37,746,569	-
General government	9,066	-	9,066	-
Public safety	84,918	-	84,918	-
Development	245,774	-	245,774	-
Public works	89,974	-	89,974	-
Culture and recreation	10,000	-	10,000	-
Nuclear decommissioning	-	64,315,000	64,315,000	-
Pension	-	2,558,000	2,558,000	-
Unrestricted	2,313,750	44,191,799	46,505,549	-
Total Net Position	\$ 86,590,466	\$ 884,880,511	\$ 971,470,977	\$ -
Total Liabilities, Deferred Inflows, and Net Position	\$121,663,117	\$1,006,297,785	\$1,127,960,902	\$ 58,320,986

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Activities
For the Year Ended December 31, 2016

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Building Authority
		Charges for Services and Sales	Operating Grants, Contributions, and Transfers	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government								
General government	\$ 3,029,543	\$ 969,673	\$ 220,399	\$ 1,263,161	\$ (576,310)	\$ -	\$ (576,310)	\$ -
Judicial	433,156	803,218	-	-	370,062	-	370,062	-
Public safety	16,548,965	493,428	36,412	1,729,001	(14,290,124)	-	(14,290,124)	-
Public works	9,367,281	163,724	1,061,628	3,700,777	(4,441,152)	-	(4,441,152)	-
Health and welfare	468,925	50,800	219,195	-	(198,930)	-	(198,930)	-
Culture and recreation	5,833,592	400,749	-	3,455,031	(1,977,812)	-	(1,977,812)	-
Housing and development	260,840	-	162,325	-	(98,515)	-	(98,515)	-
Interest on long-term debt	372,838	-	-	-	(372,838)	-	(372,838)	-
Total Governmental Activities	<u>36,315,140</u>	<u>2,881,592</u>	<u>1,699,959</u>	<u>10,147,970</u>	<u>(21,585,619)</u>	<u>-</u>	<u>(21,585,619)</u>	<u>-</u>
Business-Type Activities:								
WLSF:								
Electric system	94,539,437	121,900,000	-	-	-	27,360,563	27,360,563	-
Gas system	17,682,431	19,621,000	-	-	-	1,938,569	1,938,569	-
Water system	18,225,184	20,824,000	-	-	-	2,598,816	2,598,816	-
Wastewater system	20,743,975	21,878,000	-	-	-	1,134,025	1,134,025	-
Information technology system	19,376,077	20,995,000	-	-	-	1,618,923	1,618,923	-
Landfill	(522,810)	-	-	-	-	522,810	522,810	-
Trade Center	492,074	-	-	-	-	(492,074)	(492,074)	-
Municipal golf course	901,402	923,590	-	-	-	22,188	22,188	-
Municipal airport	846,647	494,593	-	-	-	(352,054)	(352,054)	-
Total Business-Type Activities	<u>172,284,417</u>	<u>206,636,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,351,766</u>	<u>34,351,766</u>	<u>-</u>
Total - Primary Government	<u>\$ 208,599,557</u>	<u>\$ 209,517,775</u>	<u>\$ 1,699,959</u>	<u>\$ 10,147,970</u>	<u>(21,585,619)</u>	<u>34,351,766</u>	<u>12,766,147</u>	<u>-</u>
General Revenues								
Property taxes levied for:								
General purposes					8,197,757	-	8,197,757	-
Selective taxes					9,378,765	-	9,378,765	-
Hotel/motel taxes					1,410,761	-	1,410,761	-
Investment earnings					227,495	180,242	407,737	-
Donations - unrestricted					50,252	-	50,252	-
Miscellaneous					633,166	410,850	1,044,016	-
Total General Revenues					<u>19,898,196</u>	<u>591,092</u>	<u>20,489,288</u>	<u>-</u>
Transfers					<u>9,567,313</u>	<u>(9,567,313)</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers					<u>29,465,509</u>	<u>(8,976,221)</u>	<u>20,489,288</u>	<u>-</u>
Change in Net Position					<u>7,879,890</u>	<u>25,375,545</u>	<u>33,255,435</u>	<u>-</u>
Net Position Beginning of Year					<u>78,710,576</u>	<u>859,504,966</u>	<u>938,215,542</u>	<u>-</u>
Net Position End of Year					<u>\$ 86,590,466</u>	<u>\$ 884,880,511</u>	<u>\$ 971,470,977</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

City of Dalton, Georgia
Balance Sheet
Governmental Funds
December 31, 2016

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 17,939,475	\$ 3,446,352	\$ 21,385,827
Investments	1,156,275	-	1,156,275
Receivables:			
Accounts	1,329,212	116,283	1,445,495
Taxes	973,117	568	973,685
Intergovernmental - federal	1,724	292,942	294,666
Intergovernmental - state	574	7,719	8,293
Intergovernmental - local	229,883	6,100,206	6,330,089
Interfund	1,453,783	170,013	1,623,796
Inventory	207,651	-	207,651
Prepaid items	41,411	-	41,411
Total Assets	<u>\$ 23,333,105</u>	<u>\$ 10,134,083</u>	<u>\$ 33,467,188</u>
Liabilities			
Accounts payable	\$ 371,400	\$ 495,508	\$ 866,908
Accrued expenditures	563,441	-	563,441
Accrued interest payable	-	120,668	120,668
Unearned revenue	119,695	50,554	170,249
Interfund payable	256,772	1,262,203	1,518,975
Total Liabilities	<u>1,311,308</u>	<u>1,928,933</u>	<u>3,240,241</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	760,281	426	760,707
Fund Balances			
Nonspendable:			
Inventory	207,651	-	207,651
Prepaid items	41,411	-	41,411
Restricted:			
General government (tax allocation district)		9,066	9,066
Public safety (police equipment)	-	84,918	84,918
Housing and development (grant expenditures)	-	2	2
Debt service (debt service expenditures)	-	169	169
Capital projects (SPLOST 2015 projects)	-	8,110,569	8,110,569
Public works (cemetery chapel)	89,974		89,974
Culture and recreation (greenway project)	10,000	-	10,000
Unrestricted:			
Unassigned	20,912,480	-	20,912,480
Total Fund Balances	<u>21,261,516</u>	<u>8,204,724</u>	<u>29,466,240</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,333,105</u>	<u>\$ 10,134,083</u>	<u>\$ 33,467,188</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, 2016

Total Governmental Fund Balances		\$ 29,466,240
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	225,046,508	
Less accumulated depreciation	<u>(138,293,039)</u>	86,753,469
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
		760,707
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	(1,432,216)	
Interfund payables	<u>1,432,216</u>	-
Liabilities, including notes, bonds, capital leases, compensated absences, and net pension liability are not due and payable in the current period and therefore are not reported in governmental funds but are reported on the statement of net position:		
Notes payable	(159,000)	
Capital leases payable	(10,868,223)	
Compensated absences	(4,229,951)	
Net pension liability	<u>(15,917,444)</u>	(31,174,618)
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		245,772
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.		
		187,619
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows related to pensions	1,937,366	
Deferred inflows related to pensions	<u>(793,928)</u>	1,143,438
The OPEB trust fund accumulates resources for other post employment benefit payments to qualified City employees. The City has not fully funded their annual required contribution to the OPEB plan. The liability for the cumulative effect of current and past underfunding of the ARC attributable to governmental activities is reported as a liability in the governmental activities column in the statement of net position as net OPEB obligation.		
		(2,140,199)
The business-type activities of the City also benefit from the use of the internal service funds. The amount of the net loss allocated to the business-type activities of the City is reported as an interfund receivable for governmental activities.		
		<u>1,348,038</u>
Net Position of Governmental Activities		<u>\$ 86,590,466</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 17,521,013	\$ 1,419,827	\$ 18,940,840
Licenses and permits	969,673	-	969,673
Intergovernmental - federal	8,927	1,087,146	1,096,073
Intergovernmental - state	274,734	17,444	292,178
Intergovernmental - local	292,260	10,167,418	10,459,678
Charges for services	1,409,091	-	1,409,091
Fines and forfeitures	410,826	45,837	456,663
Investment earnings	90,200	134,309	224,509
Miscellaneous	798,272	17,427	815,699
Total Revenues	<u>21,774,996</u>	<u>12,889,408</u>	<u>34,664,404</u>
Expenditures			
Current:			
General government	2,433,545	162,649	2,596,194
Judicial	433,736	-	433,736
Public safety	15,642,953	171,867	15,814,820
Public works	7,067,857	789,655	7,857,512
Health and welfare	402,475	39,085	441,560
Culture and recreation	3,432,556	839,715	4,272,271
Housing and development	311,750	113,763	425,513
Capital Outlay:			
General government	20,443	1,842,792	1,863,235
Public safety	95,492	822,640	918,132
Public works	63,871	4,004,369	4,068,240
Culture and recreation	183,436	2,719,644	2,903,080
Debt Service:			
Principal retirement	-	2,604,114	2,604,114
Interest and fiscal charges	-	372,838	372,838
Total Expenditures	<u>30,088,114</u>	<u>14,483,131</u>	<u>44,571,245</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,313,118)</u>	<u>(1,593,723)</u>	<u>(9,906,841)</u>
Other Financing Sources (Uses)			
Transfers in	10,423,637	2,645,130	13,068,767
Transfers out	(2,680,317)	(821,137)	(3,501,454)
Total Other Financing Sources (Uses)	<u>7,743,320</u>	<u>1,823,993</u>	<u>9,567,313</u>
Net Change in Fund Balances	(569,798)	230,270	(339,528)
Fund Balances Beginning of Year	<u>21,831,314</u>	<u>7,974,454</u>	<u>29,805,768</u>
Fund Balances End of Year	<u>\$ 21,261,516</u>	<u>\$ 8,204,724</u>	<u>\$ 29,466,240</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, 2016

Net Changes in Fund Balances - Total Governmental Funds		\$ (339,528)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:		
Depreciation expense	(4,348,866)	
Capital outlay	<u>9,752,687</u>	5,403,821
Write off of capital assets are not reported at the fund level.		(9,818)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		46,443
Elimination of transfers between governmental funds:		
Transfers in	(2,854,767)	
Transfers out	<u>2,854,767</u>	-
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayment of capital leases	2,551,114	
Repayment of notes payable	<u>53,000</u>	2,604,114
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	(62,536)	
Pension contributions in excess of pension expense	<u>1,015,742</u>	953,206
The Joint Development Authority (JDA) is a joint venture of the City of Dalton and Whitfield County, Georgia. The current year payments to the JDA are reported as expenditures for the housing and development function on the fund statements, but the City's interest in the government-wide net income or loss is reported on the statement of activities:		
City's current year payments to the JDA reported in the funds	157,750	
City's portion of the government-wide JDA current year net income	<u>6,923</u>	164,673
The internal service funds used by management to charge the costs of the operation and maintenance of the health and workers compensation insurance to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.		(240,565)
The OPEB trust fund accumulate resources for benefit payments to qualified City employees. Overfunding or underfunding the annual required contribution creates an asset or liability on the government-wide statement of net position. The change in the liability is as follows:		
Decrease in net OPEB obligation attributable to governmental activities		<u>(702,456)</u>
Change in Net Position of Governmental Activities		<u>\$ 7,879,890</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Taxes	\$ 18,146,600	\$ 17,673,315	\$ 17,521,013	\$ (152,302)
Licenses and permits	950,000	952,000	969,673	17,673
Intergovernmental - federal	7,300	7,300	8,927	1,627
Intergovernmental - state	271,900	271,900	274,734	2,834
Intergovernmental - local	230,200	290,200	292,260	2,060
Charges for services	1,224,100	1,217,930	1,409,091	191,161
Fines and forfeitures	350,200	350,200	410,826	60,626
Investment earnings	115,050	105,095	90,200	(14,895)
Miscellaneous	556,400	656,560	798,272	141,712
Total Revenues	<u>21,851,750</u>	<u>21,524,500</u>	<u>21,774,996</u>	<u>250,496</u>
Expenditures				
Current:				
General government	2,488,360	2,594,005	2,433,545	160,460
Judicial	474,915	474,915	433,736	41,179
Public safety	16,227,470	16,150,625	15,642,953	507,672
Public works	7,481,280	7,657,505	7,067,857	589,648
Health and welfare	409,140	420,310	402,475	17,835
Culture and recreation	3,680,440	3,690,940	3,432,556	282,884
Housing and development	311,750	311,750	311,750	-
Total Current	<u>31,073,355</u>	<u>31,300,050</u>	<u>29,724,872</u>	<u>1,599,678</u>
Capital Outlay				
General government	-	960	20,443	(19,483)
Public safety	-	95,505	95,492	13
Public works	11,000	66,000	63,871	2,129
Health and welfare	23,000	11,175	-	11,175
Culture and recreation	35,000	209,500	183,436	1,564
Total Capital Outlay	<u>69,000</u>	<u>383,140</u>	<u>363,242</u>	<u>(4,602)</u>
Total Expenditures	<u>31,142,355</u>	<u>31,683,190</u>	<u>30,088,114</u>	<u>1,595,076</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,290,605)</u>	<u>(10,158,690)</u>	<u>(8,313,118)</u>	<u>1,845,572</u>
Other Financing Sources (Uses)				
Transfers in	10,010,000	10,423,640	10,423,637	(3)
Transfers out	(2,219,395)	(2,859,180)	(2,680,317)	178,863
Total Other Financing Sources (Uses)	<u>7,790,605</u>	<u>7,564,460</u>	<u>7,743,320</u>	<u>178,860</u>
Net Change in Fund Balances	<u>\$ (1,500,000)</u>	<u>\$ (2,594,230)</u>	<u>(569,798)</u>	<u>\$ 2,024,432</u>
Fund Balances Beginning of Year			<u>21,831,314</u>	
Fund Balances End of Year			<u>\$ 21,261,516</u>	

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2016

	<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	\$ 8,558,000	\$ 416,121	\$ 8,974,121	\$ 883,118
Short-term investments	251,000	-	251,000	-
Accounts receivable, net	16,535,000	1,055	16,536,055	-
Interfund receivable	-	86,759	86,759	-
Unbilled revenues	7,746,000	-	7,746,000	-
Interest receivable	150,000	-	150,000	-
Fuel stocks	2,994,000	-	2,994,000	-
Inventory	15,149,000	52,537	15,201,537	-
Deposits and prepaid expenses	650,000	-	650,000	-
Restricted customer deposit fund	2,951,000	-	2,951,000	-
Total Current Assets	<u>54,984,000</u>	<u>556,472</u>	<u>55,540,472</u>	<u>883,118</u>
Noncurrent Assets:				
Land	-	1,664,722	1,664,722	-
Construction in progress	135,273,000	-	135,273,000	-
Nuclear fuel, at amortized cost	20,960,000	-	20,960,000	-
Depreciable capital assets, net	637,566,000	6,363,990	643,929,990	-
Restricted combined renewals/extensions fund	29,636,000	-	29,636,000	-
Restricted nuclear decommissioning fund	64,315,000	-	64,315,000	-
Regulatory assets, net	34,119,000	-	34,119,000	-
Investment in joint ventures	-	18,577,934	18,577,934	-
Total Noncurrent Assets	<u>921,869,000</u>	<u>26,606,646</u>	<u>948,475,646</u>	<u>-</u>
Total Assets	<u>976,853,000</u>	<u>27,163,118</u>	<u>1,004,016,118</u>	<u>883,118</u>
Deferred Outflows of Resources	<u>2,329,000</u>	<u>39,426</u>	<u>2,368,426</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$ 979,182,000</u>	<u>\$ 27,202,544</u>	<u>\$ 1,006,384,544</u>	<u>\$ 883,118</u>

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2016

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	Water, Light and Sinking Fund Commission	Other Proprietary Funds	Total Funds	
Liabilities				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 21,439,000	\$ 32,559	\$ 21,471,559	\$ 18,218
Unearned revenue	-	14,461	14,461	-
Interfund payable	-	191,580	191,580	-
Claims payable	-	-	-	677,281
Compensated absences payable	-	40,000	40,000	-
Customer deposits	3,565,000	-	3,565,000	-
Total Current Liabilities	<u>25,004,000</u>	<u>278,600</u>	<u>25,282,600</u>	<u>695,499</u>
Long-Term Liabilities:				
Compensated absences (net of current portion)	-	62,543	62,543	-
Unearned revenue - TVA right of use	117,000	-	117,000	-
Accrued construction retention	2,134,000	-	2,134,000	-
Net pension liability	19,828,000	319,785	20,147,785	-
Asset retirement obligations	62,848,000	-	62,848,000	-
Total Long-Term Liabilities	<u>84,927,000</u>	<u>382,328</u>	<u>85,309,328</u>	<u>-</u>
Total Liabilities	<u>109,931,000</u>	<u>660,928</u>	<u>110,591,928</u>	<u>695,499</u>
Deferred Inflows of Resources	<u>6,728,000</u>	<u>16,266</u>	<u>6,744,266</u>	<u>-</u>
Net Position				
Net investment in capital assets	736,151,000	8,028,712	744,179,712	-
Restricted for:				
Capital projects	29,636,000	-	29,636,000	-
Nuclear decommissioning	64,315,000	-	64,315,000	-
Pension	2,558,000	-	2,558,000	-
Unrestricted	29,863,000	18,496,638	48,359,638	187,619
Total Net Position	<u>862,523,000</u>	<u>26,525,350</u>	<u>889,048,350</u>	<u>187,619</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 979,182,000</u>	<u>\$ 27,202,544</u>	<u>\$ 1,006,384,544</u>	<u>\$ 883,118</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, 2016

Total Statement of Net Position - Proprietary Funds Net Position \$ 889,048,350

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

The OPEB trust fund accumulates resources for other post employment benefit payments to qualified City employees. The City has not fully funded their annual required contribution to the OPEB plan. The liability attributable to business-type activities for the cumulative effect of current and past underfunding of the ARC is reported as a liability in the business-type activities in the statement of net position as net OPEB obligation. (2,819,801)

The business-type activities of the City also benefit from the use of the workers' compensation internal service fund. The amount of the net loss allocated to the business-type activities of the City is reported as an interfund payable for business-type activities. (1,348,038)

Net Position of Business-Type Activities \$ 884,880,511

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, 2016

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	Water, Light and Sinking Fund Commission	Other Proprietary Funds	Total	
Operating Revenues				
Charges for services	\$ 205,218,000	\$ 1,179,810	\$ 206,397,810	\$ 550,000
Merchandise sales	-	87,557	87,557	-
Tournaments	-	77,378	77,378	-
Concessions	-	66,861	66,861	-
Miscellaneous	-	6,577	6,577	-
Total Operating Revenues	<u>205,218,000</u>	<u>1,418,183</u>	<u>206,636,183</u>	<u>550,000</u>
Operating Expenses				
Cost of sales and services	118,936,000	676,060	119,612,060	274,895
Personal services and benefits	22,698,000	564,644	23,262,644	-
Depreciation	27,973,000	490,342	28,463,342	-
Claims	-	-	-	680,760
Total Operating Expenses	<u>169,607,000</u>	<u>1,731,046</u>	<u>171,338,046</u>	<u>955,655</u>
Operating Income (Loss)	<u>35,611,000</u>	<u>(312,863)</u>	<u>35,298,137</u>	<u>(405,655)</u>
Non-Operating Revenues (Expenses)				
Interest income	1,038,000	1,242	1,039,242	2,986
Net increase (decrease) in fair value of investments	(859,000)	-	(859,000)	-
Miscellaneous income	406,000	-	406,000	-
Gain on sale of assets	-	4,850	4,850	-
Income (loss) from joint ventures	-	143,277	143,277	-
Total Non-Operating Revenues (Expenses)	<u>585,000</u>	<u>149,369</u>	<u>734,369</u>	<u>2,986</u>
Income Before Contributions and Transfers	36,196,000	(163,494)	36,032,506	(402,669)
Transfers in (out)	<u>(10,214,000)</u>	<u>646,687</u>	<u>(9,567,313)</u>	<u>-</u>
Change in Net Position	25,982,000	483,193	26,465,193	(402,669)
Net Position Beginning of Year	<u>836,541,000</u>	<u>26,042,157</u>	<u>862,583,157</u>	<u>590,288</u>
Net Position End of Year	<u>\$ 862,523,000</u>	<u>\$ 26,525,350</u>	<u>\$ 889,048,350</u>	<u>\$ 187,619</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, 2016

Changes in Fund Net Position - Total Business-Type Activities \$ 26,465,193

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

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

Increase in net OPEB obligation attributable to business-type activities (927,544)

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

(162,104)

Change in Net Position of Business-Type Activities \$ 25,375,545

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water, Light and Sinking Fund Commission	Other Proprietary Funds	Total	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash received from customers	\$ 198,400,000	\$ 1,412,978	\$ 199,812,978	\$ -
Cash received from overparity in transmission facilities	2,863,000	-	2,863,000	-
Cash received from interfund services provided	-	-	-	551,128
Cash payments for personnel services	(22,653,000)	(579,968)	(23,232,968)	-
Cash payments for goods, services, claims, and fees	<u>(119,174,000)</u>	<u>(714,434)</u>	<u>(119,888,434)</u>	<u>(605,860)</u>
Net Cash Provided by (Used in) Operating Activities	<u>59,436,000</u>	<u>118,576</u>	<u>59,554,576</u>	<u>(54,732)</u>
Cash Flows from Investing Activities				
Interest on investments	1,102,000	1,242	1,103,242	2,986
Sales and maturity of investment securities	78,710,000	-	78,710,000	-
Purchases of investment securities	<u>(77,409,000)</u>	<u>-</u>	<u>(77,409,000)</u>	<u>-</u>
Net Cash Provided by (Used in) Investing Activities	<u>2,403,000</u>	<u>1,242</u>	<u>2,404,242</u>	<u>2,986</u>
Cash Flows from Noncapital Financing Activities				
Transfers out	<u>(10,214,000)</u>	<u>-</u>	<u>(10,214,000)</u>	<u>-</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(10,214,000)</u>	<u>-</u>	<u>(10,214,000)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Proceeds from interfund loan	-	191,455	191,455	-
Proceeds from interfund transfers	-	35,187	35,187	-
Acquisition of capital assets	(47,640,000)	(257,649)	(47,897,649)	-
Cash received from sale of capital assets	<u>-</u>	<u>5,750</u>	<u>5,750</u>	<u>-</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(47,640,000)</u>	<u>(25,257)</u>	<u>(47,665,257)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,985,000	94,561	4,079,561	(51,746)
Cash and Cash Equivalents Beginning of Year	<u>4,573,000</u>	<u>321,560</u>	<u>4,894,560</u>	<u>934,864</u>
Cash and Cash Equivalents End of Year	<u>\$ 8,558,000</u>	<u>\$ 416,121</u>	<u>\$ 8,974,121</u>	<u>\$ 883,118</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, 2016

	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)	\$ 35,611,000	\$ (312,863)	\$ 35,298,137	\$ (405,655)
Adjustments:				
Depreciation	27,973,000	490,342	28,463,342	-
Amortization	4,960,000	-	4,960,000	-
Pension contributions in excess of payments	(1,218,000)	(22,215)	(1,240,215)	-
(Increase) Decrease in Assets:				
Accounts receivable	(3,955,000)	(585)	(3,955,585)	1,128
Interfund receivable	-	(23,186)	(23,186)	-
Fuel stocks	658,000	-	658,000	-
Inventory	(1,675,000)	(17,681)	(1,692,681)	-
Prepaid expenses and deposits	-	-	-	141,171
Increase (Decrease) in Liabilities:				
Accounts payable	(4,495,000)	2,493	(4,492,507)	(25,342)
Unearned revenue	-	(4,620)	(4,620)	-
Accrued wages	-	1,747	1,747	-
Other	1,577,000	5,144	1,582,144	-
Claims payable	-	-	-	233,966
Net Cash Provided by (Used in) Operating Activities	<u>\$ 59,436,000</u>	<u>\$ 118,576</u>	<u>\$ 59,554,576</u>	<u>\$ (54,732)</u>
Noncash Investing, Capital, and Financing Activities				
Net increase (decrease) in fair value of investments	<u>\$ (859,000)</u>	<u>\$ -</u>	<u>\$ (859,000)</u>	<u>\$ -</u>
Accrued property additions at year end	<u>\$ 1,339,000</u>	<u>\$ -</u>	<u>\$ 1,339,000</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Fiduciary Funds
December 31, 2016

	<u>Pension Trust</u> <u>Fund</u>	<u>OPEB Trust Fund</u>	<u>Municipal Court</u> <u>Agency Fund</u>
Assets			
Cash and cash equivalents	\$ 724,886	\$ -	\$ 54,343
Investments, at fair value:			
Georgia Municipal Employees Benefit System OPEB Trust Account	-	4,049,642	-
MetLife Equity Index Fund	29,713,206	-	-
MetLife Core Bond Index Fund	31,017,474	-	-
MetLife Goldman Sachs Fund	10,274,919	-	-
Vanguard Institutional Index Fund	10,328,618	-	-
Vanguard Small Cap Index Fund	10,078,294	-	-
Total Assets	<u>\$ 92,137,397</u>	<u>\$ 4,049,642</u>	<u>\$ 54,343</u>
Liabilities			
Current Liabilities:			
Accounts payable	2,495	139,027	13,778
Other liabilities	-	-	40,565
Total Liabilities	<u>2,495</u>	<u>139,027</u>	<u>54,343</u>
Net Position			
Restricted for pension and other post employment benefits	<u>92,134,902</u>	<u>3,910,615</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 92,137,397</u>	<u>\$ 4,049,642</u>	<u>\$ 54,343</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Changes in Fiduciary Net Position
Pension Trust Fund and OPEB Trust Fund
For the Year Ended December 31, 2016

	Pension Trust Fund	OPEB Trust Fund
Additions		
Contributions:		
Employer	\$ 6,841,734	\$ -
Plan members	<u>769,249</u>	<u>172,616</u>
Total contributions	<u>7,610,983</u>	<u>172,616</u>
Investment income:		
Interest and dividends	2,066,349	81,758
Net increase (decrease) in fair value of investments	<u>4,748,009</u>	<u>281,102</u>
Total investment income	6,814,358	362,860
Less: investment expense	<u>209,893</u>	<u>13,357</u>
Net investment earnings	<u>6,604,465</u>	<u>349,503</u>
Total Additions (Reductions)	<u>14,215,448</u>	<u>522,119</u>
Deductions		
Administrative expenses	31,858	8,085
Premium payments	-	704,784
Benefit payments	<u>6,904,591</u>	<u>-</u>
Total Deductions	<u>6,936,449</u>	<u>712,869</u>
Change in Net Position	7,278,999	(190,750)
Net Position Beginning of Year	<u>84,855,903</u>	<u>4,101,365</u>
Net Position End of Year	<u>\$ 92,134,902</u>	<u>\$ 3,910,615</u>

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

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City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

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City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

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, 2016

1-A Reporting Entity (continued)

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

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

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

Under Georgia law, the City, in conjunction with other cities and counties in the region, is a member of the Northwest Georgia Regional Commission ("NWGRC") and is required to pay annual dues thereto. The City utilizes the NWGRC for projects such as performing planning and administrative services. During its year ended December 31, 2016, the City paid \$33,853 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, 2016

1-B Basis of Presentation (continued)

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

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

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

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

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

Governmental funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The City's governmental funds include one major fund and twelve 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 hotel motel tax, confiscated assets, community development block grant, community home investment grant, airport improvement grant, transportation enhancement grant, and tax allocation district. The capital projects funds include the SPLOST 2015 capital projects fund, the SPLOST 2015 bonded debt capital projects fund, the SPLOST 2007 capital projects fund, and the capital acquisition fund.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

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 fund – This fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The internal service fund is for workers' compensation.

