CITY OF DALLAS, GEORGIA

ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended
June 30, 2015

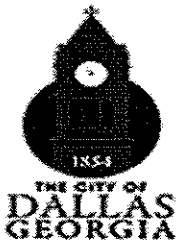
Kendall Smith
City Manager

By Authority of
Mayor and City Council

CITY OF DALLAS, GEORGIA
ANNUAL FINANCIAL REPORT
JUNE 30, 2015

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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council
Of the City of Dallas, Georgia

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund information of City of Dallas, Georgia as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City'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.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. 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. 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 auditor's 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund information of the City of Dallas, Georgia, as of June 30, 2015, and the respective changes in financial position, and cash flows where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1 to the financial statements, the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.* Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedules of Funding Progress on page 47, Schedule of Changes in Net Pension Liability and Related Ratios on page 48 and Schedule of Required Contributions on page 49, 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.

Management has omitted the Management's Discussion and Analysis, that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dallas' basic financial statements. The Individual Fund Schedules and Schedule of Special Purpose Local Option Sales Tax Expenditures, as required by the Georgia code section OCGA §48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Individual Fund Schedules and the Schedule of Special Purpose Local Option Sales Tax Expenditures 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 limited 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 Individual Fund Schedules and the Schedule of Special Purpose Local Option Sales Tax Expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2015, on our consideration of the City of Dallas, 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 City of Dallas, State Georgia's internal control over financial reporting and compliance.

Williamson and Company, CPAs

Williamson & Company
Certified Public Accountants
Cartersville, Georgia
November 1, 2015



BASIC FINANCIAL STATEMENTS



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CITY OF DALLAS, GEORGIA
STATEMENT OF NET POSITION
FOR THE YEAR ENDED
JUNE 30, 2015

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash	$ 1,080,549	$ 3,246,712	$ 4,327,261
Receivables - net	407,682	716,339	1,124,021
Internal Balances	408,905	(408,905)	-
Inventory	-	47,071	47,071
Prepaid Expenses	203,135	55,163	258,298
Restricted Assets:			
Cash	1,250,524	-	1,250,524
Non-Current Assets:			
Capital Assets:			
Land and Construction in Progress	4,716,078	19,323,194	24,039,272
Other Capital Assets-Net	14,750,085	15,671,298	30,421,383
Total Capital Assets	19,466,163	34,994,492	54,460,655
Total Assets	22,816,958	38,650,872	61,467,830
DEFERRED OUTFLOWS OF RESOURCES			
Deferred resources related to pension	253,163	59,383	312,546
Total Deferred outflows of resources	253,163	59,383	312,546
LIABILITIES			
Current Liabilities:			
Accounts Payable	77,693	2,066,916	2,144,609
Accrued Liabilities	63,300	13,190	76,490
Accrued Interest Payable	-	71,076	71,076
Retainage Payable	-	927,006	927,006
Customer Deposits	245,304	505,464	750,768
Noncurrent Liabilities:			
Due Within One Year	260,840	495,556	756,396
Due In More Than One Year	1,983,435	24,245,989	26,229,424
Total Liabilities	2,630,572	28,325,197	30,955,769
DEFERRED INFLOWS OF RESOURCES			
Deferred resources related to pension	255,069	59,831	314,900
Total Deferred inflows of resources	255,069	59,831	314,900
NET POSITION			
Net Investment in Capital Assets	18,218,804	10,474,397	28,693,201
Restricted for:			
Drug Enforcement Activities	3,923	-	3,923
Capital Projects	1,017,350	-	1,017,350
Tourism	2,270	-	2,270
Subdivision Infrastructure	19,410	-	19,410
Unrestricted	922,723	(149,170)	773,553
Total Net Position	$ 20,184,480	$ 10,325,227	$ 30,509,707

The accompanying notes are an integral part of this financial statement.

CITY OF DALLAS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General Government	$ 1,059,713	$ 39,611	$ -	$ 6,300
Public Safety	2,259,835	424,722	-	339,967
Public Works	1,451,482	37,566	-	472,777
Community Development	104,873	28,511	-	-
Theater	463,434	143,517	-	-
Civic Center	99,579	6,800	-	-
Parks	413,353	72,011	-	436,373
Marshal	145,226	-	-	-
Interest on Long-term Debt	48,351	-	-	-
Total Governmental Activities	6,045,846	752,738	-	1,255,417
Business-type activities:				
Water & Sewer	3,590,618	5,436,507	-	-
Solid Waste	420,729	526,982	-	-
Total Business-type Activities	4,011,347	5,963,489	-	-
Total primary government	$ 10,057,193	$ 6,716,227	$ -	$ 1,255,417

The accompanying notes are an integral part of this financial statement.

CITY OF DALLAS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Functions/Programs	Governmental Activities	Business-type Activities	Totals
Primary government:			
Governmental activities:			
General Government	$ (1,013,802)		$ (1,013,802)
Public Safety	(1,495,146)		(1,495,146)
Public Works	(941,139)		(941,139)
Community Development	(76,362)		(76,362)
Theater	(319,917)		(319,917)
Civic Center	(92,779)		(92,779)
Parks	95,031		95,031
Marshal	(145,226)		(145,226)
Interest on Long-term Debt	(48,351)		(48,351)
Total Governmental Activities	(4,037,691)		(4,037,691)
Business-type activities:			
Water & Sewer		$ 1,845,889	1,845,889
Solid Waste		106,253	106,253
Total Business-type Activities		1,952,142	1,952,142
Total primary government	(4,037,691)	1,952,142	(2,085,549)
General revenues:			
Taxes:			
Property	1,308,100	-	1,308,100
Sales Tax	1,579,072	-	1,579,072
Hotel/Motel	10,415	-	10,415
Business Occupation	79,744	-	79,744
Financial Institution Tax	37,138	-	37,138
Insurance Premium	646,227	-	646,227
Malt Beverage	208,158	-	208,158
Franchise	619,185	-	619,185
Payment from County	13,705	-	13,705
Investment Earnings	-	18	18
Miscellaneous	24,922	-	24,922
Total General Revenues and Transfers	4,526,666	18	4,526,684
Change in Net Assets	488,975	1,952,160	2,441,135
Net Position - Beginning	21,303,370	8,125,655	29,429,025
Prior Period Adjustment	(1,607,865)	247,412	(1,360,453)
Net Position - Ending	$ 20,184,480	$ 10,325,227	$ 30,509,707

The accompanying notes are an integral part of this financial statement.

CITY OF DALLAS, GEORGIA
BALANCE SHEET- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED
JUNE 30, 2015

	General	Special Revenue- Confiscated Drug	Special Revenue - Hotel / Motel	Special Revenue - Subdivision Infrastructure	Capital Projects- Splost 2011	Total Governmental Funds
ASSETS						
Cash	$ 1,080,549	$ -	$ -	$ -	$ -	$ 1,080,549
Receivables (Net):						
Accounts	207,316	-	-	-	182,062	389,378
Taxes	18,304	-	-	-	-	18,304
Due from Other Funds	1,792,275	1,296	-	-	-	1,793,571
Prepaid items	203,135	-	-	-	-	203,135
Cash - Restricted	-	2,627	3,736	21,003	1,223,158	1,250,524
Total Assets	$ 3,301,579	$ 3,923	$ 3,736	$ 21,003	$ 1,405,220	$ 4,735,461
LIABILITIES						
Liabilities:						
Accounts Payable	$ 70,067	$ -	$ 1,206	$ -	$ 6,421	$ 77,694
Accrued liabilities	63,300	-	-	-	-	63,300
Due to Other Funds	1,001,363	-	260	1,593	381,449	1,384,665
Deposits Payable	245,304	-	-	-	-	245,304
Total Liabilities	1,380,034	-	1,466	1,593	387,870	1,770,963
FUND BALANCES						
Fund Balance:						
Restricted for:						
Drug Enforcement Activities	-	3,923	-	-	-	3,923
Capital Projects	-	-	-	-	1,017,350	1,017,350
Tourism	-	-	2,270	-	-	2,270
Committed for:						
Subdivision Infrastructure	-	-	-	19,410	-	19,410
Unassigned	1,921,545	-	-	-	-	1,921,545
Total Fund Balances	1,921,545	3,923	2,270	19,410	1,017,350	2,964,498
Total Liabilities and Fund Balances	$ 3,301,579	$ 3,923	$ 3,736	$ 21,003	$ 1,405,220	$ 4,735,461

Reconciliation of the Balance Sheet to the Statement of Net Position

Fund Balances - Total governmental funds		$ 2,964,498
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		19,466,163
Deferred inflows and outflows of recourses are not used in governmental activities and are therefore not reported in the governmental funds.		
Deferred inflow of pension resources	253,163	
Deferred outflow of pension resources	(255,069)	(1,906)
Non-current liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Lease Payable		(1,247,359)
Compensated Absences		(100,235)
OPEB Liability		(87,807)
Net Pension Liability		(808,874)
Net Position of governmental activities		$ 20,184,480

The accompanying notes are an integral part of this financial statement.