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

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

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

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

1-C Measurement Focus

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

1-C Measurement Focus (continued)

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

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

1-D Basis of Accounting

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

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

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

1-D Basis of Accounting (continued)

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

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

WLSF Commission revenue for utility services is recorded when the commodity or service is delivered and includes an estimate for utility services provided but unbilled at the end of the year. Unbilled revenues included in operating revenues were \$7,746,000 for the year ended December 31, 2016.

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 \$600,000 for the year ended December 31, 2016.

Electricity that is generated and not used by the WLSF Commission is sold back to Southern Power Company ("SPC"), the wholesale power subsidiary of the Southern Company. In 2016, total MW hours sold back to SPC totaled 16,048, with proceeds of \$500,000, which are presented as an offset to purchased energy expense.

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

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

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

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
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Any other investments to the extent and at the time permitted by then-applicable law for the investment of public funds

1-E-2 Receivables

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

1-E-3 Interfund Balances

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

1-E-4 Consumable Inventories

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

The WLSF Commission values inventory, including fuel stocks, using the average cost method. Storage gas inventory is stated at the lower of cost or market using the weighted-average cost method. No lower of cost or market adjustment was recorded as of December 31, 2016.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016 and prepaid deposits are recorded as prepaid items. The expense or expenditure is recognized during the benefiting period.

1-E-6 Restricted Assets

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

1-E-7 Capital Assets

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

1-E-7 Capital Assets (continued)

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

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

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments. The City is obligated under certain capital leases, independently and through the City of Dalton Building Authority, a component unit, as disclosed in Note 3-I, as of December 31, 2016.

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

Electric Plant in Service	WLSF Ownership Percentage	Gross Investment Balance as of December 31, 2016
Plant Hatch, Nuclear Units 1 and 2	2.2%	\$ 67,447,000
Plant Vogtle, Nuclear Units 1 and 2	1.6%	104,380,000
Plant Wansley, Coal-Fired Units 1 and 2	1.4%	24,200,000
Plant Scherer, Coal-Fired Units 1 and 2	1.4%	37,340,000

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, 2016, the WLSF Commissions' portion of total work in progress related to Vogtle Units 3 and 4 was \$135.3 million. See Note 4-C for additional information about the Vogtle nuclear development projects.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

1-E-7 Capital Assets (continued)

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

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

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

The cost of 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 \$10,300,000 during 2016. The property retired or disposed of in the normal course of business approximates its original cost.

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

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 2016.

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 \$5,000,000 during 2016.

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 2.4% in 2016, and is based on the following remaining useful lives:

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

1-E-7 Capital Assets (continued)

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

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

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

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

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

1-E-8 Parity Income

The WLSF Commission is required, under the Integrated Transmission System Agreement ("ITS Agreement") with GPC, Georgia Transmission Corporation, and the Municipal Electric Authority of Georgia, to maintain a specified level of investment (i.e., parity) in transmission facilities necessary to provide for the transporting of electric energy for customers within the state of Georgia, which is in proportion to the WLSF Commission's use of such system. Parity will therefore fluctuate in response to any changes in the WLSF Commission's load requirements, as well as any changes in the level of investment in transmission facilities made by the other participants in the ITS Agreement. As of December 31, 2016, the WLSF Commission's investment in ITS facilities was greater than parity, as defined by the ITS Agreement. The required level of investment and the excess investment in the transmission facilities are included in utility plant. The excess investment earns parity income from the other participants in the ITS Agreement, which is reported as parity income.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

1-E-8 Parity Income (continued)

The WLSF Commission's total investment in ITS facilities at December 31, 2016 was \$103,000,000. In 2016, the WLSF Commission recognized \$200,000 into income from the deferred inflow of resources resulting from the sale of transmission lines in 2012 (Note 1-E-7). The unrecognized gain presented within deferred inflows of resources is \$5,800,000 at December 31, 2016. Parity income for the year ended December 31, 2016 totaled \$2,900,000.

1-E-9 Compensated Absences

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

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

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

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

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

1-E-11 Unearned Revenue

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

1-E-12 Bond Premiums, Discounts, and Issuance Costs

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

1-E-13 Net Position and Fund Balances

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

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

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

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

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

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

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

2) **Restricted fund balance** - Funds with limitations imposed on their use by external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted fund balance for governmental funds totaled \$8,304,698 at December 31, 2016. The major projects that comprise this total include: \$8,110,569 held in two capital projects funds to be used for 2015 SPLOST projects as approved by voter referendum (see Schedule of Projects Constructed with Special Purpose Local Option Sales Tax for project to date information); \$89,974 held in the general fund for cemetery chapel renovations; \$10,000 held in the general fund for a greenway project; and \$84,918 held in the confiscated assets special revenue fund for future police expenditures.

3) **Committed fund balance** - Amounts that can only be used for specific purposes pursuant to a majority vote of the City Council, the City's highest level of decision making authority, by resolution. Commitments may only be modified or rescinded by a majority vote of the Council. Commitments must be adopted prior to the end of the year; however, the amount to be committed may be determined up to 120 days after year end. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. No amounts were reported as committed for governmental funds at December 31, 2016.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

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

4) **Assigned fund balance** - Amounts intended by the City Council for specific purposes. Under the City's adopted policy, amounts may be assigned by the finance committee, under the authorization of the City Council. Amounts appropriated to eliminate a projected deficit in the subsequent year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital projects funds, and debt service funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance. No amounts were reported as assigned for governmental funds at December 31, 2016.

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

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

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

1-E-14 Deferred Outflows/Inflows of Resources

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

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

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

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

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

1-E-16 Interfund Activity

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

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

1-E-17 Estimates

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

1-E-18 Major Customers

WLSF Commission sales to one major customer for the year ended December 31, 2016 comprised approximately 13% of total sales and 15% of electricity sales. No other customer accounted for more than 10% percent of the WLSF Commission's sales during 2016.

The DWRSWMA's fee revenue from four major customers during the year ended December 31, 2016 comprised approximately 45% of total fee revenue. The largest of these comprised 13% of fee revenue for the year then ended.

1-E-19 Comparative Data

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

1-F Reclassifications

Certain 2015 amounts have been reclassified to conform to the 2016 presentation, with no material impact on total assets, total liabilities, total net position, total revenues, total expenditures, or total expenses.

City of Dalton, Georgia
Notes to the Basic Financial Statements
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Note 2 – Stewardship, Compliance, and Accountability

2-A Budgetary Information

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

Note 3 - Detailed Notes on All Funds

3-A 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; level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2016:

- Cash, money market accounts, and certificates of deposit in the amount of \$22,268,945 for governmental funds, \$416,121 for nonmajor proprietary funds, \$724,886 for trust funds, \$54,343 for agency funds, \$883,118 for internal service funds, and \$24,930,986 for discretely presented component units 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 \$1,156,275 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 AA+ by Standard & Poor's. The weighted average maturity was 34 days at December 31, 2016.
- Investments in index and other mutual funds in the amount of \$20,406,912 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 \$71,005,599 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 \$4,049,642 for trust funds are valued using significant unobservable inputs (level 3).

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-A Investments (continued)

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

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

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

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

	<u>Fair Value</u>	<u>Rating</u>
MetLife Equity Index Fund	\$ 29,713,206	Not rated
MetLife Core Bond Index Fund	31,017,474	Not rated
MetLife Goldman Sachs Fund	10,274,919	Not rated
Vanguard Institutional Index Fund	10,328,618	Not rated
Vanguard Institutional Small Cap Index Fund	10,078,294	Not rated
Total pension trust fund investments	<u>\$ 91,412,511</u>	
Georgia Municipal Employees Benefit System OPEB Trust Account	<u>\$ 4,049,642</u>	Not rated
Total OPEB trust fund investments	<u>\$ 4,049,642</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, 2016:

- Cash and certificates of deposit in the amount of \$13,900,000 are reported at cost or amortized cost and are not subject to fair value hierarchy measurement.
- U.S. government securities in the amount of \$83,000,000 are valued based on observable market data and valuations of similar inputs (level 2 inputs).
- No investment securities are valued using level 3 inputs.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-A Investments (continued)

The fair value analysis of the investments for the year ended December 31, 2016 is as follows:

Fund Type	Cost	Fair Value at	Fair Value		Fair Value at	Change in Fair Value
		1/1/16	Purchases	Sales	12/31/16	
Customer deposit fund	\$ 3,000,000	\$ 3,007,000	\$ 3,000,000	\$ 3,000,000	\$ 2,951,000	\$ (56,000)
Combined utilities renewals and extensions fund	30,401,000	33,509,000	31,650,000	34,900,000	29,636,000	(623,000)
Nuclear decommissioning fund	63,088,000	62,546,000	42,759,000	40,810,000	64,315,000	(180,000)
Total	\$ 96,489,000	\$ 99,062,000	\$ 77,409,000	\$ 78,710,000	\$ 96,902,000	\$ (859,000)

The change in fair value includes \$600,000 related to interest income accrued on the zero coupon bonds in the nuclear decommissioning fund.

The WLSF Commission had the following investments and maturities for the year ended December 31, 2016:

	Credit Quality	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 to 5	6 to 10	10 +
Cash and cash equivalents	Not Rated	\$ 6,762,000	\$ 6,762,000	\$ -	\$ -	\$ -
Certificates of deposit	Not Rated	7,198,000	3,957,000	2,354,000	646,000	241,000
Federal Home Loan Bank	AAA/Aaa	9,758,000	-	1,993,000	5,872,000	1,893,000
Federal Home Loan Mortgage Corporation	AAA/Aaa	43,289,000	-	8,865,000	31,551,000	2,873,000
Federal National Mortgage Association	AAA/Aaa	17,134,000	-	5,945,000	11,189,000	-
Federal Farm Credit Banks	AAA/Aaa	3,143,000	3,143,000	-	-	-
Coupons (U.S. Strip)	AAA/Aaa	2,381,000	2,381,000	-	-	-
Coupons (Resolution Fund Corporation)	AAA/Aaa	7,237,000	-	7,237,000	-	-
Total		\$ 96,902,000	\$ 16,243,000	\$ 26,394,000	\$ 49,258,000	\$ 5,007,000

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, 2016 consisted of taxes, interest, accounts (billings for user charges), and intergovernmental receivables arising from grants.

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-C Property Taxes

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

Taxes receivable at December 31, 2016 consists of uncollected property taxes levied during the year ended December 31, 2016 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 fund, and are summarized below.

Gross property taxes receivable	\$	983,189
Allowance for uncollectible taxes		(9,504)
Property taxes receivable	\$	<u>973,685</u>
Taxes uncollected 60 days subsequent to year end, net of allowance, reported in deferred inflows	\$	<u>760,707</u>

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, 2016 relate to the following:

Asset retirement obligations (a)	\$	38,975,000
Cost of removal (b)		(25,880,000)
Pension (c)		<u>21,024,000</u>
Total regulatory assets - net	\$	<u>34,119,000</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 statements 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 will change annually based on actuarial values. See Notes 3-J and 5-A for additional information.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-E Capital Assets

Governmental capital asset activity for the year ended December 31, 2016 was as follows:

	Balance 12/31/2015	Additions	Reclass- ifications	Disposals	Balance 12/31/2016
Capital assets not being depreciated:					
Land	\$ 20,028,167	\$ 777,470	\$ -	\$ -	\$ 20,805,637
Construction in progress	2,343,525	5,173,206	(41,503)	-	7,475,228
Total capital assets not being depreciated	<u>22,371,692</u>	<u>5,950,676</u>	<u>(41,503)</u>	<u>-</u>	<u>28,280,865</u>
Other capital assets:					
Land improvements	28,851,832	1,338,471	45,520	-	30,235,823
Buildings	31,049,873	240,640	-	-	31,290,513
Building improvements	3,817,383	126,595	76,280	-	4,020,258
Vehicles	6,280,104	575,131	-	(937,352)	5,917,883
Machinery	13,438,121	1,151,094	-	(436,987)	14,152,228
Equipment	3,497,443	370,080	5,000	(16,413)	3,856,110
Furniture & fixtures	176,692	-	-	-	176,692
Intangibles	1,161,002	-	-	-	1,161,002
Bridge and bridge culvert	8,752,560	-	-	-	8,752,560
Streets and streetscape	97,023,653	-	(85,297)	-	96,938,356
Mast arm lighting	264,218	-	-	-	264,218
Total other capital assets	<u>194,312,881</u>	<u>3,802,011</u>	<u>41,503</u>	<u>(1,390,752)</u>	<u>196,765,643</u>
Total cost	<u>216,684,573</u>	<u>9,752,687</u>	<u>-</u>	<u>(1,390,752)</u>	<u>225,046,508</u>
Accumulated depreciation:					
Land improvements	16,494,128	1,298,408	-	-	17,792,536
Buildings	9,202,735	634,833	-	-	9,837,568
Building improvements	1,298,183	184,657	-	-	1,482,840
Vehicles	4,307,307	449,961	-	(937,352)	3,819,916
Machinery	9,248,409	466,502	-	(428,411)	9,286,500
Equipment	2,288,170	212,963	-	(15,171)	2,485,962
Furniture & fixtures	161,120	2,518	-	-	163,638
Intangibles	1,123,074	13,261	-	-	1,136,335
Bridge and bridge culvert	6,318,719	175,052	-	-	6,493,771
Streets and streetscape	84,724,440	897,500	-	-	85,621,940
Mast arm lighting	158,822	13,211	-	-	172,033
Total accumulated depreciation	<u>135,325,107</u>	<u>4,348,866</u>	<u>-</u>	<u>(1,380,934)</u>	<u>138,293,039</u>
Governmental activities capital assets, net	<u>\$ 81,359,466</u>	<u>\$ 5,403,821</u>	<u>\$ -</u>	<u>\$ (9,818)</u>	<u>\$ 86,753,469</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-E Capital Assets (continued)

Governmental activities depreciation expense

General government	\$	409,051
Judicial		3,070
Public safety		818,319
Public works		1,538,650
Culture and recreation		1,550,028
Health and welfare		29,748
Total governmental activities depreciation expense	\$	<u>4,348,866</u>

Business-type capital asset activity for the year ended December 31, 2016 was as follows:

	Balance at 12/31/15	Additions	Disposals and Reclassifications	Balance at 12/31/16
Capital assets not being depreciated:				
Land	\$ 1,664,722	\$ -	\$ -	\$ 1,664,722
Construction in progress	<u>125,006,000</u>	<u>10,267,000</u>	-	<u>135,273,000</u>
Total capital assets not being depreciated	<u>126,670,722</u>	<u>10,267,000</u>	-	<u>136,937,722</u>
Other capital assets:				
Land improvements	7,819,408	-	-	7,819,408
Buildings	3,692,434	-	-	3,692,434
Building improvements	71,055	-	-	71,055
Vehicles	51,991	-	-	51,991
Machinery and equipment	2,420,288	307,573	(271,654)	2,456,207
Utility plant	<u>1,130,770,000</u>	<u>35,599,000</u>	<u>(10,305,000)</u>	<u>1,156,064,000</u>
Total other capital assets	<u>1,144,825,176</u>	<u>35,906,573</u>	<u>(10,576,654)</u>	<u>1,170,155,095</u>
Total cost	<u>1,271,495,898</u>	<u>46,173,573</u>	<u>(10,576,654)</u>	<u>1,307,092,817</u>
Accumulated depreciation:				
Land improvements	4,165,041	267,835	-	4,432,876
Buildings	1,897,291	79,971	-	1,977,262
Building improvements	66,519	216	-	66,735
Vehicles	41,519	2,417	-	43,936
Machinery and equipment	1,287,223	139,903	(220,830)	1,206,296
Utility plant	<u>500,168,000</u>	<u>28,635,000</u>	<u>(10,305,000)</u>	<u>518,498,000</u>
Total accumulated depreciation	<u>507,625,593</u>	<u>29,125,342</u>	<u>(10,525,830)</u>	<u>526,225,105</u>
Nuclear fuel, at amortized cost	<u>20,975,000</u>	<u>(15,000)</u>	-	<u>20,960,000</u>
Business-type activities capital assets, net	<u>\$ 784,845,305</u>	<u>\$ 17,033,231</u>	<u>\$ (50,824)</u>	<u>\$ 801,827,712</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-F Interfund Balances and Transfers

Interfund balances at December 31, 2016 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, 2016 consisted of the following:

Payable to:	Payable from:			Total
	General fund	Non-major governmental funds	Non-major enterprise funds	
General fund	\$ -	\$ 1,262,203	\$ 191,580	\$ 1,453,783
Non-major governmental funds	170,013	-	-	170,013
Non-major enterprise funds	<u>86,759</u>	<u>-</u>	<u>-</u>	<u>86,759</u>
Total	<u>\$ 256,772</u>	<u>\$ 1,262,203</u>	<u>\$ 191,580</u>	<u>\$ 1,710,555</u>

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, to segregate money for anticipated capital projects, to provide additional resources for current operations or debt service, and to return money to the fund from which it was originally provided once a project is completed. All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer. Interfund transfers for the year ended December 31, 2016 consisted of the following:

Transfer to:	Transfer from:			Total
	General fund	WLSF Commission fund	Non-major governmental funds	
General fund	\$ -	\$ 10,214,000	\$ 209,637	\$ 10,423,637
Non-major governmental funds	2,645,130	-	-	2,645,130
Non-major enterprise funds	<u>35,187</u>	<u>-</u>	<u>611,500</u>	<u>646,687</u>
Total	<u>\$ 2,680,317</u>	<u>\$ 10,214,000</u>	<u>\$ 821,137</u>	<u>\$ 13,715,454</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-G Compensated Absences

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

3-H Operating Leases

The City of Dalton is obligated under several operating leases for office equipment that expire over the next five years. Rent expense for these operating leases for 2016 was approximately \$22,000. The annual minimum lease payments under operating leases as of December 31, 2016 are as follows:

2017	\$	16,724
2018		15,895
2019		12,072
2020		7,084
2021		-

3-I Long-term Debt

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

Note payable debt service requirements to maturity are as follows:

<u>Date Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 53,000	\$ -	\$ 53,000
2018	53,000	-	53,000
2019	53,000	-	53,000
	<u>\$ 159,000</u>	<u>\$ -</u>	<u>\$ 159,000</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-I Long-term Debt (continued)

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

Bond debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Federal Subsidy	Total
2017	\$ 250,000	\$ 241,337	\$ (108,601)	\$ 382,736
2018	255,000	230,087	(103,539)	381,548
2019	260,000	217,592	(97,916)	379,676
2020	270,000	204,228	(91,903)	382,325
2021	275,000	190,188	(85,585)	379,603
2022 - 2026	1,505,000	709,379	(319,217)	1,895,162
2027 - 2030	1,395,000	221,560	(99,706)	1,516,854
	<u>\$ 4,210,000</u>	<u>\$ 2,014,371</u>	<u>\$ (906,467)</u>	<u>\$ 5,317,904</u>

During 2012, the City became aware that sequestration cuts at the federal level would result in the above federal subsidy being reduced by an unknown amount. The City has not received any formal notification, but the subsidy for 2016 was reduced by \$7,700 (6.8%), from \$113,245 to \$105,545. The federal government has indicated sequestration cuts will continue, but the duration and amount of those cuts is unknown at this time. The City does not believe it will have a material effect on its financial statements.

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

Bond debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Total
2017	\$ 2,113,860	\$ 83,323	\$ 2,197,183
2018	2,141,329	55,900	2,197,229
2019	2,169,357	28,134	2,197,491
	<u>\$ 6,424,546</u>	<u>\$ 167,357</u>	<u>\$ 6,591,903</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-I Long-term Debt (continued)

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

Capital lease obligations to maturity are as follows:

Date Due	Payments
2017	\$ 237,720
Total minimum lease payments	237,720
Less: amounts representing interest	(4,043)
Present value of minimum lease payment	\$ 233,677

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, and the municipal golf course fund. The net pension liability will be paid from the pension trust fund. The net OPEB obligation will be paid from the OPEB trust fund. Any remaining net pension liability or net OPEB obligation which can not be satisfied by those funds will be paid from funds which have participants that comprise the obligation balance, primarily the general fund and the WLSF Commission fund.

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

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

The ARO recognized 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.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-I Long-term Debt (continued)

Details of the AROs reflected in the statement of net position as of December 31, 2016 are as follows:

ARO balance at December 31, 2015	\$	55,641,000
Accretion		1,762,000
Cash flow revisions		<u>5,445,000</u>
ARO balance at December 31, 2016	\$	<u><u>62,848,000</u></u>

The increase in cash flow revisions in 2016 is primarily related to changes in the closure strategy for ash ponds, landfills, and gypsum cells AROs, relating 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 17, 2015 (“CCR Rule”). The cost estimates for ARO related to the CCR Rule are based on information as of December 31, 2016 using various assumptions related to closure and post-closure costs, timing of future cash outlays, inflation and discount rates, and the potential methods for complying with the CCR Rule requirements for closure. As further analysis is performed, including evaluation of the expected method of compliance, refinement of assumptions underlying the cost estimates, such as the quantities of CCR at each site, and the determination of timing, including the potential for closing ash ponds prior to the end of their currently anticipated useful life, the WLSF Commission expects to continue to periodically update the estimates.

Changes in long-term liabilities - The City’s long-term obligations consisted of the following at December 31, 2016:

	Outstanding 12/31/2015	Additions	Reductions	Outstanding 12/31/2016	Amounts Due in One Year
Governmental activities:					
Capital leases payable	\$ 13,419,337	\$ -	\$ (2,551,114)	\$ 10,868,223	\$ 2,597,537
Notes payable	212,000	-	(53,000)	159,000	53,000
Compensated absences	<u>4,167,415</u>	<u>1,937,374</u>	<u>(1,874,838)</u>	<u>4,229,951</u>	<u>1,900,000</u>
Total governmental activities	<u><u>\$ 17,798,752</u></u>	<u><u>\$ 1,937,374</u></u>	<u><u>\$ (4,478,952)</u></u>	<u><u>\$ 15,257,174</u></u>	<u><u>\$ 4,550,537</u></u>
Business-type activities					
Unearned revenue - TVA right of use	\$ 167,000	\$ -	\$ (50,000)	\$ 117,000	\$ -
Accrued construction retention	3,259,000	-	(1,125,000)	2,134,000	-
Asset retirement obligations	55,641,000	7,207,000	-	62,848,000	-
Compensated absences	<u>97,399</u>	<u>44,663</u>	<u>(39,519)</u>	<u>102,543</u>	<u>40,000</u>
Total business-type activities	<u><u>\$ 59,164,399</u></u>	<u><u>\$ 7,251,663</u></u>	<u><u>\$ (1,214,519)</u></u>	<u><u>\$ 65,201,543</u></u>	<u><u>\$ 40,000</u></u>

3-J Pensions

Plan description - The Mayor and Council of the City of Dalton Employee's Pension Plan (“Pension Plan”) was established to provide retirement benefits for eligible employees. The Pension Plan is a defined benefit single employer public employee retirement system. The Pension Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The Pension Plan is subject to the provisions of Section 401(a) and 501(a) of the Internal Revenue Code. The Mayor and Council of the City of Dalton serve as the Pension Plan administrator. The Pension Plan is accounted for in the pension trust fund, financial statements for which are found on pages 35 and 36 of this report. The Pension Plan is audited on a biennial basis and issues stand-alone financial statements in conjunction with those audits. The most recent stand alone financial statement issued by the Pension Plan was for the year ended December 31, 2014, and may be obtained from the City of Dalton Finance Department. The Pension Plan’s fiduciary net position has been determined on the same basis used by the Pension Plan and is equal to the market value of assets calculated under the accrual basis of accounting.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-J Pensions (continued)

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

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

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-J Pensions (continued)

Current membership of active and inactive participants as of the most recent Pension Plan valuation date of January 1, 2017 is as follows:

Actively employed participants	249
Average age	49.1 years
Average service	20.3 years
Total annualized compensation for the prior year	\$ 14,532,225
Total expected compensation for the current year	\$ 15,113,517
Participants receiving a benefit	
Service retirees	289
Beneficiaries	68
Inactive participants - deferred; vested	14

Contribution requirements - In accordance with the most recent actuarial report, the Pension Plan's funding policy for employers should be increased from 45.2% (at the last valuation date) to 46.5% of covered payroll to adequately fund the Pension Plan's ongoing costs and an amortization of the unfunded actuarial accrued liability over a 10-year period with level dollar payments. Employees are required to pay 5% of their pensionable earnings to the Pension Plan. The funding policy of the Pension Plan is established and may be amended by the Mayor and the Council.