CITY OF DALLAS, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General	Special Revenue-Confiscated Drug	Special Revenue-Hotel / Motel	Special Revenue-Subdivision Infrastructure	Capital Projects-Splost 2011	Total Governmental Funds
REVENUES						
Taxes	$ 4,477,624	$ -	$ 10,415	$ -	$ -	$ 4,488,039
Licenses and Permits	68,122	-	-	-	-	68,122
Intergovernmental	13,705	-	-	-	1,072,515	1,086,220
Fines and Forfeitures	423,847	875	-	-	-	424,722
Services	150,317	-	-	-	-	150,317
Grants	169,270	-	-	-	13,632	182,902
Fees	72,011	-	-	37,566	-	109,577
Miscellaneous	20,151	4,771	-	-	-	24,922
Total Revenues	5,395,047	5,646	10,415	37,566	1,086,147	6,534,821
EXPENDITURES						
Current:						
General Government	1,050,674	-	10,415	-	-	1,061,089
Public Safety	2,157,410	2,900	-	-	184,998	2,345,308
Public Works	979,961	-	-	19,960	233,386	1,233,307
Community Development	107,989	-	-	-	-	107,989
Theater	392,181	-	-	-	-	392,181
Civic Center	48,999	-	-	-	-	48,999
Parks	383,142	-	-	-	128,594	511,736
Marshal	136,133	-	-	-	-	136,133
Debt Service:						
Principal	252,061	-	-	-	-	252,061
Interest	48,351	-	-	-	-	48,351
Total Expenditures	5,556,901	2,900	10,415	19,960	546,978	6,137,154
Excess (Deficiency) of Revenues Over (Under) Expenditures	(161,854)	2,746	-	17,606	539,169	397,667
Net Change in Fund Balances	(161,854)	2,746	-	17,606	539,169	397,667
Fund Balance (Deficit) - Beginning of Year	2,643,934	1,177	2,270	1,804	478,181	3,127,366
Prior Period Adjustment	(560,535)	-	-	-	-	(560,535)
Fund Balance - End of Year	$ 1,921,545	$ 3,923	$ 2,270	$ 19,410	$ 1,017,350	$ 2,964,498

The accompanying notes are an integral part of this financial statement.

CITY OF DALLAS, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
JUNE 30, 2015

Net Change in Fund Balances - Total Governmental Funds		$ 397,667
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for capital assets	656,431	
Less current year depreciation	(1,036,873)	(380,442)
In the Statement of Activities, the lease proceeds are shown as a source of funds, these are net capital assets and not reflected financial resources. Repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Add Repayment of Principal		252,061
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Net change in long-term compensated absences		(16,914)
Net Change in long-term OPEB Liability		54
Net Change in long term Pension Liability		236,549
Change in Net Position of Governmental Activities		$ 488,975

The accompanying notes are an integral part of this financial statement.

CITY OF DALLAS GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND BUDGET AND ACTUAL
FOR THE YEAR ENDED
JUNE 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 4,399,690	$ 4,399,690	$ 4,477,624	$ 77,934
Licenses and Permits	76,700	76,700	68,122	(8,578)
Intergovernmental	31,400	31,400	40,498	9,098
Fines and Forfeitures	452,200	452,200	423,847	(28,353)
Services	66,775	66,775	150,317	83,542
Grants	513,000	513,000	142,477	(370,523)
Fees	130,975	130,975	72,011	(58,964)
Miscellaneous	23,750	23,750	20,151	48,261
Total Revenues	5,694,490	5,694,490	5,395,047	(247,583)
EXPENDITURES				
Current:				
General Government	1,141,539	1,092,911	1,050,674	42,237
Public Safety	2,182,450	2,182,450	2,157,410	25,040
Public Works	931,336	979,961	979,961	-
Community Development	120,302	120,302	107,989	12,313
Theater	409,926	409,926	392,181	17,745
Civic Center	66,345	66,345	48,999	17,346
Parks	703,687	703,687	383,142	320,545
Marshal	147,962	147,962	136,133	11,829
Debt Service:				
Principal	252,058	252,061	252,061	-
Interest	48,356	48,356	48,351	5
Total Expenditures	6,003,961	6,003,961	5,556,901	447,060
Excess (Deficiency) of Revenues Over (Under) Expenditures	(309,471)	(309,471)	(161,854)	(694,643)
OTHER FINANCING SOURCES (USES)				
Transfers - In (Out)	20,000	20,000	-	(20,000)
Proceeds From Disposal of Capital Assets	1,000	1,000	-	(1,000)
Total Other Financing Sources (Uses)	21,000	21,000	-	(21,000)
Net Change in Fund Balance	(288,471)	(288,471)	(161,854)	(715,643)
Fund Balance (Deficit) - Beginning of Year	288,471	288,471	2,643,934	2,355,463
Prior Period Adjustment	-	-	(560,535)	(560,535)
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 1,921,545	$ 1,079,285

The accompanying notes are an integral part of this financial statement.

CITY OF DALLAS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Water and Sewer	Solid Waste	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 3,169,776	$ 76,936	$ 3,246,712
Accounts Receivable - net	643,901	72,438	716,339
Due From Other Funds	1,001,661	-	1,001,661
Inventory	47,071	-	47,071
Prepaid items	55,163	-	55,163
Total Current Assets	4,917,572	149,374	5,066,946
Non-Current Assets:			
Capital Assets:			
Buildings	245,915	-	245,915
Machinery & Equipment	1,846,760	-	1,846,760
Utility System - Water	7,722,182	-	7,722,182
Utility System - Sewer	14,627,695	-	14,627,695
Less Accumulated Depreciation	(8,771,254)	-	(8,771,254)
Construction in Progress	18,767,483	-	18,767,483
Land	555,711	-	555,711
Total Capital Assets	34,994,492	-	34,994,492
Total Non-Current Assets	34,994,492	-	34,994,492
Total Assets	$ 39,912,064	$ 149,374	$ 40,061,438
Deferred Outflows of Resources			
Deferred resources related to pension	59,383	-	59,383
Total Deferred Outflows	59,383	-	59,383

(Continued)

The accompanying notes are an integral part of this financial statement.

CITY OF DALLAS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

(Continued)	Water and Sewer	Solid Waste	Total
Liabilities			
Current Liabilities:			
Accounts Payable	$ 2,031,745	$ 35,171	$ 2,066,916
Accrued Liabilities	13,190	-	13,190
Due to Other Funds	-	1,410,566	1,410,566
Accrued Interest Payable	71,076	-	71,076
Retainage Payable	927,006	-	927,006
Customer Deposits	497,878	7,586	505,464
Bond Payable	215,000	-	215,000
Notes Payable	280,556	-	280,556
Total Current Liabilities	4,036,451	1,453,323	5,489,774
Noncurrent Liabilities:			
Compensated Absences Payable	11,166	-	11,166
Net OPEB Obligation	20,550	-	20,550
Net Pension Liability	189,735	-	189,735
Bond Payable	5,910,000	-	5,910,000
Note Payable	18,114,538	-	18,114,538
Total Noncurrent Liabilities	24,245,989	-	24,245,989
Total Liabilities	28,282,440	1,453,323	29,735,763
Deferred Inflows of Resources			
Deferred resources related to pension	59,831	-	59,831
Total Deferred Inflows	59,831	-	59,831
Net Position			
Net Investment in Capital Assets	10,474,397	-	10,474,397
Unrestricted	1,154,779	(1,303,949)	(149,170)
Total Net Position	$ 11,629,176	$ (1,303,949)	$ 10,325,227

The accompanying notes are an integral part of this financial statement.

CITY OF DALLAS, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Water and Sewer	Solid Waste	Total
Operating Revenues			
Charges for Services	$ 5,390,862	$ 526,982	$ 5,917,844
Fees	25,681	-	25,681
Other Revenues	19,964	-	19,964
Total Operating Revenues	5,436,507	526,982	5,963,489
Operating Expenses			
Cost of Sales and Services	1,018,789	420,729	1,439,518
Salaries, Wages, and Employee Benefits	725,691	-	725,691
Cost of Water Purchased	675,705	-	675,705
Depreciation Expense	748,292	-	748,292
Total Operating Expenses	3,168,477	420,729	3,589,206
Operating Income (Loss)	2,268,030	106,253	2,374,283
Nonoperating Revenues (Expenses)			
Interest Revenue	18	-	18
Interest Expense	(422,141)	-	(422,141)
Total Nonoperating Revenues (Expenses)	(422,123)	-	(422,123)
Income Before Contributions, Special Items and Transfers	1,845,907	106,253	1,952,160
Change in Net Position	1,845,907	106,253	1,952,160
Net Position - Beginning	7,325,749	799,906	8,125,655
Prior Period Adjustment	2,457,520	(2,210,108)	247,412
Net Position - Ending	$11,629,176	$ (1,303,949)	$ 10,325,227

The accompanying notes are an integral part of this financial statement.

CITY OF DALLAS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Water and Sewer	Solid Waste	Total
Cash Flows From Operations			
Receipts from Customers and Users	$ 5,348,774	$ 514,386	$ 5,863,160
Payments to Suppliers	282,877	(411,155)	(128,278)
Payments to/for Employees	(526,172)	-	(526,172)
Net Cash Provided by (Used by) Operating Activities	5,105,479	103,231	5,208,710
Cash Flows from Noncapital Financing Activities			
Payments from Other Funds	-	-	-
Payments to Other Funds	(2,775,097)	(38,427)	(2,813,524)
Net Cash from Noncapital Financing Activities	(2,775,097)	(38,427)	(2,813,524)
Cash Flows from Capital and Related Financing Activities			
Proceeds from Note Payable	12,693,101	-	12,693,101
Principal Payments -Notes	(464,122)	-	(464,122)
Acquisition and Construction of Capital Assets	(12,820,071)	-	(12,820,071)
Interest Paid	(351,065)	-	(351,065)
Net Cash from Capital and Related Financing Activities	(942,157)	-	(942,157)
Cash Flows from Investing Activities			
Interest Received	18	-	18
Net Increase(Decrease) in Cash	1,388,243	64,804	1,453,047
Cash (Overdraft) - July 1	1,781,533	12,132	1,793,665
Cash (Overdraft) - June 30	$ 3,169,776	$ 76,936	$ 3,246,712
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	$ 2,268,030	$ 106,253	$ 2,374,283
Adjustments to Reconcile from Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation	748,292	-	748,292
(Increase) Decrease in Assets:			
Accounts Receivable	(112,291)	(13,897)	(126,188)
Inventory	11,494	-	11,494
Prepaids	4,505	-	4,505
Increase (Decrease) in Liabilities:			
Accounts Payable	1,300,697	9,574	1,310,271
Accrued liabilities	13,190	-	13,190
Accrued Interest	(5,823)	-	(5,823)
Retainage Payable	666,498	-	666,498
Customer Deposits	24,558	1,301	25,859
Compensated Absences Payable	(1,991)	-	(1,991)
Net OPEB Obligation	(1,415)	-	(1,415)
Net Pension Liability	189,735	-	189,735
Net Cash Provided by (Used in) Operating Activities	$ 5,105,479	$ 103,231	$ 5,208,710

The accompanying notes are an integral part of this financial statement.

CITY OF DALLAS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Water and Sewer	Solid Waste	Total
Noncash Investing, Capital and Financing Activities			
Acquisition of Capital Assets	$ 2,585,813	$ -	$ 2,585,813
Accounts Payable	(1,919,315)	-	(1,919,315)
Retainage Payable	(666,498)	-	(666,498)
Net Pension Liability	(268,333)	-	(268,333)
Prior Period Adjustment	268,333	-	268,333
Net Cash from Noncash Activities	$ -	$ -	$ -

The accompanying notes are an integral part of this financial statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, certain potential component units are considered for inclusion in the financial report because of the significance of the City's influence over their operation or finances. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). In accordance with the above criteria, the City does not include any component units.

Related organization: The Housing Authority of the City of Dallas is a related organization that 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 that are appointed by the Dallas City Council. The City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the Authority.

The more significant of the government's accounting policies are described below.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business type.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes, intergovernmental revenues, permits and fines, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues.*

Fund financial statements emphasize major funds in either the governmental, proprietary and fiduciary (if any) funds. Non-major funds (if any) are reported as a separate column in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental

accounting and financial reporting principles. The City uses GASB 62 for guidance on accounting and financial reporting principles.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives the cash. In applying the susceptible to accrual concept, non-exchange transactions are recognized in accordance with GASB Statement 33.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and unrestricted as needed.

D. Fund Types and Major Funds

Major Governmental Funds:

These are the funds through which most governmental functions typically are financed. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. The funds included in this category are the:

General Fund - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Fund- This fund is used to account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or capital projects). The City has elected to present three special revenue funds: Confiscated Drug Fund, Hotel/Motel Tax Fund and Subdivision Infrastructure Fund as major funds. The Confiscated Drug Fund accounts for cash received from the confiscation or sale of capital assets acquired through confiscations. The Hotel/Motel Tax Fund accounts for tax proceeds from the hotel/motel tax. The Subdivision Infrastructure Fund accounts for revenues and expenses the City incurs while in the process of getting the infrastructure of undeveloped subdivisions to comply with City/State mandates.

Capital Projects Funds- These funds are used to account for major capital expenditures not financed by Enterprise Funds, Internal Service Funds, or Trust Funds. These funds are used to account for projects funded by grants and the Special Local Option Sales Tax. The City maintains a SPLOST capital project fund.

Proprietary Funds:

Proprietary funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is intended to be self-supporting.

Major Proprietary Funds
The City reports the water and sewer, and sanitation funds as major funds. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. The water and sewer fund recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues include charges to customers for good, services or privileges provided, operating grants and contributions, and capital grants and contributions, including any special assessments. General revenues include all taxes. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting.

E. Stewardship, Compliance, and Accountability

Budgetary Data:

Formal budgetary accounting is employed as a management control for all funds of the City. Annual operating budgets are adopted each fiscal year through passage of annual budget ordinance and amended as required and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. Budgetary control is exercised at the department level and expenditures may not legally exceed appropriations at this level. No supplemental budgetary appropriations were necessary during the current year. All unencumbered budget appropriations lapse at the end of each fiscal year.

The general and special revenue funds legally adopt an annual budget. The department heads may amend their budget, so long as the total department level budget does not change. The Capital Projects Funds adopt a project length budget.

Deposits with Financial Institutions:

State statutes require that the City's deposits be collateralized by securities held in the name of the City by the trust department of a bank that does not hold the collateralized deposits.

F. Cash

Cash consists of amounts in demand deposits that are insured or collateralized as required by law.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise fund are recognized at the end of each year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

H. Interfund Receivables and Payables / Internal balances

Due To and Due From Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

I. Inventories/Prepaid

Inventories for all governmental funds are recorded as expenditures when purchased; however, material amounts, if any, of inventories are reported as assets of the respective fund. Inventories of the enterprise fund, if any, are valued at the lower of cost (first-in, first-out) or market.

Prepaid are certain payments to vendors that reflect costs applicable to future accounting periods and are recorded as prepaid items in both government wide and fund balance statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather when purchased.

J. Other Assets

Other assets held are recorded and accounted for at cost.

K. Restricted Assets

The enterprise fund, based on certain bond covenants, is required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt.

L. Capital Assets

The City's property, buildings, equipment and infrastructure (streets, bridges, curbs, sidewalks, drainage systems, lighting system, etc) with useful lives of more than one year and a cost greater than a thousand dollars are capitalized and depreciated. The assets are reported in the applicable government or business-type activity columns in the government-wide financial statements.

Property, plant, and equipment are stated at cost. When cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible capital assets used by enterprise funds is charged as an expense against operations, and accumulated depreciation is reported on its balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

The City's infrastructures are acquisitions of general infrastructure assets made after the implementation of GASB 34 on June 15, 2003.