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

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

For the year ended December 31, 2016, the annual money-weighted rate of return on the Pension Plan's investments, net of Pension Plan investment expense, was 7.74%. 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, 2016

3-J Pensions (continued)

Net pension liability of the City – The net pension liability reported by the City is based on the measurement date of December 31, 2016. The components of the net pension liability of the City as of the Pension Plan’s year end were as follows:

Total pension liability	\$	129,881,257
Plan fiduciary net position		92,134,902
City's net pension liability	\$	37,746,355
Plan fiduciary net position as a % of the total pension liability		71%

The following actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2016 through December 31, 2016:

Actuarial Assumptions

Discount rate:	6.81% per annum (2.50% per annum is attributable to long term inflation); this rate was used to discount all future benefit payments.
Salary increases:	4.00% per annum
Cost of living increase:	None assumed
Mortality basis:	Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service for purposes of Internal Revenue Code Section 430; future generational improvements in mortality have not been reflected.
Retirement:	Retirement is assumed to occur at normal retirement age.
Other decrements:	Assumed employment termination is based on age and ranges from 23.00% at age 20 to 4.00% at age 55. Assumed disability is based on age and gender and ranges from 0.04% for males and 0.02% for females at age 20 to 2.24% for males and 1.27% for females at age 65.
Non-investment expenses:	\$50,000 per year
Future contributions:	Contributions from the employer and employees are assumed to be made as legally required.
Changes:	No assumptions were changed since the prior measurement date.

The following represents the net pension liability as of the measurement date and the Pension Plan’s year end, December 31, 2016, calculated using the discount rate of 6.81%, as well as what the net pension liability would be using a discount rate that is 1% lower or 1% higher than the current rate:

	Discount Rate Minus 1.00%	Discount Rate 6.81%	Discount Rate Plus 1.00%
Total pension liability	\$ 144,017,829	\$ 129,881,257	\$ 117,991,680
Plan fiduciary net position	92,134,902	92,134,902	92,134,902
Net pension liability	\$ 51,882,927	\$ 37,746,355	\$ 25,856,778

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

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, 2016, the City recognized pension expense of \$4,492,430. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of December 31, 2015	\$ 5,868,725	\$ 1,776,697
Change due to:		
Amortization payments	(1,601,882)	(729,237)
Investment gain/loss	-	814,584
Demographic gain/loss	216,267	-
Total change	(1,385,615)	85,347
Balance as of December 31, 2016	<u>\$ 4,483,110</u>	<u>\$ 1,862,044</u>

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

Year	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 1,601,882	\$ 729,237
2018	1,601,882	729,236
2019	1,273,559	240,655
2020	5,787	162,916
2021	-	-

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	\$ 1,937,366	\$ 15,917,454	\$ 793,928
WLSF Commission	2,329,000	19,828,000	973,000
Municipal golf course	39,426	319,785	16,266
DWRSWMA	177,318	1,681,116	78,850
	<u>\$ 4,483,110</u>	<u>\$ 37,746,355</u>	<u>\$ 1,862,044</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-K Other Post Employment Benefits

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

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-K Other Post Employment Benefits (continued)

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

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

Funding policy - The OPEB Plan actuarial valuation was performed in early 2015 and provided actuarial information as of December 31, 2014 and December 31, 2015. During 2017, the information was rolled forward as of December 31, 2016. The Mayor and Council determine the funding level on an annual basis. Eligible retirees are required to share in the cost of health insurance coverage. Annual contribution rates for 2016 are as follows:

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

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

Year ended December 31,	Employer Contributions and Interest	Annual Required Contribution	Percentage Contributed	Annual OPEB Cost	Percentage Contributed	NOO at Fiscal Year End
2016	\$ 1,051,000	\$ 2,942,000	36%	\$ 2,681,000	39%	\$ 4,960,000
2015	1,036,000	2,809,000	37%	2,677,000	39%	3,330,000
2014	1,036,000	2,725,000	38%	2,725,000	38%	1,689,000

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-K Other Post Employment Benefits (continued)

Annual OPEB cost – The most recent valuation reported the following information as of December 31, 2016. Annual OPEB cost, the net OPEB obligation, and the annual required contribution per the valuation were determined as follows:

<u>Development of the Net OPEB Obligation</u>	
Net OPEB obligation as of December 31, 2015	\$ 3,330,000
Annual OPEB cost for the 2016 plan year	2,681,000
Employer contributions for the 2016 plan year	(1,030,000)
Interest on employer contributions	(21,000)
Net OPEB obligation as of December 31, 2016	<u>\$ 4,960,000</u>
 <u>Development of the Annual OPEB Cost</u>	
Annual required contribution	\$ 2,942,000
Interest on net OPEB obligation	134,000
Annual required contribution adjustment	(395,000)
Annual OPEB cost	<u>\$ 2,681,000</u>
 <u>Development of the Annual Required Contribution</u>	
Employer normal cost	\$ 815,000
Amortization of the unfunded accrued actuarial liability	1,732,000
Amortization of the net OPEB obligation	395,000
Annual required contribution	<u>\$ 2,942,000</u>

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

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

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

3-L Defined Contribution Plan

Employees with an employment commencement date, including former employees rehired after a severance, on or after July 1, 2002 will not be allowed to participate in the Pension Plan (Note 3-J). Employees hired or re-hired after July 1, 2002 will be covered by the City of Dalton Employee Retirement Plan (the "Retirement Plan"), which is a combined profit sharing/money purchase plan. The Mayor and Council of the City approved the Retirement Plan, maintain it, and are the authority under which the contribution requirements are established or may be amended. The Mayor and Council engaged VALIC to administer the Retirement Plan. All full-time employees who have completed six months of continuous service are eligible to participate in the Retirement Plan. The Retirement Plan is considered a defined contribution plan in which the employer provides \$1.00 for every \$1.00 of deferred compensation the employee makes to the Retirement Plan. The employer will make this match up to the first 5% of the employee's compensation, up to an annual limit of \$200,000. Employees hired on or after December 27, 2014 become vested in the employer's contributions over a three year period. Employees hired prior to December 27, 2014 become vested in employer matching contributions after 1 year of service. Participation is not mandatory; however, non-participating employees will not receive any matching employer contributions. In 2014, the Retirement Plan was revised to include a Roth contribution option. Employees who participate in the Pension Plan are allowed to make contributions to the Retirement Plan up to IRS annual limitations, but do not receive matching employer contributions. For the year 2016, employee contributions totaled \$538,291 and employer contributions totaled \$352,183. For the year 2016, there were no forfeitures of employer matching contributions and the ending balance in the forfeiture account was \$0.

3-M Net Position

Net investment in capital assets reported on the government-wide statement of net position as of December 31, 2016 is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Cost of capital assets	\$ 225,046,508	\$ 1,328,052,817	\$ 1,553,099,325
Less: accumulated depreciation	138,293,039	526,225,105	664,518,144
Book value	86,753,469	801,827,712	888,581,181
Less: capital related debt	11,027,223	-	11,027,223
Less: asset retirement obligations	-	62,848,000	62,848,000
Less: accrued construction retention	-	2,134,000	2,134,000
Less: deferred inflows of resources - ITS sale	-	5,761,000	5,761,000
Add: regulatory asset - AROs	-	13,095,000	13,095,000
Net investment in capital assets	<u>\$ 75,726,246</u>	<u>\$ 744,179,712</u>	<u>\$ 819,905,958</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
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3-N Interutility Sales

The WLSF Commission records sales of electricity, natural gas, water, wastewater, and information technology (at rates charged to customers for similar services) among its utility systems as revenue of the selling utility system and expense of the purchasing utility system. During the year ended December 31, 2016, interutility sales were as follows:

Electric	\$	4,641,000
Natural gas		10,000
Water		191,000
Wastewater		127,000
Information technology		2,472,000
Total	\$	<u>7,441,000</u>

Note 4 - Other Notes

4-A Hotel/Motel Lodging Tax

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

Hotel/motel tax revenue		<u>\$ 1,410,761</u>
Expenditures for promotion of tourism and support:		
Northwest Georgia Trade and Convention Center Authority		611,500
Dalton Area Convention and Visitors Bureau		387,888
Train car		100,000
Softball players association		47,599
Other tourism expenditures		<u>263,774</u>
Total expenditures	\$	<u>1,410,761</u>
Percentage of expenditures to revenue		100.0%

4-B Risk Management

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

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4-B Risk Management (continued)

The workers' compensation internal service fund pays premiums to a private insurance carrier to process and investigate claims. A reserve has been made for estimated claims incurred but not paid at December 31, 2016. The private insurance carrier estimated claims incurred but not paid at December 31, 2016 were \$677,281. Because actual claims estimates depend on such complex factors as inflation, changes in governing laws and standards, and court awards, the process used in computing claims estimates is reevaluated periodically to take into consideration the history, frequency, and severity of recent claims and other economic and social factors. These estimates are computed using actual claims experience amounts and include any specific, incremental claim adjustment expenses and estimated recoveries. Due to the numerous factors affecting when claims are paid, no estimate of claims due within one year is made. For the years ended December 31, 2016, 2015, and 2014 there were no settlements in excess of insurance coverage.

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

Year	Beginning of Fiscal Year Liability	Current Year		End of Fiscal Year Liability
		Changes in Estimates	Current Year Claims Payments	
2016	\$ 443,315	\$ 487,108	\$ (253,142)	\$ 677,281
2015	466,461	566,260	(589,406)	443,315
2014	374,290	767,794	(675,623)	466,461

The workers' compensation fund had a decrease in net position for 2016. This change in net position must be allocated among the different functions of the entities that use the workers' compensation internal service fund. The decrease was allocated based on the percentages of claims incurred for the workers' compensation fund. The following table shows the allocation of the net change to each function and activity.

	<u>Net Loss Allocated</u>
Governmental activities:	
General government	\$ 13,035
Public safety	147,321
Public works	81,946
Culture & recreation	(1,737)
Total governmental activities	<u>240,565</u>
Business-type activities:	
WLSF Commission	<u>162,104</u>
Total business-type activities	<u>162,104</u>
Decrease in net position	<u>\$ 402,669</u>

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

Of the total allocation to the governmental activities public works function, \$41,345 of net income allocated is attributable to the City's DWRSWMA joint venture. Of the total allocation to the governmental activities culture and recreation function, \$3,615 of net income allocated is attributable to the City's Northwest Georgia Trade and Convention Center Authority joint venture.

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

GPC, on behalf of all co-owners of Plants Hatch and Vogtle, is a member of Nuclear Electric Insurance Limited ("NEIL"). NEIL is a mutual insurer established to provide insurance coverage against property damage to its members' nuclear generating facilities. In the event that losses exceed accumulated reserve funds, the members are subject to retroactive premium assessments in proportion to their participation in the mutual insurer. The WLSF Commission's maximum annual assessment would be \$2,413,087 under current policies.

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

4-C Commitments and Contingent Liabilities

Vogtle Units 3 & 4 nuclear development – The WLSF Commission is participating with GPC and the other joint owners of the Vogtle plant in the construction of two additional nuclear units at the site. The revised estimated certified cost for the WLSF Commission's 1.6% of the total cost was \$190.0 million as of December 31, 2016. The sources of construction funds for the WLSF Commission's portion of Vogtle Units 3 and 4 will be from a combination of internally generated funds and investment funds restricted for renewals and extensions. Through December 31, 2016, the WLSF Commission has spent \$135.3 million on the new nuclear units under construction, all of which is included in construction in progress in Note 3-E.

In 2008, GPC, acting for itself and as agent for Oglethorpe Power Corporation, the Municipal Electric Authority of Georgia, and the WLSF Commission (collectively, the "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., (collectively, the "Contractor") pursuant to which the 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, structures, and improvements at Plant Vogtle ("Vogtle 3 & 4 Agreement").

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

Under the terms of the Vogtle 3 & 4 Agreement, the 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. The Vogtle 3 and 4 Agreement also provides for liquidated damages upon the Contractor's failure to fulfill the schedule and performance guarantees, subject to an aggregate cap of 10% of the contract price, or approximately \$920 million to \$930 million. In addition, the Vogtle 3 and 4 Agreement provides for limited cost sharing by the Owners for Contractor costs under certain conditions with maximum additional capital costs under this provision attributable to the WLSF Commission (based on its ownership interest) of approximately \$4 million. Each Owner is severally (and not jointly) liable for its proportionate share, based on its ownership interest, of all amounts owed to the Contractor under the Vogtle 3 & 4 Agreement. In the event of certain credit rating downgrades of any Owner, such Owner will be required to provide a letter of credit or other credit enhancement.

Certain payment obligations of Westinghouse have been guaranteed by Toshiba Corporation ("Toshiba"), Westinghouse's parent company (the "Toshiba Guarantee"), including any liability of the Contractor for abandonment of work. However, due to Toshiba's financial situation described below, substantial risk regarding the Owners' ability to fully collect under the Toshiba Guarantee exists. In the event of certain credit rating downgrades of Toshiba, Westinghouse is required to provide letters of credit or other credit enhancement. In January 2016, Westinghouse delivered to the Owners \$920 million of letters of credit from financial institutions ("Westinghouse Letters of Credit") to secure a portion of the Contractor's potential obligations under the Vogtle 3 and 4 Agreement. The Westinghouse Letters of Credit are subject to annual renewals through June 30, 2020 and require 60 days' written notice to GPC in the event the Westinghouse Letters of Credit will not be renewed. In the event of such notice, the Owners would be able to draw on the entire balance of the Westinghouse Letters of Credit. The Westinghouse Letters of Credit remain in place in accordance with the terms of the Vogtle 3 and 4 Agreement.

The Owners may terminate the Vogtle 3 & 4 Agreement at any time for their convenience, provided that the Owners will be required to pay certain termination costs and, at certain stages of the work, cancellation fees to the Contractor. The Contractor does not have a right to terminate the Vogtle 3 and 4 Agreement for convenience. The Contractor may terminate the Vogtle 3 & 4 Agreement under certain circumstances, including delays in the receipt of the combined construction and operating license ("COL") or delivery of full notice to proceed, certain Owner suspension or delays of work, action by a governmental authority to permanently stop work, certain breaches of the Vogtle 3 & 4 Agreement by the Owners, Owner insolvency, and certain events. The COLs were received on February 10, 2012. Receipt of the COLs allowed full construction to begin on Vogtle Units 3 and 4. In the event of an abandonment of work by the Contractor, the maximum liability of the Contractor under the Vogtle 3 and 4 Agreement is increased significantly, but remains subject to limitations.

GPC, on behalf of the Owners, is required to file semi-annual Vogtle Construction Monitoring ("VCM") reports with the Georgia Public Service Commission ("GPSC") by February 28 and August 31 each year. The GPSC has approved fifteen VCM reports covering the periods through June 30, 2016, including construction capital costs incurred, which through that date totaled \$3.7 billion (GPS's proportionate share). On February 26, 2017, GPC filed the sixteenth VCM report with the GPSC covering the period from July 1 through December 31, 2016. The current in-service capital cost forecast for the WLSF Commission's ownership share is \$190.0 million.

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

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

On December 31, 2015, Westinghouse and the Owners entered into a definitive settlement agreement (“Contractor Settlement Agreement”) to resolve disputes between the Owners and the Contractor under the Vogtle 3 and 4 Agreement, including the Vogtle Construction Litigation. Effective December 31, 2015, GPC, acting for itself and as agent for the other Owners, and the Contractor entered into an amendment to the Vogtle 3 and 4 Agreement to implement the Contractor Settlement Agreement. The Contractor Settlement Agreement and the related amendment to the Vogtle 3 and 4 Agreement (i) restrict the Contractor’s ability to seek further increases in the contract price by clarifying and limiting the circumstances that constitute nuclear regulatory changes in law; (ii) provide for enhanced dispute resolution procedures; (iii) revise the guaranteed substantial completion dates to match the current estimated in-service dates of June 30, 2019 for Unit 3 and June 30, 2020 for Unit 4; (iv) provide that delay liquidated damages will now commence from the current estimated nuclear fuel loading date for each unit, which is December 31, 2018 for Unit 3 and December 31, 2019 for Unit 4, rather than the original guaranteed substantial completion dates under the Vogtle 3 and 4 Agreement; and (v) provide that the WLSF Commission, based on its ownership interest, will pay the Contractor (via the Owners) and capitalize to the project cost approximately \$12 million, of which approximately \$9 million had been paid as of December 31, 2016. In addition, the Contractor Settlement Agreement provides for the resolution of other open existing items relating to the scope of the project under the Vogtle 3 and 4 Agreement, including cyber security. Further, as part of the settlement and in connection with Westinghouse’s acquisition of WECTEC: (i) Westinghouse has engaged Fluor Enterprises, Inc., a subsidiary of Fluor Corporation, as a new construction subcontractor; and (ii) the Owners, Chicago Bridge & Iron CO, N.V., and The Shaw Group, Inc. entered into mutual releases of any and all claims arising out of the construction of Plant Vogtle Units 3 and 4 that occurred on or before the date of the Contractor Settlement Agreement. On January 5, 2016, the Vogtle Construction Litigation was dismissed with prejudice.

On March 29, 2017, Westinghouse and WECTEC each filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. GPC, acting for itself and as agent for the other Owners, entered into an interim assessment agreement with the Contractor and WECTEC Staffing Services LLC (“WECTEC Staffing”), as of March 29, 2017 (the “Interim Assessment Agreement”), to provide for a continuation of work with respect to Plant Vogtle Units 3 and 4. GPC’s entry into the Interim Assessment Agreement was conditioned upon South Carolina Electric & Gas Company entering into a similar interim assessment agreement with the Contractor relating to V.C. Summer (the “V.C. Summer Interim Assessment Agreement”), which also occurred on March 29, 2017. The provisions in the Interim Assessment Agreement became effective upon approval of the Interim Assessment Agreement by the bankruptcy court on March 30, 2017. The term of the Interim Assessment Agreement was originally scheduled to expire on April 28, 2017. On April 28, 2017, GPC, acting for itself and as agent for the Owners, entered into an amendment to the Interim Assessment Agreement with the Contractor and WECTEC Staffing solely to extend the term of the Interim Assessment Agreement through the earlier of (i) May 12, 2017, and (ii) termination of the Interim Assessment Agreement by any party upon five business days’ notice (the “Interim Assessment Period”).

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

The Interim Assessment Agreement provides, among other items, that (i) GPC will be obligated to pay, on behalf of the Owners, all costs accrued by the Contractor for subcontractors and vendors for services performed or goods provided during the Interim Assessment Period, with these amounts to be paid to the Contractor, except for amounts accrued for Fluor, which will be paid directly to Fluor, (ii) during the Interim Assessment Period, the Contractor shall provide certain engineering, procurement, and management services for Plant Vogtle Units 3 and 4, to the same extent as contemplated by the Vogtle 3 and 4 Agreement, and GPC, on behalf of the Owners, will make payments of \$5.4 million per week for these services, (iii) GPC will have the right to make payments, on behalf of the Owners, directly to subcontractors and vendors who have accounts past due with the Contractor, (iv) during the Interim Assessment Period, the Contractor will use its commercially reasonable efforts to provide information reasonably requested by GPC as is necessary to continue construction and investigate the completion status of Plant Vogtle Units 3 and 4, (v) the Contractor will reject or accept the Vogtle 3 and 4 Agreement by the termination of the Interim Assessment Agreement; and (vi) during the Interim Assessment Period, GPC will not exercise any remedies against Toshiba under the Toshiba Guarantee. Under the Interim Assessment Agreement, all parties expressly reserve all rights and remedies under the Vogtle 3 and 4 Agreement, all related security and collateral, under applicable law.

On May 12, 2017, GPC, acting for itself and as agent for the Owners, entered into a second amendment (the "Second Amendment") to the Interim Assessment Agreement with the Contractor and WECTEC Staffing to extend the term of the Interim Assessment Agreement through the earlier of (i) June 3, 2017 and (ii) termination of the Interim Assessment Agreement by any party upon five business days' notice (which continues to be referred to as the "Interim Assessment Period"). In addition, the Second Amendment provides for certain procedures related to payment by GPC, on behalf of the Owners, of administrative expenses accrued by the Contractor during the term of the Interim Assessment Agreement for services and goods for Plant Vogtle Units 3 and 4 pursuant to existing and new purchase orders, vendor contracts and subcontracts.

Additionally, under the Second Amendment, GPC, acting for itself and as agent for the Owners, and the Contractor have agreed in principle on the terms of a services agreement (the "Services Agreement Term Sheet") for the Contractor to provide design, engineering, and procurement services to Southern Nuclear Operating Company ("SNC"), a subsidiary of the Southern Company, in the event the Contractor rejects the Vogtle 3 and 4 Agreement in its bankruptcy proceeding and SNC assumes control over management of construction of Plant Vogtle Units 3 and 4. The provisions of the Services Agreement Term Sheet remain subject to the execution of definitive documentation and other conditions. There can be no guarantee that a definitive agreement implementing the Services Agreement Term Sheet is ultimately completed.

A number of subcontractors to the Contractor, including Fluor, have alleged non-payment by the Contractor for amounts owed for work performed on Plant Vogtle Units 3 and 4. GPC, acting for itself and as agent for the Owners, has taken, and continues to take, action to remove liens filed by these subcontractors through the posting of surety bonds.

GPC estimates the aggregate liability for the Owners under the Interim Assessment Agreement and the removal of subcontractor liens to be approximately \$470 million, of which Dalton Utilities' proportionate share would total approximately \$7.5 million, which would be due in 2017. GPC is evaluating remedies available to the Owners for these payments, including draws under the Westinghouse Letters of Credit and enforcement of the Toshiba Guarantee.

In February 2017, the Contractor provided GPC with revised forecasted in-service dates of December 2019 and September 2020 for Plant Vogtle Units 3 and 4, respectively. However, based on information subsequently made available during Westinghouse and WECTEC's bankruptcy proceedings and pursuant to the Interim Assessment Agreement, GPC and the Owners do not believe the revised in-service dates are achievable.

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4-C Commitments and Contingent Liabilities (continued)

On April 11, 2017, Toshiba filed its unaudited financial statements as of and for the nine months ended December 31, 2016, which reflected a negative shareholders' equity balance of \$1.9 billion, with Japanese regulators. Toshiba also announced that further substantial charges may be required in the quarter ended March 31, 2017 in connection with the bankruptcy filing of Westinghouse and WECTEC and that there are material events and conditions that raise substantial doubt about Toshiba's ability to continue as a going concern.

GPC, along with the other Owners, is undertaking a comprehensive schedule and cost-to-complete assessment, as well as a cancellation cost assessment. It is reasonably possible these assessments result in estimated incremental costs to complete, including Owners' costs, that materially exceed the value of the Toshiba Guarantee. GPC intends to work with the GPSC and the other Owners to determine future actions related to Plant Vogtle Units 3 and 4. In addition, GPC, on behalf of itself and the other Owners, intends to take all actions available to it to enforce its rights related to the Vogtle 3 and 4 Agreement, including enforcing the Toshiba Guarantee, subject to the Interim Assessment Agreement, and accessing the Westinghouse Letters of Credit. However, due to Toshiba's financial situation, discussed above, substantial risk regarding the Owners' ability to fully collect under the Toshiba Guarantee remains.

There have been technical and procedural challenges in the construction and licensing of Plant Vogtle Units 3 and 4 at the federal and state level and additional challenges may arise as construction proceeds. Processes are in place that are designed to assure compliance with the requirements specified in the Westinghouse Design Control Document and the COLs, including inspections by SNC and the Nuclear Regulatory Commission ("NRC") that occur throughout construction. As a result of such compliance processes, certain license amendment requests have been filed and approved or are pending before the NRC. Various design and other licensing-based compliance matters, including the timely resolution of Inspections, Tests, Analyses, and Acceptance Criteria and the related approvals by the NRC, may arise as construction proceeds, which may result in additional license amendments or require other resolution. If any license amendment requests or other licensing-based compliance issues are not resolved in a timely manner, there may be delays in the project schedule that could result in increased costs. As construction continues, the risk remains that challenges with labor productivity, fabrication, delivery, assembly, and installation of plant systems, structures, and components, or other issues could arise and may further impact project schedule and cost.

The Contractor's bankruptcy filing is expected to have a material impact on the construction cost and schedule of Plant Vogtle Units 3 and 4 and could have a material impact on the WLSF Commission's financial statements. In addition, an inability or other failure by Toshiba to perform its obligations under the Toshiba Guarantee could have a further material impact on the net cost to the Owners to complete construction of Plant Vogtle Units 3 and 4 and, therefore, on the WLSF Commission's financial statements.

The ultimate outcome of these matters, including the results of the assessments currently underway, cannot be determined at this time.

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

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

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

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

Fuel commitments - The WLSF Commission has entered into various long-term commitments for the procurement and delivery of natural gas and electricity to consumers, which are not recognized on the statement of net position. In 2016, the WLSF Commission incurred purchased gas expense of \$12,700,000 and purchased electricity expense of \$44,300,000, the majority of which was purchased under long-term commitments. The WLSF Commission expects that a substantial amount of its future gas and purchased electricity needs will continue to be purchased under long-term commitments.

City of Dalton, Georgia
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4-D Joint Ventures

The City participates with Whitfield County in the Dalton-Whitfield Regional Solid Waste Management Authority. All budgetary and financial records are maintained by the City of Dalton. The DWRSWMA issued separate audited financial statements dated June 12, 2017.

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

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

Landfill sites:	Westside	Old Dixie II, IV & V	Old Dixie VI Sites I & II	Old Dixie VI Sites III & IV	Balefill	Total
Estimated future costs:						
Closure	Completed	Completed	\$ 3,216,000	\$ 2,217,000	\$ 1,767,000	\$ 7,200,000
Post-closure	<u>\$ 582,000</u>	<u>\$ 1,437,000</u>	<u>2,165,000</u>	<u>1,493,000</u>	<u>1,243,000</u>	<u>6,920,000</u>
	582,000	1,437,000	5,381,000	3,710,000	3,010,000	14,120,000
Percentage of total landfill capacity used as of						
December 31, 2016	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>60.5%</u>	<u>70.0%</u>	
	582,000	1,437,000	5,381,000	2,243,000	2,107,000	11,750,000
Land acquisition	<u>50,000</u>	-	-	-	-	<u>50,000</u>
Accrual at 12/31/16	<u>\$ 632,000</u>	<u>\$ 1,437,000</u>	<u>\$ 5,381,000</u>	<u>\$ 2,243,000</u>	<u>\$ 2,107,000</u>	<u>\$ 11,800,000</u>

The DWRSWMA will record the remaining estimated cost of closure and post-closure care costs of \$2,320,000 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 2016. Actual costs when incurred may be higher due to inflation, changes in technology, or changes in laws and regulations.

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

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

According to the latest inspection reports issued by the Georgia Department of Natural Resources, dated July 19, 2016, the DWRSWMA was in compliance for closure and post-closure care financial assurance requirements for the 2015 year.

Condensed audited financial statements for the DWRSWMA at December 31, 2016 are as follows:

Statement of Net Position

Assets	
Current assets	\$ 19,792,999
Capital assets-net	18,285,433
Total assets	<u>38,078,432</u>
Deferred outflows of resources	<u>177,318</u>
Total assets and deferred outflows	<u>\$ 38,255,750</u>
Liabilities	
Current liabilities	\$ 459,388
Non-current liabilities	13,731,428
Total liabilities	<u>14,190,816</u>
Deferred inflows of resources	<u>78,850</u>
Net position	<u>23,986,084</u>
Total liabilities, deferred inflows, and net position	<u>\$ 38,255,750</u>

Statement of Revenues, Expenses, and Fund Net Position

Operating revenues	\$ 6,821,268
Operating expenses	3,891,712
Depreciation	<u>1,472,319</u>
Operating income (loss)	1,457,237
Non-operating revenues (expenses)	<u>(256,466)</u>
Change in net position	1,200,771
Beginning net position	<u>22,785,313</u>
Ending net position	<u>\$ 23,986,084</u>

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

4-D Joint Ventures (continued)

The City participates with Whitfield County in the Northwest Georgia Trade and Convention Center Authority. All budgetary and financial records are maintained by the City of Dalton. The Convention Center issued separate audited financial statements dated June 12, 2017.

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

Condensed audited financial statements for the Convention Center at December 31, 2016 are as follows:

Statement of Net Position

Assets	
Current assets	\$ 981,183
Capital assets-net	9,981,326
Total assets	<u>\$ 10,962,509</u>
Current liabilities	<u>\$ 796,568</u>
Net position	<u>10,165,941</u>
Total liabilities and net position	<u>\$ 10,962,509</u>

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

Operating revenues	\$ 1,442,274
Operating expenses	1,850,766
Depreciation	<u>515,165</u>
Operating income (loss)	(923,657)
Non-operating revenues (expenses)	<u>1,232,441</u>
Change in net position	308,784
Beginning net position	<u>9,857,157</u>
Ending net position	<u>\$ 10,165,941</u>

The City participates with Whitfield County in the Dalton-Whitfield Joint Development Authority and the Dalton-Whitfield Economic Development Authority, which are reported as one entity as disclosed in Note 1. All budgetary and financial records are maintained by the JDA, which is housed at the Dalton-Whitfield Chamber of Commerce. The JDA issued separate audited financial statements dated June 19, 2017.

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

4-D Joint Ventures (continued)

Condensed audited financial statements for the JDA at December 31, 2016 are as follows:

<u>Statement of Net Position</u>	
Assets	
Current assets	\$ 695,012
Capital assets-net	7,969
Total assets	<u>\$ 702,981</u>
Current liabilities	<u>\$ 211,438</u>
Net position	<u>491,543</u>
Total liabilities and net position	<u>\$ 702,981</u>
<u>Statement of Activities</u>	
Program revenues	\$ 318,600
Intergovernmental revenues	342,523
Economic development expenses	<u>331,778</u>
Change in net position	329,345
Beginning net position	<u>162,198</u>
Ending net position	<u>\$ 491,543</u>

4-E Component Unit

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

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2016

4-F Debt Contingency

The City of Dalton Building Authority issued qualified zone academy bonds dated May 1, 2003 in the amount of \$2,000,000 to finance capital improvements within the City of Dalton for the benefit of the school system. The amount of the bonds outstanding as of December 31, 2016 is \$2,000,000. The payments on the qualified zone academy bonds are made annually to a sinking fund and will be used to retire the debt in 2018. The total held in the sinking fund as of December 31, 2016 is \$1,980,710.

The City of Dalton Building Authority issued revenue bonds during 2015 to finance SPLOST projects within Whitfield County. Based on an intergovernmental agreement, the City is responsible for repayment of \$8,505,956 and Whitfield County is responsible for repayment of \$18,434,044, as disclosed in Note 3-I. The amount of the bonds outstanding as of December 31, 2016 is \$20,347,000. Prepayments of 2016 principal amounts due have been made to sinking funds. Those prepayments total \$2,548,933 as of December 31, 2016.

4-G Tax Abatements

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

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

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

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

Five tax abatement agreements are outstanding as of December 31, 2016. Reductions in tax revenues attributable to local governments are as follows:

Government Entity	2016 Tax Reduction
City of Dalton, Georgia	\$ 89,742
Whitfield County, Georgia	1,100,573
City of Dalton Board of Education	293,650
Whitfield County Board of Education	1,563,326

PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

City of Dalton, Georgia
Required Supplementary Information
Schedule of Changes in the Net Pension Liability
December 31, 2016

	<u>2015</u>	<u>2016</u>
Total pension liability:		
Service cost	\$ 1,743,901	\$ 1,652,021
Expected interest growth	8,238,500	8,495,017
Demographic experience	(1,273,686)	216,267
Benefit payments and refunds	(6,513,889)	(6,904,562)
Assumption changes	<u>1,890,054</u>	<u>-</u>
Net change in total pension liability	4,084,880	3,458,743
Total pension liability - beginning (a)	<u>122,337,634</u>	<u>126,422,514</u>
Total pension liability - ending (c)	<u>\$ 126,422,514</u>	<u>\$ 129,881,257</u>
Plan fiduciary net position:		
Employer contributions	\$ 7,099,703	\$ 6,841,734
Employee contributions	784,871	769,249
Benefit payments and refunds	(6,513,878)	(6,904,591)
Administrative expenses	(59,791)	(42,900)
Expected interest growth	5,718,288	5,800,923
Unexpected investment income	<u>(5,527,933)</u>	<u>814,584</u>
Net change in plan fiduciary net position	1,501,260	7,278,999
Plan fiduciary net position - beginning (b)	<u>83,354,643</u>	<u>84,855,903</u>
Plan fiduciary net position - ending (d)	<u>\$ 84,855,903</u>	<u>\$ 92,134,902</u>
Net pension liability - beginning (a) - (b)	<u>\$ 38,982,991</u>	<u>\$ 41,566,611</u>
Net pension liability - ending (c) - (d)	<u>\$ 41,566,611</u>	<u>\$ 37,746,355</u>
Pension Plan's fiduciary net position as a percentage of total pension liability	67%	71%
Covered employee payroll	\$ 16,758,095	\$ 15,756,935
Net pension liability as a percentage of covered employee payroll	248%	240%

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

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

City of Dalton, Georgia
Required Supplementary Information
Schedule of Funding Progress
December 31, 2016

Measurement Date	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Funded Percentage	Covered Payroll	Net Pension Liability as a % of Covered Payroll
01/01/2008	\$ 80,326,128	\$ 61,278,178	\$ 19,047,950	76%	\$ 24,817,638	77%
01/01/2009	74,982,215	50,049,875	24,932,340	67%	23,258,581	107%
01/01/2010	90,051,325	55,261,296	34,790,029	61%	21,418,412	162%
01/01/2011	94,177,910	60,426,552	33,751,358	64%	21,461,361	157%
01/01/2012	96,181,160	61,883,573	34,297,587	64%	19,632,308	175%
01/01/2013	103,250,126	66,758,929	36,491,197	65%	17,874,717	204%
12/31/2013	118,614,630	75,640,022	42,974,608	64%	17,324,713	248%
12/31/2014	122,337,631	83,354,743	38,982,888	68%	17,324,713	225%
12/31/2015	126,422,514	84,855,903	41,566,611	67%	16,758,095	248%
12/31/2016	129,881,257	92,134,902	37,746,355	71%	15,756,935	240%

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
December 31, 2016

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
12/31/2007	\$ 2,717,142	\$ 2,717,142	\$ -	Not available	Not available
12/31/2008	2,624,838	2,624,838	-	24,817,638	11%
12/31/2009	3,214,925	3,214,925	-	23,258,581	14%
12/31/2010	3,657,993	3,657,993	-	21,418,412	17%
12/31/2011	3,977,435	3,977,435	-	21,461,361	19%
12/31/2012	4,220,538	4,220,538	-	19,632,308	21%
12/31/2013	4,374,373	4,374,373	-	17,874,717	24%
12/31/2014	6,789,929	6,789,929	-	17,324,713	39%
12/31/2015	7,099,703	7,099,703	-	16,758,095	42%
12/31/2016	6,657,107	6,841,734	(184,627)	15,756,935	43%

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
December 31, 2016

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

December 31, 2016	7.74%
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Notes to the Required Supplementary Information:

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

Employers reporting date:	December 31, 2016
Measurement date:	December 31, 2016
Actuarial valuation date:	January 1, 2016
Actuarial cost method:	Entry age normal cost method
Amortization method:	The unfunded actuarial accrued liability is amortized over a 10 year period with level dollar payments.
Asset method:	The actuarial value of assets is equal to the market value of assets.
Interest (discount) rate:	6.81% per annum
Salary increases:	Pension Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual Pension Plan compensation is known for a prior Pension Plan year.

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

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

COMBINING FINANCIAL STATEMENTS **NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

City of Dalton, Georgia
Combining Balance Sheet - By Fund Type
Nonmajor Governmental Funds
December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 86,681	\$ 50,723	\$ 3,308,948	\$ 3,446,352
Receivables:				
Accounts	116,283	-	-	116,283
Taxes	568	-	-	568
Intergovernmental - federal	292,942	-	-	292,942
Intergovernmental - state	7,719	-	-	7,719
Intergovernmental - local	-	120,668	5,979,538	6,100,206
Interfund	9,064	-	160,949	170,013
Total Assets	\$ 513,257	\$ 171,391	\$ 9,449,435	\$ 10,134,083
Liabilities				
Accounts payable	\$ 132,955	\$ -	\$ 362,553	\$ 495,508
Accrued interest payable	-	120,668	-	120,668
Interfund payable	285,890	-	976,313	1,262,203
Unearned revenue	-	50,554	-	50,554
Total Liabilities	418,845	171,222	1,338,866	1,928,933
Deferred Inflows of Resources				
Unavailable revenue - property taxes	426	-	-	426
Fund Balances				
Restricted for:				
General government	9,066	-	-	9,066
Public safety	84,918	-	-	84,918
Housing and development	2	-	-	2
Debt service	-	169	-	169
Capital projects	-	-	8,110,569	8,110,569
Total Fund Balances	93,986	169	8,110,569	8,204,724
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 513,257	\$ 171,391	\$ 9,449,435	\$ 10,134,083

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, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Real and personal property taxes	\$ 9,066	\$ -	\$ -	\$ 9,066
Hotel/motel tax	1,410,761	-	-	1,410,761
Intergovernmental - federal	1,087,146	-	-	1,087,146
Intergovernmental - state	17,444	-	-	17,444
Intergovernmental - local	-	53,000	10,114,418	10,167,418
Fines and forfeitures	45,837	-	-	45,837
Investment earnings	354	105,673	28,282	134,309
Miscellaneous	17,427	-	-	17,427
Total Revenues	<u>2,588,035</u>	<u>158,673</u>	<u>10,142,700</u>	<u>12,889,408</u>
Expenditures				
Current:				
General government	147,328	-	15,321	162,649
Public safety	56,063	-	115,804	171,867
Public works	-	-	789,655	789,655
Health and welfare	39,085	-	-	39,085
Culture and recreation	608,266	-	231,449	839,715
Housing and development	113,763	-	-	113,763
Capital Outlay				
General government	342,493	-	1,500,299	1,842,792
Public safety	8,168	-	814,472	822,640
Public works	-	-	4,004,369	4,004,369
Culture and recreation	481,763	-	2,237,881	2,719,644
Debt Service:				
Principal retirement	-	522,704	2,081,410	2,604,114
Interest and fiscal charges	-	257,013	115,825	372,838
Total Expenditures	<u>1,796,929</u>	<u>779,717</u>	<u>11,906,485</u>	<u>14,483,131</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>791,106</u>	<u>(621,044)</u>	<u>(1,763,785)</u>	<u>(1,593,723)</u>
Other Financing Sources (Uses)				
Transfers in	47,899	620,720	1,976,511	2,645,130
Transfers out	(821,137)	-	-	(821,137)
Total Other Financing Sources (Uses)	<u>(773,238)</u>	<u>620,720</u>	<u>1,976,511</u>	<u>1,823,993</u>
Net Change in Fund Balances	17,868	(324)	212,726	230,270
Fund Balances Beginning of Year	<u>76,118</u>	<u>493</u>	<u>7,897,843</u>	<u>7,974,454</u>
Fund Balances End of Year	<u>\$ 93,986</u>	<u>\$ 169</u>	<u>\$ 8,110,569</u>	<u>\$ 8,204,724</u>

GENERAL FUND

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

City of Dalton, Georgia
General Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 17,939,475	\$ 20,058,350
Investments	1,156,275	458,911
Receivables:		
Accounts	1,329,212	1,407,677
Taxes	973,117	981,203
Intergovernmental - federal	1,724	-
Intergovernmental - state	574	-
Intergovernmental - local	229,883	207,132
Interfund	1,453,783	505,123
Inventory	207,651	155,735
Prepaid items	41,411	121
Total Assets	<u>\$ 23,333,105</u>	<u>\$ 23,774,252</u>
Liabilities		
Accounts payable	371,400	347,543
Accrued expenditures	563,441	549,742
Unearned revenue	119,695	129,045
Interfund payable	256,772	202,344
Total Liabilities	<u>1,311,308</u>	<u>1,228,674</u>
Deferred Inflows of Resources		
Unavailable revenue - property taxes	<u>760,281</u>	<u>714,264</u>
Fund Balances		
Nonspendable:		
Inventory	207,651	155,735
Prepaid items	41,411	121
Restricted:		
Public works (cemetery chapel renovation)	89,974	91,029
Culture and recreation (Mill Creek Park)	-	5,000
Culture and recreation (greenway project)	10,000	-
Unrestricted:		
Committed:		
Public works (paving contract)	-	108,436
Assigned:		
Culture and recreation (Lakeshore project)	-	203,690
Grant funds (transportation enhancement and airport grants)	-	55,000
Unassigned	20,912,480	21,212,303
Total Fund Balances	<u>21,261,516</u>	<u>21,831,314</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,333,105</u>	<u>\$ 23,774,252</u>

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Taxes:					
Real and personal property taxes	\$ 7,960,600	\$ 7,960,600	\$ 8,142,248	\$ 181,648	\$ 8,424,264
Vehicle tax	172,000	171,355	155,598	(15,757)	198,387
Title ad valorem tax	1,220,000	1,111,000	937,747	(173,253)	1,051,533
Sales tax	5,555,000	5,032,360	4,859,185	(173,175)	5,409,374
Insurance premium tax	1,907,000	2,066,000	2,066,095	95	1,907,409
Recording intangibles	50,000	50,000	43,826	(6,174)	62,132
Franchise tax	524,000	524,000	523,655	(345)	521,624
Real estate transfer tax	17,000	17,000	15,894	(1,106)	21,036
Beer tax	525,000	525,000	549,301	24,301	532,655
Wine tax	72,000	72,000	75,372	3,372	75,415
Liquor tax	80,000	80,000	86,687	6,687	88,446
Mixed drink tax	64,000	64,000	65,405	1,405	64,981
Total taxes	18,146,600	17,673,315	17,521,013	(152,302)	18,357,256
Licenses and permits:					
Alcohol beverage licenses	235,000	235,000	233,208	(1,792)	239,083
Occupation tax	715,000	715,000	734,465	19,465	717,620
Other permits	-	2,000	2,000	-	400
Total licenses and permits	950,000	952,000	969,673	17,673	957,103
Intergovernmental:					
Whitfield County	181,500	181,500	180,110	(1,390)	159,427
Housing Authority	48,700	48,700	48,712	12	48,712
Payments in lieu of taxes	-	60,000	63,438	3,438	4,995
Federal grants and contracts	7,300	7,300	8,927	1,627	14,492
State grants and contracts	271,900	271,900	274,734	2,834	272,064
Total intergovernmental	509,400	569,400	575,921	6,521	499,690
Charges for services:					
Senior center	65,000	54,530	50,800	(3,730)	47,783
Program admission and fees	155,900	156,000	123,918	(32,082)	117,421
Concession revenue	289,300	289,300	270,716	(18,584)	253,213
Garbage and recycling revenue	3,200	7,200	6,569	(631)	4,335
Public works fees	64,000	64,000	77,495	13,495	77,475
Municipal court fees	580,700	580,700	803,218	222,518	689,686
Public safety fees	31,000	31,200	36,765	5,565	34,712
Cemetery fees	35,000	35,000	39,610	4,610	52,574
Total charges for services	1,224,100	1,217,930	1,409,091	191,161	1,277,199
Fines and forfeitures	350,200	350,200	410,826	60,626	374,274
Investment earnings	115,050	105,095	90,200	(14,895)	109,390

(Continued)

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Miscellaneous:					
Penalties, fines, and interest	74,000	77,800	101,549	23,749	122,922
Rental income	254,100	254,115	235,717	(18,398)	228,001
Donations	15,800	37,495	50,252	12,757	20,891
Sale of property	-	30,270	152,401	122,131	11,116
Reimbursements	135,000	179,380	187,576	8,196	140,619
Miscellaneous	77,500	77,500	70,777	(6,723)	66,300
Total miscellaneous	<u>556,400</u>	<u>656,560</u>	<u>798,272</u>	<u>141,712</u>	<u>589,849</u>
 Total revenues	 <u>\$ 21,851,750</u>	 <u>\$ 21,524,500</u>	 <u>\$ 21,774,996</u>	 <u>\$ 250,496</u>	 <u>\$ 22,164,761</u>

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Current:					
General Government:					
Legislative					
Personal services and benefits	\$ 82,190	\$ 74,810	\$ 63,802	\$ 11,008	\$ 72,092
Other	<u>79,655</u>	<u>87,035</u>	<u>82,464</u>	<u>4,571</u>	<u>77,324</u>
Total	<u>161,845</u>	<u>161,845</u>	<u>146,266</u>	<u>15,579</u>	<u>149,416</u>
Administrative					
Personal services and benefits	185,445	188,340	187,261	1,079	171,169
Other	<u>297,165</u>	<u>355,030</u>	<u>329,181</u>	<u>25,849</u>	<u>219,826</u>
Total	<u>482,610</u>	<u>543,370</u>	<u>516,442</u>	<u>26,928</u>	<u>390,995</u>
City Clerk					
Personal services and benefits	234,880	239,435	239,468	(33)	221,673
Other	<u>41,500</u>	<u>37,380</u>	<u>37,344</u>	<u>36</u>	<u>38,785</u>
Total	<u>276,380</u>	<u>276,815</u>	<u>276,812</u>	<u>3</u>	<u>260,458</u>
Elections					
Other	-	-	-	-	6,450
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,450</u>
Finance					
Personal services and benefits	339,305	338,905	320,723	18,182	308,223
Other	<u>307,265</u>	<u>307,665</u>	<u>291,323</u>	<u>16,342</u>	<u>294,270</u>
Total	<u>646,570</u>	<u>646,570</u>	<u>612,046</u>	<u>34,524</u>	<u>602,493</u>
Human Resources					
Personal services and benefits	288,470	288,525	286,157	2,368	267,164
Other	<u>66,050</u>	<u>73,495</u>	<u>61,983</u>	<u>11,512</u>	<u>58,567</u>
Total	<u>354,520</u>	<u>362,020</u>	<u>348,140</u>	<u>13,880</u>	<u>325,731</u>
Technology					
Personal services and benefits	135,235	136,025	134,781	1,244	136,278
Other	<u>217,950</u>	<u>217,160</u>	<u>149,002</u>	<u>68,158</u>	<u>170,457</u>
Capital outlay	<u>-</u>	<u>960</u>	<u>20,443</u>	<u>(19,483)</u>	<u>-</u>
Total	<u>353,185</u>	<u>354,145</u>	<u>304,226</u>	<u>49,919</u>	<u>306,735</u>
Buildings and Grounds					
Other	213,250	250,200	250,056	144	213,279
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,207</u>
Total	<u>213,250</u>	<u>250,200</u>	<u>250,056</u>	<u>144</u>	<u>312,486</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Infrastructure					
Other	-	-	-	-	11,867
Capital outlay	-	-	-	-	44,237
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,104</u>
Total General Government	<u>2,488,360</u>	<u>2,594,965</u>	<u>2,453,988</u>	<u>140,977</u>	<u>2,410,868</u>
Judicial:					
Municipal Court					
Personal services and benefits	249,195	252,615	240,406	12,209	229,902
Other	225,720	222,300	193,330	28,970	196,291
Total	<u>474,915</u>	<u>474,915</u>	<u>433,736</u>	<u>41,179</u>	<u>426,193</u>
Total Judicial	<u>474,915</u>	<u>474,915</u>	<u>433,736</u>	<u>41,179</u>	<u>426,193</u>
Public Safety:					
Fire Department					
Personal services and benefits	7,510,265	7,449,205	7,333,406	115,799	6,959,349
Other	877,920	917,535	839,290	78,245	860,396
Capital outlay	-	40,105	40,096	9	19,675
Total	<u>8,388,185</u>	<u>8,406,845</u>	<u>8,212,792</u>	<u>194,053</u>	<u>7,839,420</u>
Police Department					
Personal services and benefits	6,626,100	6,631,815	6,375,549	256,266	6,328,908
Other	1,213,185	1,152,070	1,094,708	57,362	1,057,860
Capital outlay	-	55,400	55,396	4	12,120
Total	<u>7,839,285</u>	<u>7,839,285</u>	<u>7,525,653</u>	<u>313,632</u>	<u>7,398,888</u>
Total Public Safety	<u>16,227,470</u>	<u>16,246,130</u>	<u>15,738,445</u>	<u>507,685</u>	<u>15,238,308</u>
Public Works:					
Public Works					
Personal services and benefits	4,581,970	4,519,980	4,293,122	226,858	4,227,363
Other	2,617,335	2,679,325	2,384,612	294,713	2,543,314
Capital outlay	11,000	11,000	10,618	382	8,669
Total	<u>7,210,305</u>	<u>7,210,305</u>	<u>6,688,352</u>	<u>521,953</u>	<u>6,779,346</u>
Infrastructure					
Other	281,975	458,200	390,123	68,077	842,018
Capital outlay	-	55,000	53,253	1,747	53,370
Total	<u>281,975</u>	<u>513,200</u>	<u>443,376</u>	<u>69,824</u>	<u>895,388</u>
Total Public Works	<u>7,492,280</u>	<u>7,723,505</u>	<u>7,131,728</u>	<u>591,777</u>	<u>7,674,734</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Health and Welfare:					
Senior Center					
Personal services and benefits	261,785	259,435	250,981	8,454	258,975
Other	146,365	159,885	150,510	9,375	121,559
Capital outlay	<u>23,000</u>	<u>11,175</u>	<u>-</u>	<u>11,175</u>	<u>-</u>
Total	<u>431,150</u>	<u>430,495</u>	<u>401,491</u>	<u>29,004</u>	<u>380,534</u>
Special Projects					
Other	<u>990</u>	<u>990</u>	<u>984</u>	<u>6</u>	<u>50,208</u>
Total	<u>990</u>	<u>990</u>	<u>984</u>	<u>6</u>	<u>50,208</u>
Total Health and Welfare	<u>432,140</u>	<u>431,485</u>	<u>402,475</u>	<u>29,010</u>	<u>430,742</u>
Culture and Recreation:					
Recreation Department					
Personal services and benefits	2,074,145	2,091,890	1,933,445	158,445	1,841,461
Other	1,324,485	1,317,240	1,217,301	99,939	1,148,372
Capital outlay	<u>35,000</u>	<u>24,500</u>	<u>-</u>	<u>24,500</u>	<u>-</u>
Total	<u>3,433,630</u>	<u>3,433,630</u>	<u>3,150,746</u>	<u>282,884</u>	<u>2,989,833</u>
Special Projects					
Other	<u>281,810</u>	<u>281,810</u>	<u>281,810</u>	<u>-</u>	<u>281,810</u>
Total	<u>281,810</u>	<u>281,810</u>	<u>281,810</u>	<u>-</u>	<u>281,810</u>
Infrastructure					
Capital outlay	<u>-</u>	<u>185,000</u>	<u>183,436</u>	<u>1,564</u>	<u>76,280</u>
Total	<u>-</u>	<u>185,000</u>	<u>183,436</u>	<u>1,564</u>	<u>76,280</u>
Total Culture and Recreation	<u>3,715,440</u>	<u>3,900,440</u>	<u>3,615,992</u>	<u>284,448</u>	<u>3,347,923</u>
Housing and Development:					
Special Projects					
Other	<u>311,750</u>	<u>311,750</u>	<u>311,750</u>	<u>-</u>	<u>322,000</u>
Total	<u>311,750</u>	<u>311,750</u>	<u>311,750</u>	<u>-</u>	<u>322,000</u>
Total Housing and Development	<u>311,750</u>	<u>311,750</u>	<u>311,750</u>	<u>-</u>	<u>322,000</u>
Total expenditures	<u>\$ 31,142,355</u>	<u>\$ 31,683,190</u>	<u>\$ 30,088,114</u>	<u>\$ 1,595,076</u>	<u>\$ 29,850,768</u>