M. Long-Term Debt and Bond Issuance Cost

Long-term obligations of the City are reported as a liability in the government-wide and proprietary fund financial statements. Outstanding debt and other obligations are reported as a liability in the government-wide and proprietary financial statements. Bond discounts/premiums and issuance costs for proprietary funds are capitalized and amortized over the term of the respective bonds using a method that approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable; premiums are presented as an increase of the face amount of bonds payable. In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

N. 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(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City of Dallas has only one type of item that qualifies for reporting in this category. It is deferred expenses related to pensions reported in the government-wide and proprietary funds statement 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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City of Dallas has only one type of item that qualifies for reporting in this category. It is deferred revenues related to pensions reported in the government-wide and proprietary funds statement of net position.

K. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

L. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

N. Compensated Absences

Full-time, permanent employees are granted vacation and sick leave benefits. Vested or accumulated vacation leave is accrued in the government-wide and proprietary financial statements and governmental funds only report the portion expected to be liquidated within the current year. Governmental funds report compensated absences only when employees are no longer employed with the City. Vacation leave is calculated based on an employee's anniversary date. For governmental activities, compensated absences are liquated by the general fund. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

O. Pensions

For the year ended June 30, 2015, the City of Dallas implemented *GASB Statement No. 68, Accounting and Financial Reporting for Pensions* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*, for new reporting requirements on pension related items. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Dallas Retirement Plan (the Plan) and additions to/deductions from Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Fund Equity/ Net Position

Fund equity at the governmental fund reporting level financial is classified as "Fund Balance". Fund equity for all other reporting is classified as "Net Position".

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

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

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

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

- *Assigned* – fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management.

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

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

Net Position – represents the different between assets and liabilities. Net Investment in Capital Assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any unspent borrowings for the acquisition, construction of capital assets. Net Position may be reported as restricted or unrestricted.

Q. Property Taxes

Property taxes are levied when the digest is received from the county (usually in October), based on the assessed value of property, which is 40% of estimated (appraised) market value. A re-valuation of all real property must be made if state criteria are not met regarding recent sales and assessed values. The City bills and collects its own property taxes.

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Proper allowances are made for estimated uncollectible accounts and delinquent accounts.

NOTE 2. CASH AND INVESTMENTS

The City's cash and investments are considered to be cash on hand, demand deposits and certificates of deposit. Investments are stated at fair value (the City has no investments other than cash.)

Primary Government:

Cash as of June 30, 2015, is classified in the financial statements as follows:

Statement of Net Position

Cash	$ 4,327,261
Restricted Cash	1,250,524
Total Cash	$ 5,577,785

At year-end, the book balance of the City's deposits was $5,577,785 including restricted cash of $1,250,524 and the bank balance was $5,634,054. The bank balance is insured or collateralized by securities held by the City or by its agent in the City's name (category 2).

Reconciliation of enterprise fund cash per combined balance sheet to cash (and cash equivalents-investments) per combined statement of cash flows as of June 30, 2015:

Statement of Cash Flows	
Cash	$ 3,246,712

NOTE 3. RECEIVABLES

Accounts receivable consists of amounts due from customers for charges related to providing water/sewer and sanitation services. Accounts receivable also consist of amounts due from other customers. Taxes due consist of property tax.

Amounts due as of June 30, 2015, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Water & Sewer	Sanitation	Total
Accounts	$ 207,316	$ -	$ 848,574	$ 102,292	$ 1,158,182
Taxes	40,454	182,062	-	-	222,516
Less: Allowance for Uncollectible	(22,150)	-	(204,673)	(29,854)	(256,677)
Net Total Receivables	$ 225,620	$ 182,062	$ 643,901	$ 72,438	$ 1,124,021

Property tax is levied upon receipt of the digest from Paulding County and based upon the assessed value at January 1, 2014. Taxes were levied October 20, 2014 and due by December 20, 2014. The billings are considered past due 60 days after the tax billing date, at which time the applicable property is subject to lien and penalties and interest begins to accrue. Generally, liens may attach to property for unpaid taxes on January 1st of the subsequent year.

Assessed values are established by the Paulding County Tax Assessor's office and are currently calculated at 40% of the market value. The gross assessed value of property at January 1, 2014 was $921,215.

Based on the 2014 millage levy of 4.170, a property owner would pay $4.17 per $1,000 of assessed valuation.

Current tax collections of $902,911 for the fiscal year ended June 30, 2015 were 98 percent of the tax levy.

All property taxes are recognized in compliance with NCGAI-3 (Revenue Recognition-Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period.

Enterprise accounts receivable consists of billed and unbilled services to utility customers at June 30, 2015. The allowance for uncollectible accounts represents approximately 24% of water/sewer and approximately 29% of sanitation total outstanding utility billings.

Capital projects taxes receivable consists of special local option sales tax collected during the month of July and August 2015.

NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services, goods, short-term non-operating subsidies, and other miscellaneous transactions between funds. This activity is similar to lending/borrowing arrangements and outstanding balances at yearend are presented as "due to/from other funds". Balances between governmental or proprietary funds are netted when presented in the government-wide statements and reported as "internal balances".

As of June 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
Water/Sewer	General Fund	$ 1,000,068
Water/Sewer	Subdivision Infrastructure	1,593
General Fund	Capital Projects-2011	381,449
Confiscated Drug	General Fund	1,296
General Fund	Solid Waste	1,410,566
General Fund	Hotel/Motel Fund	260

NOTE 5. CAPITAL ASSETS

The following table provides a summary of capital asset activity for governmental activities:

Governmental Activities:	Balance July 1, 2014	Additions	Transfers/ Deletions	Balance June 30, 2015
Land and Improvements	$ 4,052,122	$ 8,934	$ 6,000	$ 4,067,056
Construction In Progress	524,783	124,239	-	649,022
Total Capital Assets Not Being Depreciated	4,576,905	133,173	6,000	4,716,078
Capital Assets Being Depreciated				
Infrastructure	10,977,400	272,373	(6,000)	11,243,773
Buildings and Improvements	8,172,998	-	-	8,172,998
Machinery and Equipment	3,047,506	250,885	-	3,298,391
Total Capital Assets Being Depreciated	22,197,904	523,258	(6,000)	22,715,162
Less Accumulated Depreciation For:				
Land Improvements	22,787	15,344	-	38,131
Infrastructure	3,066,995	489,046	-	3,556,041
Buildings and Improvements	1,822,616	238,234	-	2,060,850
Machinery and Equipment	2,015,806	294,249	-	2,310,055
Total Accumulated Depreciation	6,928,204	1,036,873	-	7,965,077
Total Capital Assets Being Depreciated, Net	$ 15,269,700	$ (513,615)	$ (6,000)	$ 14,750,085
Governmental Activity Capital Assets, Net	$ 19,846,605	$ (380,442)	$ -	$ 19,466,163

The following table provides a summary of capital assets activity for business-type activities:

Business-type Activities:	Balance July 1, 2014	Additions	Transfers/ Deletions	Balance June 30, 2015
Capital Assets, Not Being Depreciated				
Land	$ 555,711	$ -	$ -	$ 555,711
Construction In Progress	3,285,054	15,333,598	148,831	18,767,483
Total Capital Assets Not Being Depreciated	3,840,765	15,333,598	148,831	19,323,194
Capital Assets, Being Depreciated				
Utility Systems - Water	7,750,449	-	(28,267)	7,722,182
Utility Systems - Sewer	14,854,237	-	(226,542)	14,627,695
Buildings and Improvements	245,915	-	-	245,915
Machinery and Equipment	1,774,473	72,286	-	1,846,759
Total Capital Assets Being Depreciated	24,625,074	72,286	(254,809)	24,442,551
Less Accumulated Depreciation For:				
Utility Systems - Water	1,688,176	231,144	-	1,919,320
Utility Systems - Sewer	5,267,032	365,961	-	5,632,993
Buildings and Improvements	120,822	13,770	-	134,592
Machinery and Equipment	946,931	137,417	-	1,084,348
Total Accumulated Depreciation	8,022,961	748,292	-	8,771,253
Total Capital Assets Being Depreciated, Net	16,602,113	(676,006)	(254,809)	15,671,298
Business-type Activities Capital Assets, Net	$ 20,442,878	$ 14,657,592	$ (105,978)	$ 34,994,492

Depreciation expense was charged to function/programs of the government as follows:

Governmental Activities:	
General Government	$ 84,233
Public Safety	177,175
Public Works	536,743
Community Development	310
Theater	98,787
Civic Center	50,580
Parks	76,526
Marshal	12,519
Total Depreciation Expense	$ 1,036,873
Business-type Activities	
Water/Sewer	$ 748,292

Estimated useful lives used to compute depreciation are:

Infrastructure	10-20 years
Equipment	5-10 years
Buildings	30-40 years
Water Lines and Meters	10-40 years
Sewer Lines	40 years

NOTE 6. LEASES

Operating Leases

On June 30, 2015, the City entered into a four year operating lease agreement with Tyler Technologies for the lease of Tyler's computer software products. This lease with Tyler qualifies as an operating lease for accounting purposes (title will not transfer at end of lease). This operating lease gives the City access to Tyler's general ledger reporting software, utility billing software, municipal fines software, property tax software, and business licenses software, all used in the daily activities of the City. The City will pay a yearly subscription fee of $40,361 for these services. City has a renewal option six months prior to agreement expiration. Termination fees are as follows: termination prior to 2 years from effective date of agreement 60% of the remaining lease fee is paid, for termination between 2 and 5 years from effective date of agreement 30% of remaining lease fee is paid.

Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of building. On November 4, 2004, the City executed an agreement with RBC Centura Bank whereby funds were appropriated. The lease was transferred to PNC Bank in 2011. The lease agreement with PNC Bank qualifies as a capital lease for accounting purposes (title transfer at the end of the lease term) and, therefore, has been recorded at the present value. Amounts drawn down under the lease agreement bear interest at 3.44%. Lease proceeds were used to fund the City's construction and renovation for the city auditorium and police department. The

City entered into an agreement with PNC Bank for a capital lease of $3,500,000 with quarterly installments of $75,103.

The following schedule presents the future lease payments at June 30, 2015:

Year Ending June 30	Principal	Interest
2016	$ 260,840	$ 39,572
2017	269,930	30,482
2018	279,336	21,076
2019	289,070	11,343
2020	148,183	1,916
Total	$ 1,247,359	$ 104,389

Assets acquired by Capital Lease and Accumulated Depreciation are as follows:

Governmental Activities:	
Theater Building Renovations	$3,401,796
Police Building Renovations	463,881
Less Accumulated Depreciation	(869,777)
Net Assets	$2,995,900

Current year depreciation expenses for these assets are included in the Governmental Activities Depreciation Schedule on page 28.

NOTE 7. LONG-TERM DEBT

Business-type Activities

Revenue Bonds:

The City issued bonds where revenues from the business-type activities are used to pay debt service.

Recovery Zone Economic Development Bonds, Series 2010

On August 1, 2010, the Paulding County Industrial Building Authority and the City of Dallas entered an Intergovernmental agreement to issue Water and Sewer Revenue Bonds of $6,445,000 with interest rates of 3.75% to 5.37% to advance the Recovery Zone Economic Development Bonds, Series 2010 which mature in years 2020 and 2030. Proceeds from the sale of the Series 2010 Bonds will be used to finance various renovations, additions, extensions and expansions to the City's water and sewage system.

These Recovery Zone Economic Development Bonds "qualify for a federal subsidy through a refundable tax credit allowed under section 6431 of the Code equal to 45% of the interest payable by the issuer payable to the holders of the bonds." This qualification legally assures the City of Dallas to be responsible for only 55% of interest accrued during the life of the bonds. However, the City is still responsible for 100% of the principal amounts due during the life of the Series 2010 Bonds.

The following schedule presents debt service requirements to maturity for Water Sewer Revenue Bonds:

Year Ending June 30	Principal	Interest
2016	$ 215,000	$ 170,582
2017	220,000	166,142
2018	225,000	161,600
2019	230,000	156,955
2020	265,000	152,206
2021-2025	2,145,000	614,689
2026-2030	2,825,000	260,549
Total	6,125,000	1,682,723

Note Payables as of June 30, 2015 are composed of the following:

Notes Payable	Interest Rates	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
GEFA 3 Water Main Replacement	5.43%	12/01/97	6/1/2015	$2,000,000	$ 574,225
GEFA 4 Waste Water Improvements	4.30%	09/11/03	5/1/2015	1,600,000	432,170
GEFA 5 Ground Water Well	3.92%	06/30/06	6/1/2015	1,992,945	1,548,715
GEFA 6 Ground Water Well	3.92%	06/30/10	4/1/2015	754,477	641,939
GEFA 7 Waste Water Treatment Plant	1.40%	02/04/14	*	2,504,942	15,198,045
				Total	$18,395,094

* During the 2014 audit year, the City entered into another loan with Georgia Environmental Finance Authority for the construction of a new waste water treatment plant. The total loan for this project is $18.5 million and has an expected completion date around March 2016. This loan is still in draw down statues, with no principal being paid back until construction of water treatment plant is complete. As of June 30, 2015, the City had only drawn down $15,198,045 of the total $18.5 million approved balance.

The following schedule presents debt service requirements to maturity for Water Sewer notes payable:

Year Ending June 30	Principal	Interest
2016	$ 280,556	$ 130,518
2017	293,970	117,104
2018	306,817	104,257
2019	322,404	88,670
2020	224,955	74,875
2021-2025	951,661	253,732
2026-2030	772,088	75,990
2031	44,598	804
Total	$ 3,197,049	$ 845,950

The City's long-term debt transactions for the year ended June 30, 2015 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 83,321	$ 78,348	$ 61,434	$ 100,235	$ -
OPEB Liability	87,861	52,687	52,741	87,807	-
Net Pensionn Liability*	1,144,707	114,267	450,100	808,874	-
Capital Leases	1,499,419	-	252,060	1,247,359	260,840
Total Governmental Activities	$2,815,308	$245,302	$ 816,335	$2,244,275	$ 260,840

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Compensated Absences	$ 13,157	$ 10,767	$ 12,758	$ 11,166	$ -
OPEB Liability	21,965	9,016	10,431	20,550	-
Net Pension Liability *	268,511	26,803	105,579	189,735	-
Notes Payable	5,986,115	12,693,101	284,122	18,395,094	280,556
Bonds Payable	6,305,000	-	180,000	6,125,000	215,000
Total Business-type Activities	$12,326,237	$12,739,687	$ 592,890	$24,741,545	$ 495,556

* The beginning balances for the City's Net Pension Liabilities are adjusted by prior period adjustments discussed on page 42 Note 16.

The liabilities for compensated absences and net pensions are liquidated proportionally by the general and water/sewer funds.

NOTE 8. PENSION PLAN

Plan Description.

The City has a non-contributory defined benefit plan covering all full time employees and elected officials. The plan, the City of Dallas Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS) a statewide, agent multiple employer defined benefit plan. GMEBS policy direction and oversight for the fund is provided by a 15-member board comprised of elected and appointed municipal officials from among the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Georgia Municipal Employees Benefit System, C/O Georgia Municipal Association – Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

The plan provides pension benefits, death and disability benefits for all employees and elected officials at the time of employment/service (no waiting period). The City continues to have the authority to establish, amend or discontinue the Plan. The City does not require employees to contribute to the Plan in order become a member of the Plan and receive pension benefits. The Plan is fully funded by the City of Dallas' (employers) contributions. Employees are vested after 5 years of service and elected officials are vested

in the Plan immediately. Members may retire at age 65 with 5 years of service or take an early retirement at age 55 with 10 years of service. Benefits are calculated at 1.0% to 1.75% of the average monthly earnings for the period of the five highest years prior to retirement.

Funding Policy and Pension Cost.

The City's funding policy for the plan is to contribute an amount equal to the actuarial recommended contribution each year. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. The amortization periods, if applicable, are closed for this plan year.

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). According to the latest actuarial valuation dated January 1, 2015, the estimated minimum annual contribution under these funding standards is $176,990. The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution. Since the City's policy is to pay the actuarial recommended contribution amount proposed by GMEBS in each year, the Plan will meet applicable funding standards. According to the latest actuarial valuation dated January 1, 2015 the recommended contribution to the plan is $282,041 ($0 employee and $282,041 employer), or 15.63% of annual covered payroll. The City's contribution to the Plan as of June 30, 2015 was $282,041, which is equal to 100 percent of the required contribution for the year.