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Police Department					
Administration					
Personal services and benefits	\$ 592,130	\$ 629,130	\$ 623,583	5,547	\$ 636,754
Other	408,580	393,670	379,339	14,331	383,706
Total	<u>1,000,710</u>	<u>1,022,800</u>	<u>1,002,922</u>	<u>19,878</u>	<u>1,020,460</u>
Patrol					
Personal services and benefits	4,030,000	3,971,200	3,773,843	197,357	3,807,342
Other	456,055	396,065	380,629	15,436	378,436
Capital outlay	-	-	-	-	6,525
Total	<u>4,486,055</u>	<u>4,367,265</u>	<u>4,154,472</u>	<u>212,793</u>	<u>4,192,303</u>
Criminal Investigation Division					
Personal services and benefits	1,156,675	1,173,675	1,145,013	28,662	1,082,188
Other	120,820	118,620	98,123	20,497	104,801
Capital outlay	-	-	-	-	5,595
Total	<u>1,277,495</u>	<u>1,292,295</u>	<u>1,243,136</u>	<u>49,159</u>	<u>1,192,584</u>
Support Services					
Personal services and benefits	847,295	857,810	833,110	24,700	802,624
Other	227,730	243,715	236,617	7,098	190,917
Capital outlay	-	55,400	55,396	4	-
Total	<u>1,075,025</u>	<u>1,156,925</u>	<u>1,125,123</u>	<u>31,802</u>	<u>993,541</u>
Total Police Department	<u>\$ 7,839,285</u>	<u>\$ 7,839,285</u>	<u>\$ 7,525,653</u>	<u>\$ 313,632</u>	<u>\$ 7,398,888</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Public Works Department					
Administration					
Personal services and benefits	\$ 596,215	\$ 531,920	\$ 504,516	\$ 27,404	\$ 442,084
Other	<u>690,240</u>	<u>688,815</u>	<u>576,447</u>	<u>112,368</u>	<u>666,119</u>
Total	<u>1,286,455</u>	<u>1,220,735</u>	<u>1,080,963</u>	<u>139,772</u>	<u>1,108,203</u>
Street					
Personal services and benefits	813,940	772,020	702,831	69,189	766,995
Other	<u>221,960</u>	<u>209,075</u>	<u>197,772</u>	<u>11,303</u>	<u>217,489</u>
Total	<u>1,035,900</u>	<u>981,095</u>	<u>900,603</u>	<u>80,492</u>	<u>984,484</u>
Sanitation					
Personal services and benefits	1,626,850	1,650,810	1,592,990	57,820	1,585,605
Other	<u>336,500</u>	<u>367,500</u>	<u>365,147</u>	<u>2,353</u>	<u>349,630</u>
Total	<u>1,963,350</u>	<u>2,018,310</u>	<u>1,958,137</u>	<u>60,173</u>	<u>1,935,235</u>
Shop					
Personal services and benefits	514,825	518,070	510,029	8,041	485,491
Other	<u>730,810</u>	<u>821,710</u>	<u>672,499</u>	<u>149,211</u>	<u>714,249</u>
Total	<u>1,245,635</u>	<u>1,339,780</u>	<u>1,182,528</u>	<u>157,252</u>	<u>1,199,740</u>
Traffic engineer					
Personal services and benefits	430,210	438,310	409,396	28,914	400,317
Other	<u>94,880</u>	<u>97,680</u>	<u>97,359</u>	<u>321</u>	<u>100,733</u>
Total	<u>525,090</u>	<u>535,990</u>	<u>506,755</u>	<u>29,235</u>	<u>501,050</u>
Landscaping					
Personal services and benefits	332,360	340,915	313,938	26,977	315,646
Other	261,010	236,010	217,200	18,810	217,785
Capital outlay	<u>11,000</u>	<u>11,000</u>	<u>10,618</u>	<u>382</u>	<u>-</u>
Total	<u>604,370</u>	<u>587,925</u>	<u>541,756</u>	<u>46,169</u>	<u>533,431</u>
Stormwater					
Personal services and benefits	267,570	267,935	259,422	8,513	231,225
Other	281,935	258,535	258,188	347	277,309
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,669</u>
Total	<u>549,505</u>	<u>526,470</u>	<u>517,610</u>	<u>8,860</u>	<u>517,203</u>
Total Public Works	<u>\$ 7,210,305</u>	<u>\$ 7,210,305</u>	<u>\$ 6,688,352</u>	<u>\$ 521,953</u>	<u>\$ 6,779,346</u>

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Recreation Department					
Administration					
Personal services and benefits	\$ 859,100	\$ 859,100	\$ 825,950	\$ 33,150	\$ 763,241
Other	<u>147,965</u>	<u>150,465</u>	<u>145,272</u>	<u>5,193</u>	<u>138,742</u>
Total	<u>1,007,065</u>	<u>1,009,565</u>	<u>971,222</u>	<u>38,343</u>	<u>901,983</u>
Programs					
Personal services and benefits	361,530	379,275	352,810	26,465	295,489
Other	<u>473,485</u>	<u>455,740</u>	<u>375,188</u>	<u>80,552</u>	<u>386,400</u>
Total	<u>835,015</u>	<u>835,015</u>	<u>727,998</u>	<u>107,017</u>	<u>681,889</u>
Parks					
Personal services and benefits	853,515	853,515	754,685	98,830	782,731
Other	703,035	711,035	696,841	14,194	623,230
Capital outlay	<u>35,000</u>	<u>24,500</u>	<u>-</u>	<u>24,500</u>	<u>-</u>
Total	<u>1,591,550</u>	<u>1,589,050</u>	<u>1,451,526</u>	<u>137,524</u>	<u>1,405,961</u>
Total Recreation Department	<u>\$ 3,433,630</u>	<u>\$ 3,433,630</u>	<u>\$ 3,150,746</u>	<u>\$ 282,884</u>	<u>\$ 2,989,833</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

Transportation Enhancement Grant – Established to account for grant proceeds from the Georgia Department of Transportation for a multi-phase greenway and street project connecting cultural and recreational amenities.

Tax Allocation District – Established to account for property tax collections derived from the City tax allocation districts for the purpose of stimulating private redevelopment within these areas.

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	<u>Hotel Motel Tax</u>	<u>Confiscated Assets</u>	<u>Community Development Block Grant</u>	<u>Community HOME Invest. Program Grant</u>	<u>Airport Improvement Grant</u>	<u>Transportation Enhancement Grant</u>	<u>Tax Allocation District</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets								
Cash and cash equivalents	\$ -	\$ 86,679	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ 86,681
Receivables:								
Accounts	116,283	-	-	-	-	-	-	116,283
Taxes	-	-	-	-	-	-	568	568
Intergovernmental - federal	-	-	81,257	-	138,952	72,733	-	292,942
Intergovernmental - state	-	-	-	-	7,719	-	-	7,719
Interfund	-	-	-	-	-	-	9,064	9,064
Total Assets	<u>\$ 116,283</u>	<u>\$ 86,679</u>	<u>\$ 81,258</u>	<u>\$ 1</u>	<u>\$ 146,671</u>	<u>\$ 72,733</u>	<u>\$ 9,632</u>	<u>\$ 513,257</u>
Liabilities								
Accounts payable	\$ 21,892	\$ 1,761	\$ 76,529	\$ -	\$ 32,633	\$ -	\$ 140	\$ 132,955
Interfund payable	94,391	-	4,728	-	114,038	72,733	-	285,890
Total Liabilities	<u>116,283</u>	<u>1,761</u>	<u>81,257</u>	<u>-</u>	<u>146,671</u>	<u>72,733</u>	<u>140</u>	<u>418,845</u>
Deferred Inflows of Resources								
Unavailable revenue - property taxes	-	-	-	-	-	-	426	426
Fund Balances								
Restricted for:								
General government	-	-	-	-	-	-	9,066	9,066
Public safety	-	84,918	-	-	-	-	-	84,918
Housing and development	-	-	1	1	-	-	-	2
Total Fund Balances	<u>-</u>	<u>84,918</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>9,066</u>	<u>93,986</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 116,283</u>	<u>\$ 86,679</u>	<u>\$ 81,258</u>	<u>\$ 1</u>	<u>\$ 146,671</u>	<u>\$ 72,733</u>	<u>\$ 9,632</u>	<u>\$ 513,257</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, 2016

	<u>Hotel Motel Tax</u>	<u>Confiscated Assets</u>	<u>Community Development Block Grant</u>	<u>Community HOME Invest. Program Grant</u>	<u>Airport Improvement Grant</u>	<u>Transportation Enhancement Grant</u>	<u>Tax Allocation District</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues								
Real and personal property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,066	\$ 9,066
Hotel/motel taxes	1,410,761	-	-	-	-	-	-	1,410,761
Intergovernmental - federal	-	24,277	245,733	-	335,775	481,361	-	1,087,146
Intergovernmental - state	-	-	-	-	17,444	-	-	17,444
Fines & forfeitures	-	45,837	-	-	-	-	-	45,837
Investment earnings	-	354	-	-	-	-	-	354
Miscellaneous	14,862	2,565	-	-	-	-	-	17,427
Total Revenues	<u>1,425,623</u>	<u>73,033</u>	<u>245,733</u>	<u>-</u>	<u>353,219</u>	<u>481,361</u>	<u>9,066</u>	<u>2,588,035</u>
Expenditures								
Current:								
General government	-	-	93,035	-	40,160	-	14,133	147,328
Public safety	-	56,063	-	-	-	-	-	56,063
Health and welfare	-	-	39,085	-	-	-	-	39,085
Culture and recreation	604,486	-	-	-	-	3,780	-	608,266
Housing and development	-	-	113,613	150	-	-	-	113,763
Total Current	<u>604,486</u>	<u>56,063</u>	<u>245,733</u>	<u>150</u>	<u>40,160</u>	<u>3,780</u>	<u>14,133</u>	<u>964,505</u>
Capital Outlay:								
General government	-	-	-	-	342,493	-	-	342,493
Public safety	-	8,168	-	-	-	-	-	8,168
Culture and recreation	-	-	-	-	-	481,763	-	481,763
Total Capital Outlay	<u>-</u>	<u>8,168</u>	<u>-</u>	<u>-</u>	<u>342,493</u>	<u>481,763</u>	<u>-</u>	<u>832,424</u>
Total Expenditures	<u>604,486</u>	<u>64,231</u>	<u>245,733</u>	<u>150</u>	<u>382,653</u>	<u>485,543</u>	<u>14,133</u>	<u>1,796,929</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	821,137	8,802	-	(150)	(29,434)	(4,182)	(5,067)	791,106
Other Financing Sources (Uses)								
Transfers in (out)	(821,137)	-	-	150	29,434	4,182	14,133	(773,238)
Net Change in Fund Balances	-	8,802	-	-	-	-	9,066	17,868
Fund Balances Beginning of Year	-	76,116	1	1	-	-	-	76,118
Fund Balances End of Year	<u>\$ -</u>	<u>\$ 84,918</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,066</u>	<u>\$ 93,986</u>

City of Dalton, Georgia
Hotel/Motel Tax Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Accounts receivable	\$ 116,283	\$ 97,167
Total Assets	<u>\$ 116,283</u>	<u>\$ 97,167</u>
Liabilities		
Accounts payable	\$ 21,892	\$ 20,184
Interfund payable	94,391	76,983
Total Liabilities	<u>\$ 116,283</u>	<u>\$ 97,167</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, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Hotel/motel taxes	\$ 1,300,000	\$ 1,425,635	\$ 1,410,761	\$ (14,874)	\$ 1,364,880
Miscellaneous	-	-	14,862	14,862	1,205
Total Revenues	<u>1,300,000</u>	<u>1,425,635</u>	<u>1,425,623</u>	<u>(12)</u>	<u>1,366,085</u>
Expenditures					
Current:					
Culture and recreation:					
Other	688,500	604,495	604,486	9	420,455
Capital Outlay:					
Culture and recreation:					
Capital outlay	-	-	-	-	58,966
Total Expenditures	<u>688,500</u>	<u>604,495</u>	<u>604,486</u>	<u>9</u>	<u>479,421</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	611,500	821,140	821,137	(3)	886,664
Other Financing (Uses)					
Transfers out	<u>(611,500)</u>	<u>(821,140)</u>	<u>(821,137)</u>	<u>3</u>	<u>(886,664)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			<u>\$ -</u>		<u>\$ -</u>

City of Dalton, Georgia
Confiscated Assets Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 86,679	\$ 95,919
Total Assets	<u>\$ 86,679</u>	<u>\$ 95,919</u>
Liabilities		
Accounts payable	\$ 1,761	\$ 725
Interfund payable	-	19,078
Total Liabilities	<u>1,761</u>	<u>19,803</u>
Fund Balances		
Restricted - public safety	84,918	76,116
Total Fund Balances	<u>84,918</u>	<u>76,116</u>
Total Liabilities and Fund Balances	<u>\$ 86,679</u>	<u>\$ 95,919</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, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	\$ 60,000	\$ 60,000	\$ 24,277	\$ (35,723)	\$ 20,123
Fines & forfeitures	25,000	25,000	45,837	20,837	31,292
Investment earnings	210	210	354	144	190
Miscellaneous	-	-	2,565	2,565	-
Total Revenues	<u>85,210</u>	<u>85,210</u>	<u>73,033</u>	<u>(12,177)</u>	<u>51,605</u>
Expenditures					
Current:					
Public Safety:					
Other	65,450	83,750	56,063	27,687	54,159
Capital Outlay:					
Public Safety:					
Capital outlay	15,000	15,700	8,168	7,532	-
Total Expenditures	<u>80,450</u>	<u>99,450</u>	<u>64,231</u>	<u>35,219</u>	<u>54,159</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 4,760</u>	<u>\$ (14,240)</u>	8,802	<u>\$ 23,042</u>	(2,554)
Fund Balances Beginning of Year			<u>76,116</u>		<u>78,670</u>
Fund Balances End of Year			<u>\$ 84,918</u>		<u>\$ 76,116</u>

City of Dalton, Georgia
Community Development Block Grant Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 1	\$ 1
Intergovernmental receivable - federal	81,257	45,753
Total Assets	<u>\$ 81,258</u>	<u>\$ 45,754</u>
Liabilities		
Accounts payable	\$ 76,529	\$ 31,713
Interfund payable	4,728	14,040
Total Liabilities	<u>81,257</u>	<u>45,753</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>\$ 81,258</u>	<u>\$ 45,754</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, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	<u>2016</u>				<u>2015</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Revenues					
Intergovernmental - federal	\$ 388,000	\$ 387,612	\$ 245,733	\$ (141,879)	\$ 522,217
Total Revenues	<u>388,000</u>	<u>387,612</u>	<u>245,733</u>	<u>(141,879)</u>	<u>522,217</u>
Expenditures					
Current:					
General Government:					
Other	77,600	95,129	93,035	2,094	87,601
Health and Welfare:					
Other	58,200	36,655	39,085	(2,430)	76,747
Culture and Recreation:					
Other	-	142,215	-	142,215	-
Housing and Development:					
Other	252,200	113,613	113,613	-	124,356
Capital outlay:					
Culture and Recreation:					
Capital outlay	-	-	-	-	233,513
Total Expenditures	<u>388,000</u>	<u>387,612</u>	<u>245,733</u>	<u>141,879</u>	<u>522,217</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balances Beginning of Year			<u>1</u>		<u>1</u>
Fund Balances End of Year			<u>\$ 1</u>		<u>\$ 1</u>

City of Dalton, Georgia
Community HOME Investment Program Grant
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 1	\$ 1
Total Assets	<u>\$ 1</u>	<u>\$ 1</u>
Fund Balances		
Restricted - housing and development	\$ 1	\$ 1
Total Fund Balances	<u>\$ 1</u>	<u>\$ 1</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CHIP Grant
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	<u>2016</u>				<u>2015</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Revenues					
Intergovernmental - federal	\$ 304,980	\$ 304,980	\$ -	\$ (304,980)	\$ -
Total Revenues	<u>304,980</u>	<u>304,980</u>	<u>-</u>	<u>(304,980)</u>	<u>-</u>
Expenditures					
Current:					
Housing and Development:					
Other	309,980	309,980	150	309,830	1,809
Total Expenditures	<u>309,980</u>	<u>309,980</u>	<u>150</u>	<u>309,830</u>	<u>1,809</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(5,000)	(150)	4,850	(1,809)
Other Financing Sources					
Transfers in	5,000	5,000	150	(4,850)	1,809
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balances Beginning of Year			<u>1</u>		<u>1</u>
Fund Balances End of Year			<u>\$ 1</u>		<u>\$ 1</u>

City of Dalton, Georgia
Airport Improvement Grant Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Receivables:		
Intergovernmental - federal	\$ 138,952	\$ 213,369
Intergovernmental - state	<u>7,719</u>	<u>9,683</u>
Total Assets	<u>\$ 146,671</u>	<u>\$ 223,052</u>
Liabilities		
Accounts payable	\$ 32,633	\$ -
Interfund payable	<u>114,038</u>	<u>223,052</u>
Total Liabilities	<u>\$ 146,671</u>	<u>\$ 223,052</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, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	\$ 270,000	\$ 345,895	\$ 335,775	\$ (10,120)	\$ 844,601
Intergovernmental - state	<u>15,000</u>	<u>18,005</u>	<u>17,444</u>	<u>(561)</u>	<u>33,753</u>
Total Revenues	<u>285,000</u>	<u>363,900</u>	<u>353,219</u>	<u>(10,681)</u>	<u>878,354</u>
Expenditures					
Current:					
General Government:					
Other	45,000	45,000	40,160	4,840	3,057
Capital outlay:					
General Government:					
Capital outlay	<u>255,000</u>	<u>349,950</u>	<u>342,493</u>	<u>7,457</u>	<u>894,092</u>
Total Expenditures	<u>300,000</u>	<u>394,950</u>	<u>382,653</u>	<u>12,297</u>	<u>897,149</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(31,050)	(29,434)	1,616	(18,795)
Other Financing Sources					
Transfers in	<u>15,000</u>	<u>31,050</u>	<u>29,434</u>	<u>(1,616)</u>	<u>18,795</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			<u>\$ -</u>		<u>\$ -</u>

City of Dalton, Georgia
Transportation Enhancement Grant
Comparative Balance Sheet
December 31, 2016 and 2015

	2016	2015
Assets		
Receivables:		
Intergovernmental - federal	\$ 72,733	\$ -
Total Assets	\$ 72,733	\$ -
 Liabilities		
Interfund payable	\$ 72,733	\$ -
Total Liabilities	\$ 72,733	\$ -

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Transportation Enhancement Grant
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	<u>2016</u>				<u>2015</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Revenues					
Intergovernmental - federal	\$ 500,000	\$ 500,000	\$ 481,361	\$ (18,639)	\$ -
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>481,361</u>	<u>(18,639)</u>	<u>-</u>
Expenditures					
Current:					
Culture and recreation:					
Other	40,000	40,000	3,780	36,220	-
Capital outlay:					
Culture and recreation:					
Capital outlay	500,000	500,000	481,763	18,237	-
Total Expenditures	<u>540,000</u>	<u>540,000</u>	<u>485,543</u>	<u>54,457</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,000)	(40,000)	(4,182)	35,818	-
Other Financing Sources					
Transfers in	40,000	40,000	4,182	(35,818)	-
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			<u>\$ -</u>		<u>\$ -</u>

City of Dalton, Georgia
Tax Allocation District
Comparative Balance Sheet
December 31, 2016 and 2015

	2016	2015
Assets		
Receivables:		
Taxes	\$ 568	\$ -
Interfund	9,064	-
Total Assets	\$ 9,632	\$ -
Liabilities		
Accounts payable	\$ 140	\$ -
Total Liabilities	140	-
Deferred Inflows of Resources		
Unavailable revenue - property taxes	426	-
Fund Balances		
Restricted - general government	9,066	-
Total Fund Balances	9,066	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,632	\$ -

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual - Tax Allocation District
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	<u>2016</u>				<u>2015</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Revenues					
Real and personal property taxes	\$ 10,000	\$ 10,000	\$ 9,066	\$ (934)	\$ -
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>9,066</u>	<u>(934)</u>	<u>-</u>
Expenditures					
Current:					
General Government:					
Other	<u>25,000</u>	<u>25,000</u>	<u>14,133</u>	<u>10,867</u>	<u>-</u>
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>14,133</u>	<u>10,867</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(15,000)	(5,067)	9,933	-
Other Financing Sources					
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>14,133</u>	<u>(867)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	9,066	<u>\$ 9,066</u>	-
Fund Balances Beginning of Year			<u>-</u>		<u>-</u>
Fund Balances End of Year			<u>\$ 9,066</u>		<u>\$ -</u>

NONMAJOR DEBT SERVICE FUND

**City of Dalton, Georgia
Comparative Balance Sheet
Debt Service Fund
December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 50,723	\$ 493
Receivables:		
Intergovernmental - local	<u>120,668</u>	<u>125,828</u>
Total Assets	<u>\$ 171,391</u>	<u>\$ 126,321</u>
Liabilities		
Accrued interest payable	\$ 120,668	\$ 125,828
Unearned revenue	<u>50,554</u>	<u>-</u>
Total Liabilities	<u>171,222</u>	<u>125,828</u>
Fund Balances		
Restricted - debt service	<u>169</u>	<u>493</u>
Total Fund Balances	<u>169</u>	<u>493</u>
Total Liabilities and Fund Balances	<u>\$ 171,391</u>	<u>\$ 126,321</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - local	\$ 53,000	\$ 53,000	\$ 53,000	\$ -	\$ 53,000
Investment earnings	<u>102,820</u>	<u>102,820</u>	<u>105,673</u>	<u>2,853</u>	<u>108,828</u>
Total Revenues	<u>155,820</u>	<u>155,820</u>	<u>158,673</u>	<u>2,853</u>	<u>161,828</u>
Expenditures					
Debt Service:					
Principal retirement	522,705	522,705	522,704	1	513,798
Interest and fiscal charges	<u>257,510</u>	<u>257,510</u>	<u>257,013</u>	<u>497</u>	<u>270,543</u>
Total Expenditures	<u>780,215</u>	<u>780,215</u>	<u>779,717</u>	<u>498</u>	<u>784,341</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(624,395)</u>	<u>(624,395)</u>	<u>(621,044)</u>	<u>3,351</u>	<u>(622,513)</u>
Other Financing Sources (Uses)					
Transfers in	<u>624,395</u>	<u>624,395</u>	<u>620,720</u>	<u>(3,675)</u>	<u>622,720</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>(324)</u>	<u>\$ (324)</u>	<u>207</u>
Fund Balances Beginning of Year			<u>493</u>		<u>286</u>
Fund Balances End of Year			<u>\$ 169</u>		<u>\$ 493</u>

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016

	<u>SPLOST 2015 Capital Projects Fund</u>	<u>SPLOST 2015 Bonded Debt Capital Projects Fund</u>	<u>SPLOST 2007 Capital Projects Fund</u>	<u>Capital Acquisition Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets					
Cash and cash equivalents	\$ -	\$ 3,308,948	\$ -	\$ -	\$ 3,308,948
Receivables:					
Intergovernmental - local	3,488,169	1,485,162	1,006,207	-	5,979,538
Interfund	-	-	-	160,949	160,949
Total Assets	<u>\$ 3,488,169</u>	<u>\$ 4,794,110</u>	<u>\$ 1,006,207</u>	<u>\$ 160,949</u>	<u>\$ 9,449,435</u>
Liabilities					
Accounts payable	\$ 1,723	\$ 12,646	\$ 187,235	\$ 160,949	\$ 362,553
Interfund payable	4,855	152,486	818,972	-	976,313
Total Liabilities	<u>6,578</u>	<u>165,132</u>	<u>1,006,207</u>	<u>160,949</u>	<u>1,338,866</u>
Fund Balances					
Restricted for:					
Capital projects	3,481,591	4,628,978	-	-	8,110,569
Total Fund Balances	<u>3,481,591</u>	<u>4,628,978</u>	<u>-</u>	<u>-</u>	<u>8,110,569</u>
Total Liabilities and Fund Balances	<u>\$ 3,488,169</u>	<u>\$ 4,794,110</u>	<u>\$ 1,006,207</u>	<u>\$ 160,949</u>	<u>\$ 9,449,435</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, 2016

	SPLOST 2015 Capital Projects Fund	SPLOST 2015 Bonded Debt Capital Projects Fund	SPLOST 2007 Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Revenues					
Intergovernmental - local	\$ -	\$ 6,895,002	\$ 3,219,416	\$ -	\$ 10,114,418
Investment earnings	12,703	15,579	-	-	28,282
Total Revenues	<u>12,703</u>	<u>6,910,581</u>	<u>3,219,416</u>	<u>-</u>	<u>10,142,700</u>
Expenditures					
Current:					
General government	15,121	200	-	-	15,321
Public safety	36,557	447	-	78,800	115,804
Public works	-	789,655	-	-	789,655
Culture and recreation	43,250	-	-	188,199	231,449
Total Current	<u>94,928</u>	<u>790,302</u>	<u>-</u>	<u>266,999</u>	<u>1,152,229</u>
Capital Outlay:					
General government	1,500,299	-	-	-	1,500,299
Public safety	357,145	352,812	-	104,515	814,472
Public works	-	-	3,219,416	784,953	4,004,369
Culture and recreation	663,292	754,545	-	820,044	2,237,881
Total Capital Outlay	<u>2,520,736</u>	<u>1,107,357</u>	<u>3,219,416</u>	<u>1,709,512</u>	<u>8,557,021</u>
Debt Service:					
Principal retirement	-	2,081,410	-	-	2,081,410
Interest and fiscal charges	-	115,825	-	-	115,825
Total Debt Service	<u>-</u>	<u>2,197,235</u>	<u>-</u>	<u>-</u>	<u>2,197,235</u>
Total Expenditures	<u>2,615,664</u>	<u>4,094,894</u>	<u>3,219,416</u>	<u>1,976,511</u>	<u>11,906,485</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,602,961)	2,815,687	-	(1,976,511)	(1,763,785)
Other Financing Sources (Uses)					
Transfers in	-	-	-	1,976,511	1,976,511
Net Change in Fund Balances	(2,602,961)	2,815,687	-	-	212,726
Fund Balances Beginning of Year	<u>6,084,552</u>	<u>1,813,291</u>	<u>-</u>	<u>-</u>	<u>7,897,843</u>
Fund Balances End of Year	<u>\$ 3,481,591</u>	<u>\$ 4,628,978</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,110,569</u>

City of Dalton, Georgia
SPLOST 2015 Capital Projects Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Accounts receivable	\$ -	\$ 1,184
Intergovernmental receivable - local	3,488,169	6,091,510
Total Assets	<u>\$ 3,488,169</u>	<u>\$ 6,092,694</u>
Liabilities		
Accounts payable	\$ 1,723	\$ 4,984
Interfund payable	4,855	3,158
Total Liabilities	<u>6,578</u>	<u>8,142</u>
Fund Balances		
Restricted - capital projects	3,481,591	6,084,552
Total Fund Balances	<u>3,481,591</u>	<u>6,084,552</u>
Total Liabilities and Fund Balances	<u>\$ 3,488,169</u>	<u>\$ 6,092,694</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, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016	2015	Project to Date			
	Actual	Actual	Original Budget	Final Budget	Actual	Remaining Budget
Revenues						
Investment earnings	\$ 12,703	\$ 3,491	\$ -	\$ 16,200	\$ 16,194	\$ 6
Total Revenues	<u>12,703</u>	<u>3,491</u>	<u>-</u>	<u>16,200</u>	<u>16,194</u>	<u>6</u>
Expenditures						
Current:						
General Government:						
Other	15,121	-	1,328,000	1,328,720	15,121	1,313,599
Public Safety:						
Other	36,557	-	36,610	36,610	36,557	53
Culture and Recreation:						
Library	43,250	-	-	162,551	43,250	119,301
Other	-	82,454	87,000	87,000	82,454	4,546
Total Current	<u>94,928</u>	<u>82,454</u>	<u>1,451,610</u>	<u>1,614,881</u>	<u>177,382</u>	<u>1,437,499</u>
Capital Outlay:						
General Government:						
Communication project	1,500,299	468,147	-	3,901,222	1,968,446	1,932,776
Public Safety:						
Fire Department vehicles	303,951	1,254,421	1,565,000	1,565,000	1,558,372	6,628
Police Department vehicles	53,194	421,239	474,433	474,433	474,433	-
Culture and Recreation:						
Tennis courts	529,368	-	600,000	600,000	529,368	70,632
Lakeshore renovation	133,924	-	150,000	150,000	133,924	16,076
Brookwood Bridge	-	33,278	1,250,000	35,000	33,278	1,722
Total Capital Outlay	<u>2,520,736</u>	<u>2,177,085</u>	<u>4,039,433</u>	<u>6,725,655</u>	<u>4,697,821</u>	<u>2,027,834</u>
Debt Service:						
Issuance costs/fiscal fees	-	165,356	166,140	166,140	165,356	784
Total Debt Service	<u>-</u>	<u>165,356</u>	<u>166,140</u>	<u>166,140</u>	<u>165,356</u>	<u>784</u>
Total Expenditures	<u>2,615,664</u>	<u>2,424,895</u>	<u>5,657,183</u>	<u>8,506,676</u>	<u>5,040,559</u>	<u>3,466,117</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,602,961)</u>	<u>(2,421,404)</u>	<u>(5,657,183)</u>	<u>(8,490,476)</u>	<u>(5,024,365)</u>	<u>(3,466,111)</u>
Other Financing Sources (Uses)						
Issuance of debt	-	8,505,956	4,442,183	8,505,956	8,505,956	-
Net Change in Fund Balances	<u>(2,602,961)</u>	<u>6,084,552</u>	<u>\$ (1,215,000)</u>	<u>\$ 15,480</u>	<u>\$ 3,481,591</u>	<u>\$ (3,466,111)</u>
Fund Balances Beginning of Year	<u>6,084,552</u>	<u>-</u>				
Fund Balances End of Year	<u>\$ 3,481,591</u>	<u>\$ 6,084,552</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
SPLOST 2015 Bonded Debt Capital Projects Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 3,308,948	\$ -
Intergovernmental receivable - local	<u>1,485,162</u>	<u>1,890,462</u>
Total Assets	<u>\$ 4,794,110</u>	<u>\$ 1,890,462</u>
Liabilities		
Accounts payable	\$ 12,646	\$ 8,300
Interfund payable	<u>152,486</u>	<u>68,871</u>
Total Liabilities	<u>165,132</u>	<u>77,171</u>
Fund Balances		
Restricted - capital projects	<u>4,628,978</u>	<u>1,813,291</u>
Total Fund Balances	<u>4,628,978</u>	<u>1,813,291</u>
Total Liabilities and Fund Balances	<u>\$ 4,794,110</u>	<u>\$ 1,890,462</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -
SPLOST 2015 Bonded Debt Capital Projects Fund
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016	2015	Project to Date			
	Actual	Actual	Original Budget	Final Budget	Actual	Remaining Budget
Revenues						
Intergovernmental - federal	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ 200,000
Intergovernmental - local	6,895,002	1,890,462	16,123,957	24,913,115	8,785,464	16,127,651
Investment earnings	15,579	-	-	15,600	15,579	21
Total Revenues	<u>6,910,581</u>	<u>1,890,462</u>	<u>16,123,957</u>	<u>25,128,715</u>	<u>8,801,043</u>	<u>16,327,672</u>
Expenditures						
Current:						
General Government:						
Other	200	8,860	500,000	325,205	9,060	316,145
Public Safety:						
Other	447	-	500	500	447	53
Public Works:						
Bridge maintenance	4,500	-	1,000,000	1,000,000	4,500	995,500
Sidewalk construction	-	-	2,000,000	2,000,000	-	2,000,000
S. Thornton infrastructure	-	-	2,000,000	1,915,675	-	1,915,675
Willowdale drainage	8,130	-	-	284,325	8,130	276,195
Street resurfacing	777,025	-	5,000,000	5,000,000	777,025	4,222,975
Total Current	<u>790,302</u>	<u>8,860</u>	<u>10,500,500</u>	<u>10,525,705</u>	<u>799,162</u>	<u>9,726,543</u>
Capital Outlay:						
Public Safety:						
Police Department vehicles	352,812	68,311	1,123,457	1,123,458	421,123	702,335
Culture and Recreation:						
Haig Mill recreation project	754,545	-	4,500,000	4,674,995	754,545	3,920,450
Total Capital Outlay	<u>1,107,357</u>	<u>68,311</u>	<u>5,623,457</u>	<u>5,798,453</u>	<u>1,175,668</u>	<u>4,622,785</u>
Debt Service:						
Principal retirement	2,081,410	-	-	8,505,956	2,081,410	6,424,546
Interest and fiscal charges	115,825	-	-	283,201	115,825	167,376
Total Debt Service	<u>2,197,235</u>	<u>-</u>	<u>-</u>	<u>8,789,157</u>	<u>2,197,235</u>	<u>6,591,922</u>
Total Expenditures	<u>4,094,894</u>	<u>77,171</u>	<u>16,123,957</u>	<u>25,113,315</u>	<u>4,172,065</u>	<u>20,941,250</u>
Net Change in Fund Balances	2,815,687	1,813,291	<u>\$ -</u>	<u>\$ 15,400</u>	<u>\$ 4,628,978</u>	<u>\$ (4,613,578)</u>
Fund Balances Beginning of Year	<u>1,813,291</u>	<u>-</u>				
Fund Balances End of Year	<u>\$ 4,628,978</u>	<u>\$ 1,813,291</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
SPLOST 2007 Capital Projects Fund
Comparative Balance Sheet
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Intergovernmental receivable - local	\$ 1,006,207	\$ 100,171
Total Assets	<u>\$ 1,006,207</u>	<u>\$ 100,171</u>
Liabilities		
Accounts payable	\$ 187,235	\$ 355
Interfund payable	<u>818,972</u>	<u>99,816</u>
Total Liabilities	<u>\$ 1,006,207</u>	<u>\$ 100,171</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - SPLOST 2007 Capital Projects Fund
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - local	\$ 5,953,000	\$ 3,240,900	\$ 3,219,416	\$ (21,484)	\$ 637,506
Total Revenues	<u>5,953,000</u>	<u>3,240,900</u>	<u>3,219,416</u>	<u>(21,484)</u>	<u>637,506</u>
Expenditures					
Capital Outlay:					
Public Works:					
Road projects	5,953,000	3,240,900	3,219,416	21,484	637,506
Total Expenditures	<u>5,953,000</u>	<u>3,240,900</u>	<u>3,219,416</u>	<u>21,484</u>	<u>637,506</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			<u>\$ -</u>		<u>\$ -</u>

**City of Dalton, Georgia
Capital Acquisition Fund
Comparative Balance Sheet
December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Assets		
Interfund receivable	\$ 160,949	\$ 138,771
Total Assets	<u>\$ 160,949</u>	<u>\$ 138,771</u>
Liabilities		
Accounts payable	\$ 160,949	\$ 138,771
Total Liabilities	<u>\$ 160,949</u>	<u>\$ 138,771</u>

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Acquisition Fund
For the Year Ended December 31, 2016
(With Actual Amounts for the Year Ended December 31, 2015)

	2016				2015
	Original Budget	Final Budget	Actual	Variance	Actual
Expenditures					
Current:					
General Government:					
Other	\$ -	\$ -	\$ -	\$ -	\$ 32,610
Judicial:					
Other	-	-	-	-	11,105
Public Safety:					
Other	30,000	78,800	78,800	-	130,695
Public Works:					
Other	-	-	-	-	23,830
Culture and Recreation:					
Other	-	188,200	188,199	1	118,215
Total Current	<u>30,000</u>	<u>267,000</u>	<u>266,999</u>	<u>1</u>	<u>316,455</u>
Capital Outlay:					
General Government:					
Equipment	-	-	-	-	131,768
Public Safety:					
Equipment and vehicles	52,000	222,260	104,515	117,745	762,827
Public Works:					
Equipment and vehicles	640,000	785,375	784,953	422	883,142
Culture and Recreation:					
Equipment	778,000	833,910	820,044	13,866	306,456
Total Capital Outlay	<u>1,470,000</u>	<u>1,841,545</u>	<u>1,709,512</u>	<u>132,033</u>	<u>2,084,193</u>
Total Expenditures	<u>1,500,000</u>	<u>2,108,545</u>	<u>1,976,511</u>	<u>132,034</u>	<u>2,400,648</u>
Other Financing Sources (Uses)					
Transfers in	1,500,000	2,108,545	1,976,511	(132,034)	2,594,415
Transfers out	-	-	-	-	(193,767)
Total Other Financing Sources (Uses)	<u>1,500,000</u>	<u>2,108,545</u>	<u>1,976,511</u>	<u>(132,034)</u>	<u>2,400,648</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			<u>\$ -</u>		<u>\$ -</u>

NONMAJOR PROPRIETARY FUNDS

Enterprise Funds

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

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

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

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

City of Dalton, Georgia
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2016

	Municipal Golf Course	Municipal Airport	Northwest Georgia Trade and Convention Center Authority	Dalton/Whitfield Regional Solid Waste Mgt Authority	Total Non-major Enterprise Funds
Assets					
Current Assets:					
Cash and cash equivalents	\$ 416,121	\$ -	\$ -	\$ -	\$ 416,121
Receivables:					
Accounts	-	1,055	-	-	1,055
Interfund	-	86,759	-	-	86,759
Inventory	24,399	28,138	-	-	52,537
Total Current Assets	<u>440,520</u>	<u>115,952</u>	<u>-</u>	<u>-</u>	<u>556,472</u>
Noncurrent Assets:					
Capital Assets:					
Land	739,352	925,370	-	-	1,664,722
Depreciable capital assets, net	689,256	5,674,734	-	-	6,363,990
Other Assets:					
Investment in joint ventures	-	-	6,584,892	11,993,042	18,577,934
Total Noncurrent Assets	<u>1,428,608</u>	<u>6,600,104</u>	<u>6,584,892</u>	<u>11,993,042</u>	<u>26,606,646</u>
Total Assets	<u>1,869,128</u>	<u>6,716,056</u>	<u>6,584,892</u>	<u>11,993,042</u>	<u>27,163,118</u>
Deferred Outflows of Resources	39,426	-	-	-	39,426
Total Assets and Deferred Outflows	<u>\$ 1,908,554</u>	<u>\$ 6,716,056</u>	<u>\$ 6,584,892</u>	<u>\$ 11,993,042</u>	<u>\$ 27,202,544</u>
Liabilities					
Current Liabilities:					
Accounts payable	11,753	1,768	-	-	13,521
Accrued expenses	13,957	5,081	-	-	19,038
Unearned revenue	13,092	1,369	-	-	14,461
Interfund payable	191,580	-	-	-	191,580
Compensated absences payable	36,000	4,000	-	-	40,000
Total Current Liabilities	<u>266,382</u>	<u>12,218</u>	<u>-</u>	<u>-</u>	<u>278,600</u>
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	62,181	362	-	-	62,543
Net pension liability	319,785	-	-	-	319,785
Total Long-Term Liabilities	<u>381,966</u>	<u>362</u>	<u>-</u>	<u>-</u>	<u>382,328</u>
Total Liabilities	<u>648,348</u>	<u>12,580</u>	<u>-</u>	<u>-</u>	<u>660,928</u>
Deferred Inflows of Resources	16,266	-	-	-	16,266
Net Position					
Net investment in capital assets	1,428,608	6,600,104	-	-	8,028,712
Unrestricted	(184,668)	103,372	6,584,892	11,993,042	18,496,638
Total Net Position	<u>1,243,940</u>	<u>6,703,476</u>	<u>6,584,892</u>	<u>11,993,042</u>	<u>26,525,350</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 1,908,554</u>	<u>\$ 6,716,056</u>	<u>\$ 6,584,892</u>	<u>\$ 11,993,042</u>	<u>\$ 27,202,544</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, 2016

	<u>Municipal Golf Course</u>	<u>Municipal Airport</u>	<u>Northwest Georgia Trade and Convention Center</u>	<u>Dalton/Whitfield Regional Solid Waste Mgt Authority</u>	<u>Total Non-major Enterprise Funds</u>
Operating Revenues					
Charges for services	\$ 686,615	\$ 493,195	\$ -	\$ -	\$ 1,179,810
Merchandise sales	87,557	-	-	-	87,557
Tournaments	77,378	-	-	-	77,378
Concessions	66,861	-	-	-	66,861
Miscellaneous	5,179	1,398	-	-	6,577
Total Operating Revenues	<u>923,590</u>	<u>494,593</u>	<u>-</u>	<u>-</u>	<u>1,418,183</u>
Operating Expenses					
Cost of sales and services	340,917	335,143	-	-	676,060
Personal services and benefits	447,151	117,493	-	-	564,644
Depreciation	100,152	390,190	-	-	490,342
Total Operating Expenses	<u>888,220</u>	<u>842,826</u>	<u>-</u>	<u>-</u>	<u>1,731,046</u>
Operating Income (Loss)	<u>35,370</u>	<u>(348,233)</u>	<u>-</u>	<u>-</u>	<u>(312,863)</u>
Non-Operating Revenues					
Investment earnings	1,242	-	-	-	1,242
Gain on sale of assets	4,850	-	-	-	4,850
Income (loss) from joint venture	-	-	(457,108)	600,385	143,277
Total Non-Operating Revenues	<u>6,092</u>	<u>-</u>	<u>(457,108)</u>	<u>600,385</u>	<u>149,369</u>
Income (Loss) Before Transfers In	41,462	(348,233)	(457,108)	600,385	(163,494)
Transfers in	-	35,187	611,500	-	646,687
Change in Net Position	41,462	(313,046)	154,392	600,385	483,193
Net Position Beginning of Year	<u>1,202,478</u>	<u>7,016,522</u>	<u>6,430,500</u>	<u>11,392,657</u>	<u>26,042,157</u>
Net Position End of Year	<u>\$ 1,243,940</u>	<u>\$ 6,703,476</u>	<u>\$ 6,584,892</u>	<u>\$ 11,993,042</u>	<u>\$ 26,525,350</u>

City of Dalton, Georgia
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2016

	Municipal Golf Course	Municipal Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	\$ 922,011	\$ 490,967	\$ 1,412,978
Cash payments for personnel services and benefits	(464,578)	(115,390)	(579,968)
Cash payments for goods and services	(338,757)	(375,677)	(714,434)
Net Cash Provided by (Used in) Operating Activities	<u>118,676</u>	<u>(100)</u>	<u>118,576</u>
Cash Flows from Investing Activities			
Investment earnings	<u>1,242</u>	<u>-</u>	<u>1,242</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(222,462)	(35,187)	(257,649)
Proceeds from interfund loan	191,455	-	191,455
Proceeds from interfund transfer	-	35,187	35,187
Cash received from sale of capital assets	5,750	-	5,750
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(25,257)</u>	<u>-</u>	<u>(25,257)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	94,661	(100)	94,561
Cash and Cash Equivalents Beginning of Year	<u>321,460</u>	<u>100</u>	<u>321,560</u>
Cash and Cash Equivalents End of Year	<u>\$ 416,121</u>	<u>\$ -</u>	<u>\$ 416,121</u>
Reconciliation of Operating Income (Loss) to Net Cash (Used in) Operating Activities			
Operating Income (Loss)	\$ 35,370	\$ (348,233)	\$ (312,863)
Adjustments:			
Depreciation	100,152	390,190	490,342
Pension contributions in excess of payments	(22,215)	-	(22,215)
(Increase) Decrease in Assets:			
Accounts receivable	-	(585)	(585)
Interfund receivable	-	(23,186)	(23,186)
Inventory	(4,444)	(13,237)	(17,681)
Increase (Decrease) in Liabilities:			
Accounts payable	6,604	(4,111)	2,493
Unearned revenue	(1,579)	(3,041)	(4,620)
Accrued expenses	681	1,066	1,747
Compensated absences payable	4,107	1,037	5,144
Net Cash Provided by (Used in) Operating Activities	<u>\$ 118,676</u>	<u>\$ (100)</u>	<u>\$ 118,576</u>

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2016

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Assets						
Current Assets:						
Cash and cash equivalents	\$ 5,048,000	\$ 856,000	\$ 856,000	\$ 941,000	\$ 857,000	\$ 8,558,000
Short-term investments	148,000	25,000	25,000	28,000	25,000	251,000
Accounts receivable	11,241,000	1,567,000	1,567,000	1,710,000	450,000	16,535,000
Unbilled revenues	3,852,000	1,848,000	1,222,000	824,000	-	7,746,000
Interest receivable	109,000	2,000	14,000	16,000	9,000	150,000
Fuel stocks	1,610,000	1,384,000	-	-	-	2,994,000
Inventory	12,852,000	441,000	709,000	76,000	1,071,000	15,149,000
Deposits and prepaid expenses	429,000	72,000	48,000	53,000	48,000	650,000
Restricted customer deposit fund	1,947,000	325,000	325,000	354,000	-	2,951,000
Total Current Assets	<u>37,236,000</u>	<u>6,520,000</u>	<u>4,766,000</u>	<u>4,002,000</u>	<u>2,460,000</u>	<u>54,984,000</u>
Noncurrent Assets:						
Construction in progress	135,273,000	-	-	-	-	135,273,000
Nuclear fuel, at amortized cost	20,960,000	-	-	-	-	20,960,000
Depreciable capital assets, net	247,405,000	16,535,000	164,115,000	152,710,000	56,801,000	637,566,000
Restricted combined utilities renewals/extensions fund	12,447,000	889,000	5,927,000	6,520,000	3,853,000	29,636,000
Restricted nuclear decommissioning fund	64,315,000	-	-	-	-	64,315,000
Regulatory asset, net	20,032,000	3,154,000	5,887,000	3,154,000	1,892,000	34,119,000
Total Noncurrent Assets	<u>500,432,000</u>	<u>20,578,000</u>	<u>175,929,000</u>	<u>162,384,000</u>	<u>62,546,000</u>	<u>921,869,000</u>
Total Assets	<u>537,668,000</u>	<u>27,098,000</u>	<u>180,695,000</u>	<u>166,386,000</u>	<u>65,006,000</u>	<u>976,853,000</u>
Deferred Outflows of Resources	<u>769,000</u>	<u>349,000</u>	<u>652,000</u>	<u>349,000</u>	<u>210,000</u>	<u>2,329,000</u>
Total Assets and Deferred Outflows	<u>\$ 538,437,000</u>	<u>\$ 27,447,000</u>	<u>\$ 181,347,000</u>	<u>\$ 166,735,000</u>	<u>\$ 65,216,000</u>	<u>\$ 979,182,000</u>

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2016

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Liabilities						
Current Liabilities:						
Accounts payable and accrued expenses	9,158,000	2,958,000	1,736,000	1,902,000	5,685,000	21,439,000
Customer deposits	<u>2,353,000</u>	<u>392,000</u>	<u>392,000</u>	<u>428,000</u>	<u>-</u>	<u>3,565,000</u>
Total Current Liabilities	<u>11,511,000</u>	<u>3,350,000</u>	<u>2,128,000</u>	<u>2,330,000</u>	<u>5,685,000</u>	<u>25,004,000</u>
Long-Term Liabilities:						
Unearned revenue - TVA right of use	117,000	-	-	-	-	117,000
Accrued construction retention	2,134,000	-	-	-	-	2,134,000
Net pension liability	6,543,000	2,974,000	5,552,000	2,974,000	1,785,000	19,828,000
Asset retirement obligations	<u>62,848,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,848,000</u>
Total Long-Term Liabilities	<u>71,642,000</u>	<u>2,974,000</u>	<u>5,552,000</u>	<u>2,974,000</u>	<u>1,785,000</u>	<u>84,927,000</u>
Total Liabilities	<u>83,153,000</u>	<u>6,324,000</u>	<u>7,680,000</u>	<u>5,304,000</u>	<u>7,470,000</u>	<u>109,931,000</u>
Deferred Inflows of Resources	<u>6,079,000</u>	<u>145,000</u>	<u>271,000</u>	<u>146,000</u>	<u>87,000</u>	<u>6,728,000</u>
Net Position						
Net investment in capital assets	345,990,000	16,535,000	164,115,000	152,710,000	56,801,000	736,151,000
Restricted for:						
Capital projects	12,447,000	889,000	5,927,000	6,520,000	3,853,000	29,636,000
Nuclear decommissioning	64,315,000	-	-	-	-	64,315,000
Pension	844,000	384,000	716,000	384,000	230,000	2,558,000
Unrestricted	<u>25,609,000</u>	<u>3,170,000</u>	<u>2,638,000</u>	<u>1,671,000</u>	<u>(3,225,000)</u>	<u>29,863,000</u>
Total Net Position	<u>449,205,000</u>	<u>20,978,000</u>	<u>173,396,000</u>	<u>161,285,000</u>	<u>57,659,000</u>	<u>862,523,000</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 538,437,000</u>	<u>\$ 27,447,000</u>	<u>\$ 181,347,000</u>	<u>\$ 166,735,000</u>	<u>\$ 65,216,000</u>	<u>\$ 979,182,000</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, 2016

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Operating Revenues						
Electric	\$ 119,037,000	\$ -	\$ -	\$ -	\$ -	\$ 119,037,000
Parity income	2,863,000	-	-	-	-	2,863,000
Natural gas	-	19,621,000	-	-	-	19,621,000
Water	-	-	20,824,000	-	-	20,824,000
Sewer	-	-	-	21,878,000	-	21,878,000
Information technology	-	-	-	-	20,995,000	20,995,000
Total Operating Revenues	<u>121,900,000</u>	<u>19,621,000</u>	<u>20,824,000</u>	<u>21,878,000</u>	<u>20,995,000</u>	<u>205,218,000</u>
Operating Expenses						
Production	28,443,000	-	3,754,000	10,248,000	-	42,445,000
Purchased electricity	44,314,000	-	-	-	-	44,314,000
Purchased natural gas	-	12,654,000	-	-	-	12,654,000
Distribution	7,777,000	1,818,000	4,297,000	1,456,000	11,297,000	26,645,000
Depreciation and amortization	8,716,000	786,000	5,570,000	6,445,000	6,456,000	27,973,000
General administration	5,141,000	2,336,000	4,361,000	2,336,000	1,402,000	15,576,000
Total Operating Expenses	<u>94,391,000</u>	<u>17,594,000</u>	<u>17,982,000</u>	<u>20,485,000</u>	<u>19,155,000</u>	<u>169,607,000</u>
Operating Income (Loss)	<u>27,509,000</u>	<u>2,027,000</u>	<u>2,842,000</u>	<u>1,393,000</u>	<u>1,840,000</u>	<u>35,611,000</u>
Non-Operating Revenues (Expenses)						
Interest income	899,000	33,000	35,000	36,000	35,000	1,038,000
Net increase (decrease) in fair value of investments and derivatives	(588,000)	(65,000)	(69,000)	(73,000)	(64,000)	(859,000)
Miscellaneous income (expense)	238,000	41,000	41,000	45,000	41,000	406,000
Total Non-Operating Revenues (Expenses)	<u>549,000</u>	<u>9,000</u>	<u>7,000</u>	<u>8,000</u>	<u>12,000</u>	<u>585,000</u>
Income Before Reallocations and Transfers	<u>28,058,000</u>	<u>2,036,000</u>	<u>2,849,000</u>	<u>1,401,000</u>	<u>1,852,000</u>	<u>36,196,000</u>
Reallocations and Transfers						
Reallocations	8,437,000	2,155,000	(2,809,000)	(4,128,000)	(3,655,000)	-
Transfers out	(6,067,000)	(977,000)	(1,036,000)	(1,089,000)	(1,045,000)	(10,214,000)
Total Contributions and Transfers	<u>2,370,000</u>	<u>1,178,000</u>	<u>(3,845,000)</u>	<u>(5,217,000)</u>	<u>(4,700,000)</u>	<u>(10,214,000)</u>
Change in Net Position	30,428,000	3,214,000	(996,000)	(3,816,000)	(2,848,000)	25,982,000
Net Position Beginning of Year	<u>418,777,000</u>	<u>17,764,000</u>	<u>174,392,000</u>	<u>165,101,000</u>	<u>60,507,000</u>	<u>836,541,000</u>
Net Position End of Year	<u>\$ 449,205,000</u>	<u>\$ 20,978,000</u>	<u>\$ 173,396,000</u>	<u>\$ 161,285,000</u>	<u>\$ 57,659,000</u>	<u>\$ 862,523,000</u>

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 416,121	\$ 321,460
Inventory	24,399	19,955
Total Current Assets	<u>440,520</u>	<u>341,415</u>
Noncurrent Assets:		
Capital Assets:		
Land	739,352	739,352
Depreciable capital assets, net	689,256	567,846
Total Noncurrent Assets	<u>1,428,608</u>	<u>1,307,198</u>
Total Assets	<u>1,869,128</u>	<u>1,648,613</u>
Deferred Outflows of Resources	<u>39,426</u>	<u>52,527</u>
Total Assets and Deferred Outflows	<u>\$ 1,908,554</u>	<u>\$ 1,701,140</u>
Liabilities		
Current Liabilities:		
Accounts payable	11,753	5,149
Accrued expenses	13,957	13,276
Unearned revenue	13,092	14,671
Interfund payable	191,580	125
Compensated absences payable	36,000	32,400
Total Current Liabilities	<u>266,382</u>	<u>65,621</u>
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	62,181	61,674
Net pension liability	319,785	355,908
Total Long-Term Liabilities	<u>381,966</u>	<u>417,582</u>
Total Liabilities	<u>648,348</u>	<u>483,203</u>
Deferred Inflows of Resources	<u>16,266</u>	<u>15,459</u>
Net Position		
Net investment in capital assets	1,428,608	1,307,198
Unrestricted	(184,668)	(104,720)
Total Net Position	<u>1,243,940</u>	<u>1,202,478</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 1,908,554</u>	<u>\$ 1,701,140</u>