Funded Status

The City's annual pension cost, percentage of annual percentage cost contributed and net pension obligation for the most recent three years are as follows:

Three-Year Trend Information

For the Year	Employer Annual Pension Cost (APC)	Percentage of APC Contributed	Net End of Year Pension Obligation
2014	$282,041	100%	$ -
2013	262,993	100%	-
2012	299,165	100%	-

As of January 1, 2015, the funded status of the Plan was as follows:

Schedule of Funding Progress

Actuarial Valuation For Plan Year Beginning January 1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Unfunded Actuarial Accrued Liability (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll	(6) Unfunded Actuarial Accrued Liability As % Of Covered Payroll (3)/(5)
2014	$ 2,852,075	$ 3,792,532	$ 940,457	75.20%	$ 1,773,795	53.02%

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of January 1, 2015, along with the Total Pension Liability (TPL) and Fiduciary Net Position (FNP) used to calculate the NPL. These actuarial assumptions are based on the results of an actuarial measurement date of September 30, 2014.

Changes in Net Pension Liability

	(TPL) Total Pension Liability (a)	(FNP) Fiduciary Net Position (b)	(NPL) Net Position Liability (a) - (b)
Balances at September 30, 2013	$ 4,104,483	$ 2,691,265	$ 1,413,218
Changes for the year:			
Service cost	105,543	-	105,543
Interest	311,303	-	311,303
Differences between expected and actual experience	33,719	-	33,719
Contributions- employer	-	267,755	(267,755)
Contributions- employees	-	-	-
Net Investment income	-	308,529	(308,529)
Benefit payments, including refunds of employee contributions	(175,340)	(175,340)	-
Administrative expense	-	(8,051)	8,051
Other	(296,941)	-	(296,941)
Net changes	(21,716)	392,893	(414,609)
Balances at September 30, 2014	$ 4,082,767	$ 3,084,158	$ 998,609

Sensitivity of the NPL to Changes in Discount Rate

1% Decrease (6.75%)	Current Discount Rate (6.75%)	1% Increase (8.75%)
$ 1,485,278	$ 998,609	$ 588,015

As of January 1, 2015 the plan membership includes the following categories of participants:

Retirees and beneficiaries currently receiving benefits	18
Inactive participants with vested rights	9
Vested active participants	40
Not vested participants	12
Total	79

Significant Actuarial Assumptions

Actuarial Assumptions:	
Net Investment Rate of Return	7.75% per year
Projected Salary Increase	3.75% to 8.00% per year (plus merit increases)
Inflation Rate	3.25%
Post Retirement Benefit Increase	N/A
Actuarial Methods:	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed Level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years
Actuarial Value of Assets	Roll forward prior year's actuarial value with contributions, disbursements, and expected return on investments, plus (minus) 10% of investment gains (losses) during 10 prior years.
Mortality Rate	Mortality assumptions are based on the RP-2000 mortality tables, which are founded on a four year review of mortality experience for the period January 1, 2010 to June 30, 2014.

Changes of Assumptions

The mortality rate table for disabled participants was changed to remove the two-year set-forward for males and the one- year set-forward for females. The turnover rates were updated to introduce select rates for service less than five years to reduce the ultimate rate by 15% and to assume no turnover on and after age 55. The select period rates were further constrained to not be less than the ultimate rates. The retirement rates where normal retirement is only available on or after 65 were changed from the prior assumptions of 100% at age 65 to the new assumption of 60% at ages 65 to 69 and 100% at age 70. Where normal retirement is available prior 65, the rates were changed from the prior assumption of 100% at earliest unreduced age, but not below age 60, to the new assumption of 10% at ages 55 to 59, 20% at 60, 25% at age 61, 35% at age 63, 45% at age 64, 50% at ages 60-69, and 100% at 70. The inflation assumption rate was decreased from 3.50% to 3.25%. The salary increase assumption was changed from selected period rates during the first five years of service, followed by age-related rates to an assumption based on new service related- rates. Under prior assumptions, the salary increases ranged from 4.00% to 11.00% and included an inflation assumption of 3.50%. Under the new assumption, the salary increase range from 3.75% to 8.00% and include an inflation assumption of 3.25%.

According to the January 1, 2015 actuarial report, the City recognized a $141,070 pension expense for the June 30, 2015 reporting year.

The following tables show the recognized Deferred Outflows/Inflows of Resources Related to Pensions as of June 30, 2015 and for future years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Diffrences between expected and actual experience	26,976	-
Changes of Assumptions	-	(237,552)
Net Differences between projected and actual earnings on pension plan investments	-	(77,348)
Total as of June 30, 2015	$ 26,976	$ (314,900)

Deferred Outflows/Inflows Recognized in Future Years

	FY 2016	FY 2017	FY 2018	FY 2019
Fiscal Year Outflows				
Demographic	6,744	6,744	6,744	6,744
Total Outflows	$ 6,744	$ 6,744	$ 6,744	$ 6,744
Fiscal Year Inflows				
Investment	(19,337)	(19,337)	(19,337)	(19,337)
Assumption Changes	(59,388)	(59,388)	(59,388)	(59,388)
Total Inflows	$(78,725)	$(78,725)	$(78,725)	$(78,725)
Total	$(71,981)	$(71,981)	$(71,981)	$(71,981)

Net investment Return

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset collection as of September 30, 2014 are as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Nominal Real Rate of Return
Domestic equity	50%	5.95%	9.20%
International equity	15%	6.45%	9.70%
Fixed income	25%	1.55%	4.80%
Real estate	10%	3.75%	7.00%
Cash	0%		
Total	100%		

Plan termination basis: 3.20% (30 year Treasury Securities Rate as of August, 2014, published in September 2014)

NOTE 9. SPECIAL LOCAL OPTION SALES TAX

On July 20, 2010, Paulding County voters passed a referendum on the question of "yes/no" shall special one percent sales and use tax be imposed in Paulding County for a period of time not to exceed twenty four calendar quarters. Actual collection of the tax began April 1, 2011. The City of Dallas' distributive share of the revenue is projected to be $6,840,000 and used for street and road improvements, recreational facility capital outlay projects, and public safety capital outlay projects. This SPLOST referendum should be in full force and effect until March 31, 2017.

NOTE 10. RISK MANAGEMENT

At year-end there were no legal actions taken by or against the City that would have an adverse effect on the City's financial condition. The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has joined with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for its property and liability insurance, and the Worker's Compensation Self-Insurance Fund (WCSIF) for injuries to employees. Both are public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, cooperate with the pools' agents and attorneys, follow loss reduction procedures established by the funds and to promptly report all incidents which could result in the funds being required to pay any claim for loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds. The funds are to defend and protect its members against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

During the past three fiscal years the cost of any settlements have not exceeded insurance coverage

NOTE 11. RESTRICTED ASSETS AND RESTRICTED NET POSITION

Restricted Assets

The City is required to establish and maintain cash accounts to comply with external legal requirements. The construction funds are restricted for specified capital project or improvements. The Drug enforcement account is restricted for monies used in law enforcement activities. The Tourism cash account is for monies designated for the use of promoting tourism in the City of Dallas. The Subdivision Infrastructure cash account is restricted for monies used in the renovation of existing subdivision infrastructure to meet required ordinances/laws.

At June 30, 2015, the balances in the restricted asset accounts are as follows:

Governmental Activities:

Confiscated Drug Account	$ 2,627
Tourism Account	3,736
Subdivision Infrastructure	21,003
Capital Projects	1,223,158
Total Restricted Assets	$ 1,250,524

Restricted/Committed Net Position

Reserves are used to indicate that a portion of the fund balance/net assets is not available for appropriation or is legally segregated for specific future use. The City uses the following reserves:

Governmental Funds:

Reserved for capital project activities- Created to segregate money received from federal or state sources that restrict the funds eligible for capital construction projects.

Reserved for drug enforcement activities- Created to segregate money received from federal or state sources that restrict use for law enforcement purposes only.

Reserved for tourism promotion- Created to segregate money received from local Hotels/Motels for the use of promoting, attracting, stimulating, and developing tourism.

Reserved for subdivision infrastructure- Created to segregate money received from fees generated in the constructing of new homes on existing subdivision lots.