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Charges for services	\$ 686,615	\$ 649,292
Merchandise sales	87,557	82,805
Tournaments	77,378	73,507
Concessions	66,861	59,330
Miscellaneous	<u>5,179</u>	<u>3,895</u>
Total Operating Revenues	<u>923,590</u>	<u>868,829</u>
Operating Expenses		
Cost of sales and services	340,917	378,206
Personal services and benefits	447,151	428,583
Depreciation	<u>100,152</u>	<u>103,649</u>
Total Operating Expenses	<u>888,220</u>	<u>910,438</u>
Operating Income (Loss)	<u>35,370</u>	<u>(41,609)</u>
Non-Operating Revenues		
Investment earnings	1,242	779
Gain on sale of assets	<u>4,850</u>	<u>-</u>
Total Non-Operating Revenues	<u>6,092</u>	<u>779</u>
Change in Net Position	41,462	(40,830)
Net Position Beginning of Year	<u>1,202,478</u>	<u>1,243,308</u>
Net Position End of Year	<u>\$ 1,243,940</u>	<u>\$ 1,202,478</u>

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 100
Receivables:		
Accounts	1,055	470
Interfund	86,759	63,573
Inventory	<u>28,138</u>	<u>14,901</u>
Total Current Assets	<u>115,952</u>	<u>79,044</u>
Noncurrent Assets:		
Capital Assets:		
Land	925,370	925,370
Depreciable capital assets, net	<u>5,674,734</u>	<u>6,029,737</u>
Total Noncurrent Assets	<u>6,600,104</u>	<u>6,955,107</u>
Total Assets	<u>\$ 6,716,056</u>	<u>\$ 7,034,151</u>
Liabilities		
Current Liabilities:		
Accounts payable	1,768	5,879
Accrued expenses	5,081	4,015
Unearned revenue	1,369	4,410
Compensated absences payable	<u>4,000</u>	<u>2,825</u>
Total Current Liabilities	<u>12,218</u>	<u>17,129</u>
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	<u>362</u>	<u>500</u>
Total Liabilities	<u>12,580</u>	<u>17,629</u>
Net Position		
Net investment in capital assets	6,600,104	6,955,107
Unrestricted	<u>103,372</u>	<u>61,415</u>
Total Net Position	<u>6,703,476</u>	<u>7,016,522</u>
Total Liabilities and Net Position	<u>\$ 6,716,056</u>	<u>\$ 7,034,151</u>

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Charges for services	\$ 493,195	\$ 454,727
Miscellaneous	1,398	1,064
Total Operating Revenues	<u>494,593</u>	<u>455,791</u>
Operating Expenses		
Cost of sales and services	335,143	316,282
Personal services and benefits	117,493	108,811
Depreciation	390,190	385,163
Total Operating Expenses	<u>842,826</u>	<u>810,256</u>
Income (Loss) Before Transfers In	<u>(348,233)</u>	<u>(354,465)</u>
Transfers In/(Out)		
Transfers in	<u>35,187</u>	<u>193,767</u>
Change in Net Position	(313,046)	(160,698)
Net Position Beginning of Year	<u>7,016,522</u>	<u>7,177,220</u>
Net Position End of Year	<u>\$ 6,703,476</u>	<u>\$ 7,016,522</u>

INTERNAL SERVICE FUNDS

Internal Service Funds

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

City of Dalton, Georgia
Workers' Compensation Fund
Comparative Statement of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 883,118	\$ 934,864
Accounts receivable	-	1,128
Prepaid expenses	-	141,171
Total Assets	<u>\$ 883,118</u>	<u>\$ 1,077,163</u>
Liabilities		
Current Liabilities:		
Accounts payable	18,218	43,560
Claims payable	677,281	443,315
Total Liabilities	<u>695,499</u>	<u>486,875</u>
Net Position		
Unrestricted	<u>187,619</u>	<u>590,288</u>
Total Net Position	<u>187,619</u>	<u>590,288</u>
Total Liabilities and Net Position	<u>\$ 883,118</u>	<u>\$ 1,077,163</u>

City of Dalton, Georgia
Workers' Compensation Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Charges for services	\$ 550,000	\$ 555,240
Operating Expenses		
Claims	680,760	369,922
Premiums and administrative fees	274,895	301,549
Total Operating Expenses	<u>955,655</u>	<u>671,471</u>
Operating Income (Loss)	<u>(405,655)</u>	<u>(116,231)</u>
Non-Operating Revenues and Expenses		
Investment earnings	<u>2,986</u>	<u>2,787</u>
Change in Net Position	(402,669)	(113,444)
Net Position Beginning of Year	<u>590,288</u>	<u>703,732</u>
Net Position End of Year	<u>\$ 187,619</u>	<u>\$ 590,288</u>

City of Dalton, Georgia
Workers' Compensation Fund
Statement of Cash Flows
For the Year Ended December 31, 2016

	Workers Compensation
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash received from interfund services provided	\$ 551,128
Cash payments for claims and fees	(605,860)
Net Cash Provided by (Used in) Operating Activities	(54,732)
Cash Flows from Investing Activities	
Investment earnings	2,986
Net Increase (Decrease) in Cash and Cash Equivalents	(51,746)
Cash and Cash Equivalents Beginning of Year	934,864
Cash and Cash Equivalents End of Year	\$ 883,118
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Income (Loss)	\$ (405,655)
(Increase) Decrease in Assets:	
Accounts receivable	1,128
Prepaid expenses	141,171
Increase (Decrease) in Liabilities:	
Accounts payable	(25,342)
Claims payable	233,966
Net Cash Provided by (Used in) Operating Activities	\$ (54,732)

FIDUCIARY FUND

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

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

City of Dalton, Georgia
Municipal Court Agency Fund
Statement of Changes in Assets and Liabilities - Fiduciary Funds
For The Years Ended December 31, 2016 and 2015

	<u>2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>2016</u>
Assets				
Cash and cash equivalents	\$ 46,360	\$ 1,644,354	\$ (1,636,371)	\$ 54,343
Liabilities				
Accounts payable	15,301	226,629	(228,152)	13,778
Interfund payable	-	1,552,249	(1,552,249)	-
Other liabilities	31,059	1,745,738	(1,736,232)	40,565
Total Liabilities	<u>\$ 46,360</u>	<u>\$ 3,524,616</u>	<u>\$ (3,516,633)</u>	<u>\$ 54,343</u>

DISCRETELY PRESENTED COMPONENT UNIT

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

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

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Net Position
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 14,809,112	\$ 24,930,986
Capital leases receivable	<u>6,945,000</u>	<u>6,833,000</u>
Total Current Assets	<u>21,754,112</u>	<u>31,763,986</u>
Noncurrent Assets:		
Capital leases receivable	<u>19,612,000</u>	<u>26,557,000</u>
Total Assets	<u>\$ 41,366,112</u>	<u>\$ 58,320,986</u>
Liabilities		
Current Liabilities:		
Accounts payable	14,809,112	24,930,986
Revenue bonds payable	6,695,000	6,593,000
Recovery zone economic development bonds payable	<u>250,000</u>	<u>240,000</u>
Total Current Liabilities	<u>21,754,112</u>	<u>31,763,986</u>
Long-Term Liabilities:		
Revenue bonds payable	13,652,000	20,347,000
Recovery zone economic development bonds payable	3,960,000	4,210,000
QZAB bonds payable	<u>2,000,000</u>	<u>2,000,000</u>
Total Long-Term Liabilities	<u>19,612,000</u>	<u>26,557,000</u>
Total Liabilities	<u>\$ 41,366,112</u>	<u>\$ 58,320,986</u>

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Non-Operating Revenues and (Expenses)		
Interest earnings	\$ 173,828	\$ 4,465
Interest and fiscal charges, net of subsidy	(402,289)	(270,600)
QZAB sinking fund payment on behalf of City of Dalton Board of Education	<u>-</u>	<u>-</u>
Total Non-Operating Revenues and (Expenses)	<u>(228,461)</u>	<u>(266,135)</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)	507,834	270,600
Transfer out (outflows of interest earnings and interest subsidy to the City of Dalton, City of Dalton Board of Education, and Whitfield County)	<u>(279,373)</u>	<u>(4,465)</u>
Total Transfers In (Out)	<u>228,461</u>	<u>266,135</u>
Change in Net Position	<u>\$ -</u>	<u>\$ -</u>

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Cash Flows
For The Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Capital and Related Financing Activities		
Proceeds from issuance of debt	\$ -	\$ 26,940,000
Payments to City of Dalton and Whitfield County for capital use of debt proceeds	(8,490,147)	(8,370,819)
Receipts from City of Dalton, City of Dalton Board of Education, and Whitfield County for sinking fund payments	150,000	4,666,870
Receipts from City of Dalton, City of Dalton Board of Education, and Whitfield County for payment of debt and interest	5,490,824	1,106,670
Payment to City of Dalton for interest subsidy	(105,545)	-
Interest earnings	173,828	4,465
Principal paid on capital debt	(6,833,000)	(845,000)
Interest paid on capital debt	(507,834)	(270,600)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(10,121,874)</u>	<u>23,231,586</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,121,874)	23,231,586
Cash and Cash Equivalents Beginning of Year	<u>24,930,986</u>	<u>1,699,400</u>
Cash and Cash Equivalents End of Year	<u>\$ 14,809,112</u>	<u>\$ 24,930,986</u>

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities										
Net investment in capital assets	\$ 76,036,989	\$ 77,111,490	\$ 68,155,502	\$ 69,252,168	\$ 70,314,771	\$ 72,911,193	\$ 73,764,869	\$ 73,121,548	\$ 67,728,129	\$ 75,726,246
Restricted	1,260,953	1,117,309	2,637,360	5,617,799	577,427	240,347	251,557	262,248	8,151,582	8,541,404
Unrestricted	<u>15,545,677</u>	<u>13,406,176</u>	<u>14,118,540</u>	<u>10,953,991</u>	<u>15,469,318</u>	<u>15,011,536</u>	<u>15,567,935</u>	<u>18,273,295</u>	<u>2,830,865</u>	<u>2,313,750</u>
Total governmental activities	\$ <u>92,843,619</u>	\$ <u>91,634,975</u>	\$ <u>84,911,402</u>	\$ <u>85,823,958</u>	\$ <u>86,361,516</u>	\$ <u>88,163,076</u>	\$ <u>89,584,361</u>	\$ <u>91,657,091</u>	\$ <u>78,710,576</u>	\$ <u>86,581,400</u>
Business-type activities										
Net investment in capital assets	\$ 562,000,483	\$ 586,400,998	\$ 612,348,335	\$ 649,134,503	\$ 679,345,721	\$ 687,108,798	\$ 698,090,762	\$ 710,531,416	\$ 725,497,305	\$ 744,179,712
Restricted	129,344,000	113,054,000	96,992,000	90,783,000	77,948,000	75,034,000	73,322,000	86,089,000	97,394,000	96,509,000
Unrestricted	<u>37,168,370</u>	<u>39,386,246</u>	<u>36,253,969</u>	<u>30,672,743</u>	<u>31,802,060</u>	<u>43,307,413</u>	<u>40,716,151</u>	<u>35,507,326</u>	<u>36,613,661</u>	<u>44,191,799</u>
Total business-type activities	\$ <u>728,512,853</u>	\$ <u>738,841,244</u>	\$ <u>745,594,304</u>	\$ <u>770,590,246</u>	\$ <u>789,095,781</u>	\$ <u>805,450,211</u>	\$ <u>812,128,913</u>	\$ <u>832,127,742</u>	\$ <u>859,504,966</u>	\$ <u>884,880,511</u>
Primary government										
Net investment in capital assets	\$ 638,037,472	\$ 663,512,488	\$ 680,503,837	\$ 718,386,671	\$ 749,660,492	\$ 760,019,991	\$ 771,855,631	\$ 783,652,964	\$ 793,225,434	\$ 819,905,958
Restricted	130,604,953	114,171,309	99,629,360	96,400,799	78,525,427	75,274,347	73,573,557	86,351,248	105,545,582	105,050,404
Unrestricted	<u>52,714,047</u>	<u>52,792,422</u>	<u>50,372,509</u>	<u>41,626,734</u>	<u>47,271,378</u>	<u>58,318,949</u>	<u>56,284,086</u>	<u>53,780,621</u>	<u>39,444,526</u>	<u>46,505,549</u>
Total primary government	\$ <u>821,356,472</u>	\$ <u>830,476,219</u>	\$ <u>830,505,706</u>	\$ <u>856,414,204</u>	\$ <u>875,457,297</u>	\$ <u>893,613,287</u>	\$ <u>901,713,274</u>	\$ <u>923,784,833</u>	\$ <u>938,215,542</u>	\$ <u>971,461,911</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses										
Governmental activities										
General government	\$ 2,839,767	\$ 4,270,206	\$ 2,530,960	\$ 2,612,956	\$ 3,312,603	\$ 3,302,093	\$ 2,633,853	\$ 2,579,345	\$ 2,971,036	\$ 3,029,543
Judicial	-	704,747	683,158	647,196	488,815	369,253	397,765	371,645	437,044	433,156
Public safety	15,145,033	14,903,803	14,587,205	14,539,913	14,459,706	13,990,949	15,095,340	15,070,993	15,703,840	16,548,965
Public works	12,790,923	10,136,329	7,934,126	9,265,438	7,841,578	9,010,672	8,447,680	8,252,341	9,170,285	9,367,281
Health and welfare	-	679,018	895,475	611,320	634,598	488,545	487,293	508,735	522,072	468,925
Culture and recreation	5,692,834	4,749,408	4,149,087	4,301,151	4,641,686	4,967,978	5,088,564	4,989,858	5,390,895	5,833,592
Housing and development	152,264	1,279,210	756,136	596,388	312,225	379,694	389,213	396,836	454,327	260,840
Education	29,237,233	240,061	-	-	-	-	-	-	-	-
Interest on long-term debt	272,296	226,898	178,413	325,111	354,337	459,985	274,506	281,844	270,543	372,838
Total governmental activities expenses	<u>66,130,350</u>	<u>37,189,680</u>	<u>31,714,560</u>	<u>32,899,473</u>	<u>32,045,548</u>	<u>32,969,169</u>	<u>32,814,214</u>	<u>32,451,597</u>	<u>34,920,042</u>	<u>36,315,140</u>
Business-type activities										
Electric system	75,149,652	73,614,065	79,230,193	85,200,911	87,423,887	80,988,971	87,048,375	95,797,217	90,044,256	94,539,437
Gas system	23,620,508	25,082,808	21,810,937	20,770,369	18,319,278	15,924,970	18,785,179	23,036,534	18,640,407	17,682,431
Water system	21,580,197	21,625,495	21,291,524	18,527,773	17,740,827	16,929,002	17,926,588	17,745,718	18,085,121	18,225,184
Wastewater system	20,367,610	19,532,011	21,271,307	20,783,836	19,242,572	19,170,608	20,623,351	19,796,633	20,152,765	20,743,975
Information technology system	16,463,005	19,156,275	17,814,163	17,948,994	18,585,143	19,276,365	20,223,612	19,076,834	19,738,019	19,376,077
Landfill	1,013,513	-	223,566	64,727	302,599	365,350	439,487	189,472	(448,366)	(522,810)
Trade Center	682,020	673,926	749,552	745,787	717,958	547,930	557,720	499,660	593,614	492,074
Municipal golf course	1,191,672	1,219,530	888,328	939,516	788,790	858,544	981,056	814,233	925,758	901,402
Municipal airport	-	-	459,636	482,586	503,145	518,119	604,497	904,203	813,242	846,647
Total business-type activities expenses	<u>160,068,177</u>	<u>160,904,110</u>	<u>163,739,206</u>	<u>165,464,499</u>	<u>163,624,199</u>	<u>154,579,859</u>	<u>167,189,865</u>	<u>177,860,504</u>	<u>168,544,816</u>	<u>172,284,417</u>
Total primary government expenses	<u>\$ 226,198,527</u>	<u>\$ 198,093,790</u>	<u>\$ 195,453,766</u>	<u>\$ 198,363,972</u>	<u>\$ 195,669,747</u>	<u>\$ 187,549,028</u>	<u>\$ 200,004,079</u>	<u>\$ 210,312,101</u>	<u>\$ 203,464,858</u>	<u>\$ 208,599,557</u>

(continued)

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 3,653,811	\$ 1,335,624	\$ 1,152,739	\$ 964,306	\$ 983,375	\$ 986,862	\$ 982,441	\$ 968,883	\$ 957,103	\$ 969,673
Judicial	-	1,585,097	1,098,525	1,066,062	739,273	767,234	751,680	884,819	689,686	803,218
Public safety	1,040,320	1,009,892	972,303	632,724	572,989	604,417	657,613	711,717	440,278	493,428
Public works	420,417	395,118	193,246	100,749	136,400	142,808	157,151	181,188	173,184	163,724
Health and welfare	-	207,792	54,500	68,581	56,612	46,253	54,355	51,710	47,783	50,800
Culture and recreation	781,469	485,980	361,532	322,813	223,093	324,948	395,533	373,946	374,869	400,749
Housing and development	-	-	-	215,308	-	-	-	-	-	-
Education	97,600	142,000	-	-	-	-	-	-	-	-
Operating grants and contributions	3,233,969	1,508,234	1,782,722	2,065,115	1,383,138	2,258,686	657,771	1,003,133	2,681,730	1,699,959
Capital grants and contributions	<u>1,619,714</u>	<u>1,600,048</u>	<u>2,301,508</u>	<u>2,801,087</u>	<u>2,353,880</u>	<u>1,182,154</u>	<u>2,669,259</u>	<u>1,317,808</u>	<u>1,895,627</u>	<u>10,147,970</u>
Total governmental activities program revenues	<u>10,847,300</u>	<u>8,269,785</u>	<u>7,917,075</u>	<u>8,236,745</u>	<u>6,448,760</u>	<u>6,313,362</u>	<u>6,325,803</u>	<u>5,493,204</u>	<u>7,260,260</u>	<u>14,729,521</u>

(continued)

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Business-type activities										
Charges for services										
Electric system	89,490,000	89,918,000	96,890,000	106,911,000	105,347,000	102,836,000	106,843,000	112,194,000	119,596,000	121,900,000
Gas system	24,155,000	25,694,000	17,787,000	21,001,000	19,701,000	15,938,000	20,828,000	26,159,000	19,963,000	19,621,000
Water system	20,438,000	18,216,000	18,302,000	20,170,000	20,039,000	19,449,000	19,119,000	20,127,000	20,491,000	20,824,000
Wastewater system	23,245,000	19,244,000	20,424,000	22,134,000	20,814,000	19,438,000	19,204,000	20,772,000	21,863,000	21,878,000
Information technology system	14,530,000	17,186,000	18,574,000	19,314,000	18,989,000	19,281,000	19,620,000	20,065,000	20,148,000	20,995,000
Joint ventures - Landfill & Trade Center	-	207,977	-	-	-	-	-	-	-	-
Municipal golf course	1,078,337	961,943	788,503	825,777	905,637	1,033,346	927,834	915,270	868,829	923,590
Municipal airport	-	-	90,848	91,349	103,407	117,765	211,314	558,553	455,791	494,593
Capital grants and contributions	<u>124,000</u>	<u>112,000</u>	<u>332,856</u>	<u>-</u>	<u>-</u>	<u>597,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>173,060,337</u>	<u>171,539,920</u>	<u>173,189,207</u>	<u>190,447,126</u>	<u>185,899,044</u>	<u>178,690,111</u>	<u>186,753,148</u>	<u>200,790,823</u>	<u>203,385,620</u>	<u>206,636,183</u>
Total primary government program revenues	<u>\$ 183,907,637</u>	<u>\$ 179,809,705</u>	<u>\$ 181,106,282</u>	<u>\$ 198,683,871</u>	<u>\$ 192,347,804</u>	<u>\$ 185,003,473</u>	<u>\$ 193,078,951</u>	<u>\$ 206,284,027</u>	<u>\$ 210,645,880</u>	<u>\$ 221,365,704</u>
Net revenues (expenses)										
Governmental activities	\$ (55,283,050)	\$ (28,919,895)	\$ (23,797,485)	\$ (24,662,728)	\$ (25,596,788)	\$ (26,655,807)	\$ (26,488,411)	\$ (26,958,393)	\$ (27,659,782)	\$ (21,585,619)
Business-type activities	<u>12,992,160</u>	<u>10,635,810</u>	<u>9,450,001</u>	<u>24,982,627</u>	<u>22,274,845</u>	<u>24,110,252</u>	<u>19,563,283</u>	<u>22,930,319</u>	<u>34,840,804</u>	<u>34,351,766</u>
Total primary government net revenue (expense)	<u>\$ (42,290,890)</u>	<u>\$ (18,284,085)</u>	<u>\$ (14,347,484)</u>	<u>\$ 319,899</u>	<u>\$ (3,321,943)</u>	<u>\$ (2,545,555)</u>	<u>\$ (6,925,128)</u>	<u>\$ (4,028,074)</u>	<u>\$ 7,181,022</u>	<u>\$ 12,766,147</u>

(continued)

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for										
General purposes	\$ 6,995,308	\$ 6,782,866	\$ 9,937,794	\$ 9,006,423	\$ 8,757,658	\$ 9,303,685	\$ 7,876,135	\$ 8,371,150	\$ 9,143,523	\$ 8,197,757
Education	29,093,305	-	-	-	-	-	-	-	-	-
Debt service	342,916	346,686	356,958	33,115	4,718	4,683	-	-	-	-
Recreation	3,362,499	3,454,864	465,090	58,150	-	-	-	-	-	-
Selective taxes	7,534,604	6,164,971	5,560,754	5,686,337	5,858,375	6,103,688	9,380,518	9,843,608	9,932,992	9,378,765
Hotel/motel taxes	771,984	714,896	692,065	862,298	1,060,665	1,093,798	1,170,315	1,235,285	1,364,880	1,410,761
Unrestricted payments from housing authority	101,712	-	-	-	-	-	-	-	-	-
Investment earnings	725,851	393,570	149,895	122,113	227,288	253,696	241,177	222,324	224,686	227,495
Donations	2,000	604,488	90,309	192,349	584,123	1,820,028	346,807	63,476	20,891	50,252
Miscellaneous	985,769	557,910	283,120	436,717	495,556	596,278	514,289	465,825	559,299	633,166
Transfers	<u>7,719,000</u>	<u>8,691,000</u>	<u>(677,381)</u>	<u>9,177,782</u>	<u>9,145,963</u>	<u>9,281,511</u>	<u>8,380,455</u>	<u>8,829,455</u>	<u>9,400,547</u>	<u>9,567,313</u>
Total governmental activities general revenues and other changes in net position	<u>57,634,948</u>	<u>27,711,251</u>	<u>16,858,604</u>	<u>25,575,284</u>	<u>26,134,346</u>	<u>28,457,367</u>	<u>27,909,696</u>	<u>29,031,123</u>	<u>30,646,818</u>	<u>29,465,509</u>
Business-type activities										
Investment earnings	11,247,738	7,887,581	(4,056,322)	7,389,350	3,945,453	1,192,689	(4,695,126)	5,663,965	1,715,779	180,242
Miscellaneous	690,000	496,000	682,000	1,801,747	1,431,200	333,000	191,000	234,000	150,000	410,850
Transfers	<u>(7,719,000)</u>	<u>(8,691,000)</u>	<u>677,381</u>	<u>(9,177,782)</u>	<u>(9,145,963)</u>	<u>(9,281,511)</u>	<u>(8,380,455)</u>	<u>(8,829,455)</u>	<u>(9,400,547)</u>	<u>(9,567,313)</u>
Total business-type activities general revenues and other changes in net position	<u>4,218,738</u>	<u>(307,419)</u>	<u>(2,696,941)</u>	<u>13,315</u>	<u>(3,769,310)</u>	<u>(7,755,822)</u>	<u>(12,884,581)</u>	<u>(2,931,490)</u>	<u>(7,534,768)</u>	<u>(8,976,221)</u>
Total primary government general revenues and other changes in net position	<u>\$ 61,853,686</u>	<u>\$ 27,403,832</u>	<u>\$ 14,161,663</u>	<u>\$ 25,588,599</u>	<u>\$ 22,365,036</u>	<u>\$ 20,701,545</u>	<u>\$ 15,025,115</u>	<u>\$ 26,099,633</u>	<u>\$ 23,112,050</u>	<u>\$ 20,489,288</u>

(continued)