NOTE 12. HOTEL MOTEL TAX

The City of Dallas levies a 5 percent hotel/motel tax. The City is required to distribute 2% to Chamber of Commerce and 3% back to the City for the purpose of promoting tourism. For the year ended June 30, 2015, the amount of revenue the City collected for hotel motel tax was as follows:

Balance of Hotel/Motel Tax Fund at July 1, 2014	$ 2,270
Hotel/motel receipts	10,415
Disbursements to City	(6,249)
Disbursements to Chamber of Commerce	(4,166)
Balance of Hotel/Motel Tax Fund at June 30, 2015	$ 2,270

NOTE 13. POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description: In addition to providing pension benefits, the City of Dallas offers certain health care benefits to qualified retired employees through an OPEB plan called the City of Dallas (the "City") plan. The plan, the City of Dallas Other Postemployment Benefits Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS) a statewide, agent multiple employer defined benefit plan. GMEBS policy direction and oversight for the fund is provided by a 15-member board comprised of elected and appointed municipal officials from among the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The City continues to have the authority to establish, amend or discontinue the Plan. Employees are not required to contribute to the Plan.

All current employees and future employees who are at least fifty years of age and have at least 20 years of service may be eligible for the health care benefits. The health care benefits offered to the retirees will continued to be paid for until the retiree reaches the age of 65. Benefits are payable to a surviving spouse until they are Medicare eligible. The plan is administered by Georgia Municipal Association statewide, agent multiple-employer type plan.

The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Georgia Municipal Employees Benefit System, C/O Georgia Municipal Association – Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

Funding Policy:

The City currently funds the plan on a pre-funded basis.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45 as of January 1, 2014. The ARC is the amount calculated to determine the annual cost of the OPEB plan for accounting purposes as if the plan were being funded through contributions to a trust fund.

The City's Schedule of Employer's Contributions for the last three years were as follows:

Schedule of Employer Contributions

Period Ended	Annual Required Cotributions	Annual OPEB cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed
2014	$ 63,172	$ 61,703	$ 63,172	100.0%
2013	72,626	70,861	112,076	158.2%
2012	72,626	71,508	30,305	41.7%

The City's net OPEB Obligation as of June 30, 2015, was as follows:

Net OPEB Obligation as of Prior Year	$ 109,826
Annual OPEB Cost	61,703
Actual Contribution to Plan	(63,172)
Decrease in Net OPEB Obligation	(1,469)
Net OPEB Obligation as of End of Fiscal Year	$ 108,357

Actuarial accrued liability (AAL)	$ 591,588
Actuarial value of plan assets	245,733
Unfunded actuarial accrued liability (UAAL)	$ 345,855
Funded Ratio (actuarial value of plan assets)	41.5%
Covered payroll (active plan members)	$ 1,773,795
UAAL as a percentage of covered payroll	19.5%

Required Contributuion Rate

Total Required Contribution Rate	$63,172
Percentage of annual covered payroll	3.48%

Actuarial Methods and Assumptions.

Actuarial assumptions used in the plan are as follows:

Actuarial Methods:

Normal Cost and Actuarial Accrued Liability-	Projected Unit Credit
Actuarial Value of Assets-	Market Value
Amortization Method-	Level dollar, closed, 25 years
Remaining amortization period-	21 years as of July 1, 2013
Asset valuation method-	Market Value
Investment Rate of Return-	7.75%
Medical and Drug Cost trend rate-	7.50% graded to 5.00% over 5 years

Funding Status and Funding Progress:

As of January 1, 2014, the most recent actuarial valuation date, the plan was 41.54% funded. According to the latest actuarial valuation dated January 1, 2014 the recommended contribution to the plan is $63,172 ($0 employee and $63,172 employer; 0% and 3.48% of covered payroll respectively). The City's employees are not required to contribute any money to the plan. The actuarial accrued liability for benefits was $591,588, resulting in an unfunded actuarial accrued liability of $345,854. The covered payroll was $1,773,795, and the ratio of UAAL to the covered payroll was 19.50%. Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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 types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.75% investment rate of return, which is based on the city's surplus funds and an annual healthcare cost trend rate of 7.50% initially, reduced by decrements to an ultimate rate of 5.0% over five years. The UAAL is being amortized over a 25-year closed period, level-dollar payment. The remaining amortization period at January 1, 2014, was twenty one years.

NOTE 14. JOINT VENTURE

The City of Dallas is a member of the Northwest Georgia Regional Commission. The Northwest Georgia Regional Commission was created under the laws of the State of Georgia and cities and counties in the area served by the Northwest Georgia Regional Commission are required to be members. The membership of this commission includes 15 counties and 49 municipalities. The City has no equity interest in this commission nor does the City materially contribute to the continued existence of this commission. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the Northwest Georgia Regional Commission ceases operation, the membership can be assessed for any

debt or obligation of the Northwest Georgia Regional Commission. Separate financial statements may be obtained from: Northwest Georgia Regional Commission 1 Jackson Hill Drive, Rome, Georgia 30162-1798.

NOTE 15. CONSTRUCTION COMMITMENTS

The City's construction projects in progress as of June 30, 2015 are as follows:

Governmental Activities

The City has a project for the improvement of historical land marks and recreational areas in the City limits. This project, the Dallas Battlefield Project, had a cost to the City of $53,630 for the 2015 audit year.

The City will provide $410,000 to match a $1,640,000 Livable Centers funding award for new sidewalks, lighting, and handicap improvements along South Johnston, Spring Street, Griffin Street, and Park Street. The cost for this project for the City of Dallas in 2015 is $35,440. Design is underway and construction is scheduled for early 2015. Gateway signs along the major roadways entering the City are included in the project.

Business-type Activities

At June 30, 2015, the City had the following water/sewer construction projects: Waste Water Treatment Plant and Transport System Project. These projects are being funded by a loan the City acquired through Georgia Environmental Finance Authority. The Sandalwood Sewer Project is being funded by the 2010 Revenue Bonds. The City will fund, through Water/Sewer revenues, the Sandalwood Project for any costs that exceed the bond proceeds.

NOTE 16. Restatement of Prior Year's Net Position/Fund Balance

In the 2015 audit year, the City of Dallas, Georgia, made a prior period adjustment of $2,685,108 to the Water/Sewer Fund for the change in the Due To/From Other Funds. The Water/Sewer Fund adjusted Due To/From Other Funds liability and the audited Net Position balance. The City also adjusted the Water /Sewer Fund by $18,082 for voided vendor/customer checks. This adjustment changed the Water/Sewer's Cash account and the audited Net Position balance by $18,082.

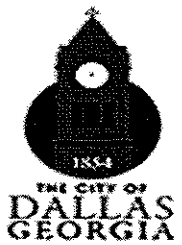
In the 2015 audit year, the City of Dallas, Georgia, implemented GASB 68 that has new accounting standards for public pensions and participating employers. This implementation required the City to adjust Net Pension liability and prior year's Net Position balance for the General Fund and the Water/ Sewer Fund. The Water/Sewer's Net Pension liability and Net Position was adjusted for the amount of $245,670. The General Fund's Net Pension liability and Net Position balance was adjusted for the amount of $1,047,330.The Net Pension liability adjustment for the General Fund will not be reflected on the governmental fund level financials, since they do not report long-term liabilities.

In the 2015 audit year, the City of Dallas, Georgia, made an adjustment of $18,880 for voided vendor/customer checks. This adjustment changed the General Fund's Cash account and the audited Net Position/ Fund balance by $18,880. The City of Dallas made a prior period adjustment to Customer Deposits payable and Net Position/Fund balance for $104,415. The City made a prior period adjustment in Due To/From Other Funds accounts and Net Position/Fund balance for $475,000.

The City adjusted the Sanitation Fund's Net Position balance and Due To/From Other Funds accounts by a prior period adjustment of $2,210,108. The Due To/From accounts, for the General, Water/Sewer and Sanitation funds were adjusted for activities recorded by the City, in prior years, that should have been recorded as transfers.

	Governmental Activities	Water/ Sewer Fund	Sanitation Fund
Net Position June 30, 2014 as Previously Reported	$ 21,303,370	$ 7,325,749	$ 799,906
Removal of Due To/Other Funds	(475,000)	2,685,108	(2,210,108)
Removal of voided checks	18,880	18,082	-
Implementation of GASB 68	(1,047,330)	(245,670)	-
Addition of Customer Deposits Payable	(104,415)	-	-
Net Position June 30, 2014 as Restated	$ 19,695,505	$ 9,783,269	$ (1,410,202)

	General Fund
Fund Balance June 30, 2014 as Previously Reported	$ 2,643,934
Removal of Due To/Other Funds	(475,000)
Removal of voided checks	18,880
Addition of Customer Deposits Payable	(104,415)
Fund Balance June 30, 2014 as Restated	$ 2,083,399



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REQUIRED SUPPLEMENTARY INFORMATION



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CITY OF DALLAS, GEORGIA
SCHEDULES OF FUNDING PROGRESS
JUNE 30, 2015

City of Dallas, Georgia's
Pension Benefit Plan
Schedule of Funding Progress

Actuarial Valuation For Plan Year Beginning January 1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(2-1) Unfunded AAL (UAAL)	(1 / 2) Funded Ratio	(3) Covered Payroll	(2-1 / 3) UAAL as a Percentage Of Covered Payroll
2015	$ 3,153,085	$ 3,657,458	$ 504,373	86.21%	$ 1,827,030	27.61%
2014	2,852,075	3,792,532	940,457	75.20%	1,773,795	53.02%
2013	2,535,149	3,478,227	943,078	72.89%	1,558,072	60.53%

Note: See assumptions used for the Schedule of Funding Progress in Note 8 to the Financial Statements

City of Dallas, Georgia's
Other Post Employement Benefit Plan
Schedule of Funding Progress

Actuarial Valuation For Plan Year Beginning January 1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(2-1) Unfunded AAL (UAAL)	(1 / 2) Funded Ratio	(3) Covered Payroll	(2-1 / 3) UAAL as a Percentage Of Covered Payroll
2014	$ 245,733	$ 591,588	$ 345,855	41.54%	$ 1,773,795	19.50%
2012	29,990	537,840	507,850	5.58%	1,675,576	30.31%
2010	-	640,073	640,073	0.00%	1,587,640	40.32%

Note: See assumptions used for the Schedule of Funding Progress in Note 13 to the Financial Statements

CITY OF DALLAS, GEORGIA
SCHEDULE OF CHANGES
IN NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2015

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Fiscal Year End									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service cost	$ 105,543									
Interest	311,303									
Difference between expected and actual experience	33,719		(Historical information prior to implementation of GASB 68 is not required)							
Change of assumptions	(296,941)									
Changes of benefit terms	-									
Benefit payments, including refunds of employee contributions	(175,340)									
Net change in total pension liability	(21,716)									
Total pension liability- beginning	4,104,483									
Total pension liability- ending (a)	$ 4,082,767									
Plan Fiduciary Position										
Contributions- employer	$ 267,755									
Contributions- employee	-									
Net investment income	308,529									
Benefit payments, including refunds of employee contributions	(175,340)		(Historical information prior to implementation of GASB 68 is not required)							
Administrative expense	(8,051)									
Other	-									
Net change in fiduciary net position	392,893									
Plan fiduciary net position- beginning	2,691,265									
Plan fiduciary net position- ending (b)	$ 3,084,158									
Net Pension Liability- ending: (a) - (b)	$ 998,609									
Plan's fiduciary net position as a percentage of the total pension liability	75.54%		(Historical information prior to implementation of GASB 68 is not required)							
Covered Employee Payroll	$ 1,827,030									
Net pension liability as a percentage of covered employee payroll	54.66%									

Note: See assumptions used for Schedule of Changes in Note 8 to the Financial Statements

CITY OF DALLAS, GEORGIA
SCHEDULE OF REQUIRED CONTRIBUTIONS
JUNE 30,2015

Schedule of Contributons

	Fiscal Year End									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contributions	--*									
Contributions in relation to the actuarially determined contribution	--*	(Historical information prior to implementation of GASB 68 is not required)								
Contribution deficiency (excess)	--*									
Covered-employee payroll	--*									
Contributions as a percentage of covered-employee payroll	--*									

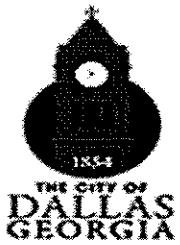
* 2015 information will be determined after fiscal year end and will be included in 2016 valuation report



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INDIVIDUAL FUND SCHEDULES



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CITY OF DALLAS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
CONFISCATED DRUG SPECIAL REVENUE FUND
BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fines and Forfeitures	$ 2,000	$ 2,000	$ 875	$ (1,125)
Miscellaneous	5,000	5,000	4,771	(229)
Total Revenues	7,000	7,000	5,646	(1,354)
EXPENDITURES				
Current:				
Public Safety	7,000	7,000	2,900	4,100
Total Expenditures	7,000	7,000	2,900	4,100
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	2,746	2,746
Net Change in Fund Balance	-	-	2,746	2,746
Fund Balance (Deficit) - Beginning of Year	-	-	1,177	-
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 3,923	$ 2,746

CITY OF DALLAS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 9,500	$ 10,415	$ 10,415	$ -
Total Revenues	9,500	10,415	10,415	-
EXPENDITURES				
Current:				
General Government	9,500	10,415	10,415	-
Total Expenditures	9,500	10,415	10,415	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance (Deficit) - Beginning of Year	-	-	2,270	-
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 2,270	$ -

CITY OF DALLAS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
SUBDIVISION INFRASTRUCTURE
SPECIAL REVENUE FUND
BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees	$ 20,400	$ 20,400	$ 37,566	$ 17,166
Total Revenues	20,400	20,400	37,566	17,166
EXPENDITURES				
Current:				
Subdivision Infrastructure Repairs	20,400	20,400	19,960	440
Bank fees	400	400	-	400
Total Expenditures	20,400	20,400	19,960	440
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	17,606	17,606
Net Change in Fund Balance	-	-	17,606	17,606
Fund Balance (Deficit) - Beginning of Year	-	-	1,804	-
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 19,410	$ 17,606

CITY OF DALLAS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
2011 SPLOST CAPITAL PROJECTS-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED
JUNE 30,2015

	Actual			Project Authorization
	Prior Years	Current Year	Total to Date	
REVENUES				
Taxes	$ 3,293,143	$ 1,072,515	$ 4,365,658	$ 6,840,000
Grants	35,975	13,632	13,632	-
Interest Income	141	-	141	-
Total Revenues	3,329,259	1,086,147	4,379,431	6,840,000
EXPENDITURES				
Current:				
Capital Outlays	3,174,164	546,978	3,721,142	6,095,001
Debt Service:				
Principal	744,999	-	744,999	744,999
Total Expenditures	3,919,163	546,978	4,466,141	6,840,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(589,904)	539,169	(86,710)	-
OTHER FINANCING SOURCES (USES)				
Capital Contribution	150,000	-	150,000	-
Note Payable Issuance	745,000	-	745,000	-
Total Other Financing Sources (Uses)	895,000	-	895,000	-
Net Change in Fund Balance	$ -	539,169	$ -	$ -
Fund Balance (Deficit) - Beginning of Year		478,181		
Fund Balance (Deficit) - End of Year		$ 1,017,350		



COMPLIANCE SECTION



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CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

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*

The Honorable Mayor and City Council
City of Dallas, 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 and each major fund information of the City of Dallas, Georgia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Dallas, Georgia's basic financial statements, and have issued our report thereon dated November 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Dallas, 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 Dallas, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dallas, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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.

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. 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.

We noted certain matters that we reported to management of the City of Dallas in a separate letter dated November 1, 2015.

Williamson and Company, CPA's

Williamson & Company
Certified Public Accountants
Cartersville, Georgia
November 1, 2015

City of Dallas, Georgia
Schedule of Special Purpose Local Option Sales Tax
June 30, 2015

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST 2011					
Roads & Streets	$ 2,359,800	$ 2,359,800	$ 894,877	$ 233,386	$ 1,128,263
Other Projects					
Public Safety	1,997,280	1,997,280			
Vehicles			178,592	35,810	214,402
Equipment & Furniture			168,749	149,188	317,937
Building Renovation			18,125	-	18,125
Parking Deck			-	-	-
Major Repairs			-	-	-
Recreation	2,482,920	2,482,920			
Athletic Facilities			-	-	-
Renovations Athletic Facilities			31,448	23,736	55,184
Equipment			22,381	11,946	34,327
Land & Improvements			1,853,491	75,997	1,929,488
Walking/Jogging Trail			-	-	-
Athletic Fields & Courts.			6,501	16,915	23,416
Total for all projects	$ 6,840,000	$ 6,840,000	$ 3,174,164	$ 546,978	$ 3,721,142

In the 2015 audit year, the City received a Living Centers Initiative Grant, in the amount of $13,632 to pay for various sidewalk projects. This grant money is being accounted for in the 2011 SPLOST Fund.