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Change in net position										
Governmental activities	\$ 2,351,898	\$ (1,208,644)	\$ (6,938,881)	\$ 912,556	\$ 537,558	\$ 1,801,560	\$ 1,421,285	\$ 2,072,730	\$ 2,987,036	\$ 7,879,890
Business-type activities	<u>17,210,898</u>	<u>10,328,391</u>	<u>6,753,060</u>	<u>24,995,942</u>	<u>18,505,535</u>	<u>16,354,430</u>	<u>6,678,702</u>	<u>19,998,829</u>	<u>27,306,036</u>	<u>25,375,545</u>
Total primary government change	<u>\$ 19,562,796</u>	<u>\$ 9,119,747</u>	<u>\$ (185,821)</u>	<u>\$ 25,908,498</u>	<u>\$ 19,043,093</u>	<u>\$ 18,155,990</u>	<u>\$ 8,099,987</u>	<u>\$ 22,071,559</u>	<u>\$ 30,293,072</u>	<u>\$ 33,255,435</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund										
Nonspendable	\$ 27,658	\$ 34,820	\$ 138,532	\$ 97,011	\$ 185,083	\$ 207,539	\$ 212,643	\$ 179,680	\$ 155,856	\$ 249,062
Restricted	105,500	105,500	102,316	91,959	91,959	91,029	91,029	96,029	96,029	99,974
Unrestricted	<u>14,801,938</u>	<u>13,395,178</u>	<u>17,145,924</u>	<u>17,568,683</u>	<u>16,928,666</u>	<u>19,548,598</u>	<u>20,788,168</u>	<u>22,097,252</u>	<u>21,579,429</u>	<u>20,912,480</u>
Total general fund	<u>\$ 14,935,096</u>	<u>\$ 13,535,498</u>	<u>\$ 17,386,772</u>	<u>\$ 17,757,653</u>	<u>\$ 17,205,708</u>	<u>\$ 19,847,166</u>	<u>\$ 21,091,840</u>	<u>\$ 22,372,961</u>	<u>\$ 21,831,314</u>	<u>\$ 21,261,516</u>
Nonmajor governmental funds										
Nonspendable	\$ 5,526	\$ 15,837	\$ 17,936	\$ 8,897	\$ 750	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	<u>4,480,394</u>	<u>4,700,249</u>	<u>2,495,831</u>	<u>5,493,273</u>	<u>378,447</u>	<u>99,366</u>	<u>129,188</u>	<u>78,958</u>	<u>7,974,454</u>	<u>8,204,724</u>
Total nonmajor governmental funds	<u>\$ 4,485,920</u>	<u>\$ 4,716,086</u>	<u>\$ 2,513,767</u>	<u>\$ 5,502,170</u>	<u>\$ 379,197</u>	<u>\$ 99,366</u>	<u>\$ 129,188</u>	<u>\$ 78,958</u>	<u>\$ 7,974,454</u>	<u>\$ 8,204,724</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Taxes	\$ 48,100,616	\$ 17,464,283	\$ 17,012,661	\$ 15,646,323	\$ 15,681,416	\$ 16,505,854	\$ 18,426,968	\$ 19,450,043	\$ 19,727,131	\$ 18,940,840
Licenses and permits	2,029,227	1,335,624	1,152,739	964,306	983,375	986,862	982,441	968,883	957,103	969,673
Intergovernmental revenues	4,955,395	3,108,282	4,084,230	4,866,202	3,729,380	3,440,782	3,327,030	2,320,941	4,577,357	11,847,929
Charges for services	2,355,614	2,331,802	1,633,223	1,572,660	1,140,030	1,263,013	1,336,866	1,476,461	1,277,199	1,409,091
Fines and forfeitures	1,040,320	964,673	840,251	506,110	462,225	453,345	484,730	549,231	405,566	456,663
Investment income	686,626	371,002	140,959	117,557	231,567	250,949	238,043	219,226	221,899	224,509
Miscellaneous	987,769	1,437,982	682,326	943,058	1,162,138	2,558,705	994,634	752,890	591,054	815,699
Total Revenues	<u>60,155,567</u>	<u>27,013,648</u>	<u>25,546,389</u>	<u>24,616,216</u>	<u>23,390,131</u>	<u>25,459,510</u>	<u>25,790,712</u>	<u>25,737,675</u>	<u>27,757,309</u>	<u>34,664,404</u>
Expenditures										
General government	3,729,484	2,404,601	1,911,892	2,022,594	2,081,391	2,139,627	2,219,861	2,146,368	2,399,552	2,596,194
Judicial	-	686,788	698,354	654,770	486,374	362,015	381,534	414,003	437,298	433,736
Public safety	14,458,606	14,231,734	14,133,661	13,732,562	13,883,732	13,445,167	13,965,925	15,017,013	15,391,367	15,814,820
Public works	12,209,967	8,092,435	6,149,832	7,419,974	6,120,255	7,236,418	6,746,059	7,294,473	7,636,525	7,857,512
Health and welfare	-	595,669	891,226	607,982	637,408	463,605	447,700	479,815	507,489	441,560
Culture and recreation	5,115,500	3,741,273	2,988,772	3,047,410	3,501,267	3,501,067	3,542,935	3,711,990	3,892,767	4,272,271
Housing and development	142,500	1,163,681	926,360	589,742	386,679	322,625	370,981	463,332	448,165	425,513
Education	29,093,305	-	-	-	-	-	-	-	-	-
Capital outlay	139,473	4,605,673	3,119,404	4,960,817	8,038,782	6,656,062	5,492,823	3,017,443	6,647,103	9,752,687
Debt service:										
Principal retirement	1,100,051	1,147,790	1,196,099	1,298,247	1,568,034	598,561	603,204	509,958	513,798	2,604,114
Interest and fiscal charges	249,834	204,436	155,951	477,827	333,806	293,792	274,506	281,844	270,543	372,838
Debt issuance costs	-	-	-	-	-	-	-	-	165,356	-
Total Expenditures	<u>66,238,720</u>	<u>36,874,080</u>	<u>32,171,551</u>	<u>34,811,925</u>	<u>37,037,728</u>	<u>35,018,939</u>	<u>34,045,528</u>	<u>33,336,239</u>	<u>38,309,963</u>	<u>44,571,245</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,083,153)</u>	<u>(9,860,432)</u>	<u>(6,625,162)</u>	<u>(10,195,709)</u>	<u>(13,647,597)</u>	<u>(9,559,429)</u>	<u>(8,254,816)</u>	<u>(7,598,564)</u>	<u>(10,552,654)</u>	<u>(9,906,841)</u>

(continued)

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Other Financing Sources (Uses)										
Issuance of debt	\$ -	\$ -	\$ -	\$ 6,130,000	\$ -	\$ -	\$ 1,148,857	\$ -	\$ 8,505,956	\$ -
Transfers in	9,306,268	9,996,811	9,947,366	15,230,728	11,188,924	13,521,540	11,547,319	11,535,763	13,817,596	13,068,767
Transfers out	<u>(1,587,268)</u>	<u>(1,305,811)</u>	<u>(1,673,249)</u>	<u>(6,052,946)</u>	<u>(2,042,961)</u>	<u>(4,526,557)</u>	<u>(3,166,864)</u>	<u>(2,706,308)</u>	<u>(4,417,049)</u>	<u>(3,501,454)</u>
Total Other Financing Sources (Uses)	<u>7,719,000</u>	<u>8,691,000</u>	<u>8,274,117</u>	<u>15,307,782</u>	<u>9,145,963</u>	<u>8,994,983</u>	<u>9,529,312</u>	<u>8,829,455</u>	<u>17,906,503</u>	<u>9,567,313</u>
Net Change in Fund Balance	<u>\$ 1,635,847</u>	<u>\$ (1,169,432)</u>	<u>\$ 1,648,955</u>	<u>\$ 5,112,073</u>	<u>\$ (4,501,634)</u>	<u>\$ (564,446)</u>	<u>\$ 1,274,496</u>	<u>\$ 1,230,891</u>	<u>\$ 7,353,849</u>	<u>\$ (339,528)</u>
Debt service as a % of noncapital expenditures	2.1%	4.4%	4.9%	6.3%	7.0%	3.2%	3.2%	2.7%	2.6%	9.3%

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
2007	\$ 2,139,401,407	\$ 1,590,117,669	\$ 42,578,173	\$ 161,443,322	\$ 3,610,653,927	3.606
2008	2,288,433,413	1,608,962,174	39,531,613	166,913,529	3,770,013,671	3.002
2009	2,261,143,928	1,562,971,156	38,765,258	173,595,248	3,689,285,094	2.974
2010	2,179,604,008	1,404,109,825	35,274,050	263,376,173	3,355,611,710	2.875
2011	2,123,448,963	1,433,785,109	32,304,213	276,731,830	3,312,806,455	2.780
2012	2,084,647,818	1,551,656,253	28,039,843	298,161,930	3,366,181,984	2.697
2013	2,056,904,020	1,543,923,211	20,583,698	297,794,168	3,323,616,761	2.616
2014	2,052,246,308	1,674,478,338	26,323,418	318,453,929	3,434,594,135	2.537
2015	2,082,112,700	1,652,510,636	26,322,153	325,665,644	3,435,279,845	2.511
2016	2,101,523,870	1,554,900,785	25,412,165	310,145,903	3,371,690,917	2.506

Source: Whitfield County Board of Tax Assessors

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

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

Fiscal Year	Operating Millage	Debt Service Millage	Recreation Millage	Total City Millage	Dalton Public Schools Millage	Special Districts Millage	Whitfield County Millage	Total Direct and Overlapping Rates
2007	2.506	0.100	1.000	3.606	8.134	3.000	5.242	19.982
2008	1.902	0.100	1.000	3.002	7.845	2.250	5.061	18.158
2009	2.874	0.100	0.000	2.974	7.845	1.000	5.061	16.880
2010	2.875	0.000	0.000	2.875	7.845	0.950	5.061	16.731
2011	2.780	0.000	0.000	2.780	7.845	0.950	5.061	16.636
2012	2.697	0.000	0.000	2.697	7.845	0.950	6.061	17.553
2013	2.616	0.000	0.000	2.616	7.845	0.950	6.061	17.472
2014	2.537	0.000	0.000	2.537	8.200	0.950	6.061	17.748
2015	2.511	0.000	0.000	2.511	8.200	0.950	7.061	18.722
2016	2.506	0.000	0.000	2.506	8.200	0.950	9.561	21.217

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.

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

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

Taxpayer	2016			2007		
	Taxable		Percentage of Total	Taxable		Percentage of Total
	Assessed Value	Rank	City Taxable Assessed Value	Assessed Value	Rank	City Taxable Assessed Value
Shaw Industries, Inc.	\$ 528,708,229	1	15.7%	\$ 403,382,588	1	11.2%
Mohawk Industries, Inc.	133,859,602	2	4.0%	158,673,521	2	4.4%
Beaulieu of America, Inc.	100,774,639	3	3.0%	77,121,446	3	2.1%
The Peoples Group	96,192,704	4	2.9%	-	NA	0.0%
J & J Industries, Inc.	78,309,913	5	2.3%	70,182,473	4	1.9%
TANDUS Group (formerly Collins & Aikman)	67,120,201	6	2.0%	23,139,790	7	0.6%
Lexmark Carpet Mills, Inc.	36,498,211	7	1.1%	21,427,792	9	0.6%
Shiroki Georgia, LLC	30,231,731	8	0.9%	22,608,841	8	0.6%
Cargill, Inc.	16,388,454	9	0.5%	-	NA	0.0%
WalMart	13,892,106	10	0.4%	-	NA	0.0%
CBL & Associates	-	NA	0.0%	25,120,045	6	0.7%
Windstream (formerly Alltel)	-	NA	0.0%	31,117,509	5	0.9%
Thomas Industries, LLC	-	NA	0.0%	16,850,798	10	0.5%

Source: Whitfield County Tax Commissioner

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

Fiscal Year	Taxes Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 40,451,745	\$ 35,995,374	89.0%	\$ 4,455,681	\$ 40,451,055	100.0%
2008	10,717,290	4,315,761	40.3%	6,400,215	10,715,976	100.0%
2009	10,439,104	4,091,977	39.2%	6,340,749	10,432,726	99.9%
2010	9,208,612	6,935,407	75.3%	2,272,170	9,207,577	100.0%
2011	8,714,014	7,444,424	85.4%	1,268,330	8,712,754	100.0%
2012	8,597,292	7,595,137	88.3%	1,000,029	8,595,166	100.0%
2013	8,278,776	7,339,021	88.6%	937,315	8,276,336	100.0%
2014	8,325,685	7,348,018	88.3%	946,110	8,294,128	99.6%
2015	8,335,862	7,466,921	89.6%	780,139	8,247,060	98.9%
2016	8,235,457	7,420,789	90.1%	-	7,420,789	90.1%

Source: Whitfield County Board of Tax Assessors

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

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

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

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Notes Payable	Revenue Bonds				
2007	\$ 3,745,000	\$ -	\$ 1,537,215	\$ 86,635,000	\$ 91,917,215	9.5%	\$ 2,782	
2008	2,860,000	-	1,274,425	71,033,000	75,167,425	7.8%	2,250	
2009	1,940,000	-	998,326	54,593,000	57,531,326	6.1%	1,712	
2010	-	6,585,000	1,185,079	29,973,000	37,743,079	4.1%	1,139	
2011	-	5,375,000	827,045	11,820,000	18,022,045	2.5%	539	
2012	-	5,150,000	453,484	-	5,603,484	0.6%	168	
2013	-	5,831,137	318,000	-	6,149,137	0.6%	184	
2014	-	5,374,179	265,000	-	5,639,179	0.5%	168	
2015	-	13,419,337	212,000	-	13,631,337	1.3%	403	
2016	-	10,868,223	159,000	-	11,027,223	NA	324	

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
2007	\$ 3,745,000	0.1%	\$ 113
2008	2,860,000	0.1%	86
2009	1,940,000	0.1%	58
2010	-	0.0%	-
2011	-	0.0%	-
2012	-	0.0%	-
2013	-	0.0%	-
2014	-	0.0%	-
2015	-	0.0%	-
2016	-	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, 2016
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Applicable Percentage</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with revenues other than property taxes:			
Dalton Public School System agreement with Building Authority - Qualified Zone Academy Bonds	\$ 2,000,000	100.0%	\$ 2,000,000
Whitfield County agreement with Building Authority - Series 2015 SPLOST Bonds	13,922,454	32.0%	<u>4,454,454</u>
Total overlapping debt			6,454,454
City direct debt			<u>11,027,223</u>
Total direct and overlapping debt			<u>\$ 17,481,677</u>

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

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

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

	For the year ending December 31,									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 377,209,725	\$ 360,474,151	\$ 386,288,034	\$ 361,898,788	\$ 358,953,829	\$ 366,434,391	\$ 362,141,093	\$ 375,304,806	\$ 376,094,549	\$ 368,183,682
Total net debt applicable to limit	<u>2,592,954</u>	<u>1,853,236</u>	<u>1,052,832</u>	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 374,616,771</u>	<u>\$ 358,620,915</u>	<u>\$ 385,235,202</u>	<u>\$ 361,898,788</u>	<u>\$ 358,953,829</u>	<u>\$ 366,434,391</u>	<u>\$ 362,141,093</u>	<u>\$ 375,304,806</u>	<u>\$ 376,094,549</u>	<u>\$ 368,183,682</u>
Total net debt applicable to limit as a % of debt limit	0.7%	0.5%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$ 3,371,690,917
Add: exempt real property	<u>310,145,903</u>
Total assessed value	3,681,836,820
	10.0%
Debt limit (10% of assessed value)	<u>\$ 368,183,682</u>
Debt applicable to limit	
Total general obligation debt	<u>\$ -</u>
Legal debt margin	<u>\$ 368,183,682</u>

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
2007	\$ 155,356,000	\$ 112,203,000	\$ 43,153,000	\$ 15,430,000	\$ 4,867,000	2.1
2008	150,273,000	111,552,000	38,721,000	16,305,000	3,995,000	1.9
2009	150,470,000	115,284,000	35,186,000	17,170,000	3,127,000	1.7
2010	167,388,000	120,981,000	46,407,000	18,105,000	2,191,000	2.3
2011	162,948,000	120,490,000	42,458,000	11,820,000	702,000	3.4
2012	155,141,000	111,896,000	43,245,000	-	-	-
2013	163,817,000	121,327,000	42,490,000	-	-	-
2014	177,119,000	135,820,000	41,299,000	-	-	-
2015	179,289,000	125,258,000	54,031,000	-	-	-
2016	181,360,000	128,935,000	52,425,000	-	-	-

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

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

Fiscal Year	Estimated Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate	School Enrollment
2007	33,045 *	\$ 963,229	\$ 29,149	4.5%	6,583
2008	33,401 *	965,590	28,909	5.7%	6,694
2009	33,604 *	941,819	28,027	12.5%	6,729
2010	33,128	910,059	27,471	12.4%	6,840
2011	33,413 *	716,041	21,430	12.1%	6,974
2012	33,413 *	953,874	28,548	11.4%	7,225
2013	33,414 *	983,407	29,431	9.2%	7,518
2014	33,529 *	1,028,267	30,668	7.2%	7,703
2015	33,853 *	1,067,689	31,539	5.9%	7,835
2016	34,077 *	NA	NA	6.0%	7,966

NA

Not yet available

Source:

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

*

Estimated

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

Taxpayer	2016			2007		
	Employees (1)	Rank	Percentage of Total City Employees	Employees (1)	Rank	Percentage of Total City Employees
Shaw Industries, Inc.	4,685	1	13.7%	6,755	1	20.4%
Mohawk Industries, Inc.	2,186	2	6.4%	2,846	2	8.6%
Hamilton Medical Center	1,984	3	5.8%	1,800	4	5.4%
Dalton Public School System	1,242	4	3.6%	900	5	2.7%
Beaulieu of America, Inc.	1,238	5	3.6%	2,010	3	6.1%
TANDUS Group (formerly Collins & Aikman)	1,119	6	3.3%	859	6	2.6%
City of Dalton, Georgia	697	7	2.0%	831	7	2.5%
J & J Industries, Inc.	695	8	2.0%	731	8	2.2%
The Peeples Group	620	9	1.8%	-	NA	0.0%
Columbia Recycling Corp.	463	10	1.4%	-	NA	0.0%
Pilgrim's Pride Corporation	-	NA	0.0%	515	9	1.6%
Wal-Mart	-	NA	0.0%	413	10	1.2%

NA Information not available

(1) Includes City of Dalton only

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

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

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

Function/Program	For the year ending December 31,									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
Administration and elected officials	10	7	7	7	7	7	7	7	7	6
Human Resources	4	4	3	3	3	3	3	3	3	3
City Clerk	3	3	3	3	3	3	3	3	3	3
IT	1	1	1	1	1	1	1	2	2	2
Finance	4	5	4	4	4	4	4	5	5	5
Building Inspection	5	5	5	-	-	-	-	-	-	-
Municipal Court	9	10	9	8	4	4	4	5	5	5
Public Safety										
Police - Officers	95	98	86	81	82	79	81	82	83	81
Police - Civilians	11	12	14	15	13	15	14	15	15	15
Fire - Firefighters and officers	89	91	87	85	88	83	89	88	93	91
Fire - Civilians	1	-	-	-	1	1	2	3	3	3
Streets and Sanitation										
Refuse collection	32	32	32	31	31	31	31	30	29	30
Streets	32	10	10	10	11	11	11	11	11	11
Other	31	23	23	23	24	27	25	25	30	30
DWRSWMA (Landfill)	38	38	38	38	38	37	36	36	36	36
WLSF (Dalton Utilities)	320	309	310	402	307	301	304	310	308	308
Culture and Recreation										
Recreation	37	37	24	25	25	28	29	27	27	28
Golf Course	11	11	9	9	7	6	6	6	8	10
Senior Center	4	4	5	5	4	4	4	4	4	4
Trade Center	18	16	-	-	-	5	12	15	15	15
Economic Development and Assistance										
Airport	-	-	-	-	-	-	-	1	2	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.

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

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

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

Function/Program	For the year ending December 31,									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
Building permits issued	424	298	160	-	-	-	-	-	-	-
Public Safety										
Police										
Physical arrests	8,048	2,852	2,647	3,221	3,868	4,212	4,682	4,109	4,014	3,668
Traffic citations and warnings	17,473	19,140	11,727	9,384	12,621	10,831	11,375	12,943	11,174	10,826
Fire										
Calls answered	1,460	1,323	1,323	1,517	2,766	2,744	2,537	2,663	2,896	3,590
Inspections conducted	275	170	616	469	468	220	610	598	259	717
Culture and Recreation										
Youth athletic enrollment	2,571	2,725	2,850	3,098	3,575	2,698	4,258	4,273	4,500	4,535
Adult athletic enrollment	2,380	2,390	2,390	2,441	2,398	2,292	2,089	2,001	1,950	1,935
Special events	9,860	10,500	12,000	20,000	25,000	25,120	20,000	26,452	29,000	28,960
Tournaments	16,664	17,200	16,000	18,225	21,655	22,868	24,268	25,267	25,398	26,243

(continued)

- (1) In millions of gallons
(2) Includes Whitfield County
Source: Various City departments
Note: Building Inspection absorbed by Whitfield County.

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

Function/Program	For the year ending December 31,									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
WLSF (Dalton Utilities) (1) (2)										
Electric System										
Number of service connections	15,858	15,904	15,691	15,532	15,500	15,625	16,512	16,664	16,882	16,907
Daily average consumption	3,725	4,164	4,005	4,178	3,977	3,976	4,236	4,485	4,762	4,931
Maximum daily peak (MW's)	262	262	262	262	262	243	237	256	267	275
Natural Gas System										
Number of service connections	8,255	8,031	8,013	7,789	7,602	7,623	7,594	7,813	7,554	7,534
Daily average consumption	5,840	5,532	5,170	6,305	5,679	4,798	5,819	7,840	7,295	8,622
Maximum daily peak (Dkthms)	15,380	17,868	19,154	19,055	16,487	17,217	18,163	23,440	24,166	25,681
Sewer system										
Number of service connections	12,490	12,466	12,393	12,323	12,317	12,450	12,616	12,773	12,884	12,916
Daily average treatment	30	24	24	21	21	20	22	20	21	19
Maximum daily capacity (Mil/gallons)	40	67	67	67	67	67	67	67	67	67
Water system										
Number of service connections	35,513	32,457	35,790	35,559	35,501	35,674	35,236	35,423	35,532	36,217
Daily average consumption (Mil/gallons)	32	24	21	21	1	22	23	25	27	27
Maximum daily capacity (Mil/gallons)	59	66	66	66	66	66	66	66	66	66
Optilink (Telecom) System										
Number of service connections	10,334	11,650	11,930	11,776	11,827	12,033	12,234	12,502	12,934	13,393

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

Function/Program	For the year ending December 31,									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	58	58	57	58	58	58	58	63	63	65
Fire										
Number of stations	5	5	5	5	5	5	5	5	5	5
Streets and Sanitation										
Miles of streets	169	169	173	173	174	174	178	180	180	180
Streetlights	4,420	4,435	4,472	4,485	4,505	4,525	4,545	4,610	4,615	4,620
Culture and Recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Parks	11	11	11	12	12	13	13	13	13	13
Park acreage	459	459	459	644	644	719	719	719	719	734
Golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	1	1	2	2	2	2	2
Tennis courts	18	18	16	22	22	22	22	22	22	28
WLSF (Dalton Utilities)										
Electric System										
Miles of distribution	197	197	199	204	206	301	310	317	334	339
Number of substations	9	9	9	9	9	9	10	10	11	11
Natural gas system										
Miles of distribution	255	255	256	276	277	324	279	285	292	296
Sewer system										
Miles of sewer	284	278	284	298	299	319	323	323	324	328
Number of treatment plants	4	5	5	5	5	5	5	5	5	5
Water system										
Miles of water mains	1,291	1,288	1,285	1,259	1,259	1,249	1,248	1,250	1,251	1,244
Number of fire hydrants	4,950	5,299	5,190	5,230	5,004	5,004	5,008	5,010	5,029	5,040
Optilink (Telecom) System										
Miles of fiber optics	570	578	586	592	601	601	626	827	1,096	1,317

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, 2016

Project Name	Original Estimated Project Cost	Revised Estimated SPLOST Funds	Prior Years	Current Year	Total	Estimated Percentage Complete
SPLOST 2015 (2015 Referendum):						
County-wide communications project	\$ 3,901,000	\$ 3,901,000	\$ 468,147	\$ 1,515,620	\$ 1,983,767	51%
County-wide library project	163,000	163,000	-	43,250	43,250	27%
Lakeshore Park recreation project	2,200,000	2,200,000	115,732	663,292	779,024	35%
Public safety vehicles	3,200,000	3,200,000	1,743,971	746,961	2,490,932	78%
Haig Mill reservoir recreation project	5,000,000	5,000,000	8,860	754,545	763,405	15%
Streets, bridges, and stormwater projects	<u>10,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>789,655</u>	<u>789,655</u>	8%
	<u>\$ 24,464,000</u>	<u>\$ 24,464,000</u>	<u>\$ 2,336,710</u>	<u>\$ 4,513,323</u>	<u>\$ 6,850,033</u>	28%
SPLOST 2008 (2007 Referendum):						
Road Projects	<u>\$ 30,384,359</u>	<u>\$ 11,710,215</u>	<u>\$ 6,220,770</u>	<u>\$ 3,219,416</u>	<u>\$ 9,440,186</u>	81%
Total	<u>\$ 54,848,359</u>	<u>\$ 36,174,215</u>	<u>\$ 8,557,480</u>	<u>\$ 7,732,739</u>	<u>\$ 16,290,219</u>	

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

Note: Expenditures presented on this schedule are \$2,197,235 less than those presented on the combining statement of revenues, expenditures, and changes in fund balances for SPLOST nonmajor capital projects funds. That variance is due to \$2,197,235 in current year expenditures in SPLOST capital projects funds for debt service, which are not SPLOST expenditures, and were funded by proceeds from the issuance of debt during 2015.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Dalton, Georgia's basic financial statements and have issued our report thereon dated June 19, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2016-001)

Compliance and Other Matters

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

City of Dalton, Georgia's Response to Findings

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

Purpose of this Report

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

Estes & Walcott

Dalton, Georgia
June 19, 2017



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Dalton, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Dalton, Georgia's major federal programs for the year ended December 31, 2016. The City of Dalton, Georgia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Dalton, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

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

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

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

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

Estes & Walcott

Dalton, Georgia
June 19, 2017

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2016

Summary of Audit Results

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

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2016

Findings – Financial Statement Audit

2016-001 Criteria: Controls should be in place in order to sufficiently prevent, or detect and correct misstatements on a timely basis.

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

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

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

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

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

City of Dalton, Georgia
Schedule of Expenditures of Federal Awards
December 31, 2016

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 # B14MC130011	N/A	14.218	\$ 41,244	\$ 41,244
Grant/Contract # B15MC130011	N/A		149,043	90,094
Grant/Contract # B16MC130011	N/A		<u>55,446</u>	<u>21,360</u>
			<u>245,733</u>	<u>152,698</u>
U.S. DEPARTMENT OF JUSTICE				
Direct funding:				
Bulletproof Vest Partnership Program				
Grant/Contract # 2015BUBX15076236	N/A	16.607	<u>7,203</u>	<u>-</u>
Equitable Sharing Program				
Grant/Contract # GA1550100	N/A	16.922	<u>2,102</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Pass-through Georgia Department of Transportation:				
Airport Improvement Program				
Grant/Contract # AP015-9024-34(313)	T005362	20.106	78,762	-
Grant/Contract # AP016-9029-35(313)	T005736		<u>257,013</u>	<u>-</u>
			<u>335,775</u>	<u>-</u>
Highway Planning and Construction Cluster:				
Highway Planning and Construction				
Grant/Contract # 0010685	E30054-14-000-0	20.205	<u>481,361</u>	<u>-</u>
U.S. DEPARTMENT OF THE TREASURY				
Direct funding:				
Treasury Forfeiture Fund				
	N/A	21.000	<u>22,175</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Pass-through Georgia Emergency Management Agency:				
Disaster Grants - Public Assistance				
		97.036	<u>1,724</u>	<u>-</u>
Total			<u>\$ 1,096,073</u>	<u>\$ 152,698</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, 2016

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, 2016

Prior Year Findings – Financial Statement Audit

2015-001 Condition:	Controls related to concession revenues and inventory at the Recreation Department are inadequate.
Current Status:	The City has the same finding this year. Management has made significant progress in their efforts to eliminate this finding, but the inventory module for the Recreation Department has yet to be implemented. Management believes this will not be a finding next year.