CITY OF DALLAS, GEORGIA

ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended
June 30, 2017

Kendall Smith
City Manager

By Authority of
Mayor and City Council

CITY OF DALLAS, GEORGIA
ANNUAL FINANCIAL REPORT
JUNE 30, 2017

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FINANCIAL SECTION

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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, 2017, 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, 2017, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedules of Funding Progress on page 45, Schedule of Changes in Net Pension Liability and Related Ratios on page 46 and Schedule of Required Contributions on page 47, 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 also 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 December 29, 2017, 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

Williamson & Company
Certified Public Accountants
Cartersville, Georgia
December 29, 2017

BASIC FINANCIAL STATEMENTS

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CITY OF DALLAS, GEORGIA
STATEMENT OF NET POSITION
FOR THE YEAR ENDED
JUNE 30, 2017

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash	$ 409,654	$ 5,585,151	$ 5,994,805
Receivables - net	571,250	800,438	1,371,688
Internal Balances	618,231	(618,231)	-
Inventory	-	61,206	61,206
Prepaid Expenses	139,793	51,015	190,808
Restricted Assets:			
Cash	1,067,040	-	1,067,040
Non-Current Assets:			
Capital Assets:			
Land and Construction in Progress	5,930,933	560,165	6,491,098
Other Capital Assets-Net	14,795,654	35,584,019	50,379,673
Total Capital Assets	20,726,587	36,144,184	56,870,771
Total Assets	23,532,555	42,023,763	65,556,318
DEFERRED OUTFLOWS OF RESOURCES			
Deferred resources related to pension	271,652	79,935	351,587
Total Deferred outflows of resources	271,652	79,935	351,587
LIABILITIES			
Current Liabilities:			
Accounts Payable	415,584	964,003	1,379,587
Accrued Liabilities	56,295	17,059	73,354
Accrued Interest Payable	-	103,520	103,520
Retainage Payable	-	70,500	70,500
Customer Deposits	288,759	458,701	747,460
Noncurrent Liabilities:			
Due Within One Year	279,336	1,371,858	1,651,194
Due In More Than One Year	1,606,383	25,163,064	26,769,447
Total Liabilities	2,646,357	28,148,705	30,795,062
DEFERRED INFLOWS OF RESOURCES			
Deferred resources related to pension	102,092	16,684	118,776
Total Deferred inflows of resources	102,092	16,684	118,776
NET POSITION			
Net Investment in Capital Assets	20,009,892	10,633,998	30,643,890
Restricted for:			
Drug Enforcement Activities	1,949	-	1,949
Capital Projects	707,895	-	707,895
Tourism	148	-	148
Subdivision Infrastructure	82,433	-	82,433
Unrestricted	253,441	3,304,311	3,557,752
Total Net Position	$ 21,055,758	$ 13,938,309	$ 34,994,067

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

CITY OF DALLAS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2017

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	$ 1,113,602	$ 68,026	$ -	$ 7,000
Public Safety	2,544,295	334,649	-	149,470
Public Works	1,675,114	-	-	872,782
Community Development	115,817	143,511	-	-
Theater	539,290	197,887	-	-
Civic Center	106,257	-	-	-
Parks	663,364	134,220	-	764,630
Marshal	133,115	-	-	-
Interest on Long-term Debt	30,478	-	-	-
Total Governmental Activities	6,921,334	878,293	-	1,793,882
Business-type activities:				
Water & Sewer	4,973,216	6,429,634	-	-
Solid Waste	741,003	549,933	-	-
Total Business-type Activities	5,714,219	6,979,567	-	-
Total primary government	$ 12,635,553	$ 7,857,860	$ -	$ 1,793,882

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

CITY OF DALLAS, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
JUNE 30, 2017

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Functions/Programs	Governmental Activities	Business-type Activities	Totals
Primary government:			
Governmental activities:			
General Government	$ (1,038,576)		$ (1,038,576)
Public Safety	(2,060,176)		(2,060,176)
Public Works	(802,332)		(802,332)
Community Development	27,694		27,694
Theater	(341,403)		(341,403)
Civic Center	(106,257)		(106,257)
Parks	235,486		235,486
Marshal	(133,115)		(133,115)
Interest on Long-term Debt	(30,478)		(30,478)
Total Governmental Activities	(4,249,159)		(4,249,159)
Business-type activities:			
Water & Sewer		$ 1,456,418	1,456,418
Solid Waste		(191,070)	(191,070)
Total Business-type Activities		1,265,348	1,265,348
Total primary government	(4,249,159)	1,265,348	(2,983,811)
General revenues:			
Taxes:			
Property	1,434,684	-	1,434,684
Sales Tax	1,644,362	-	1,644,362
Hotel/Motel	10,543	-	10,543
Business Occupation	62,427	-	62,427
Financial Institution Tax	177,702	-	177,702
Insurance Premium	721,757	-	721,757
Alcohol Tax	217,152	-	217,152
Franchise	683,766	-	683,766
Payment from County	6,413	-	6,413
Miscellaneous	19,835	-	19,835
Gain on Sale of Capital Assets	10,025	2,025	12,050
Total General Revenues	4,988,666	2,025	4,990,691
Change in Net Assets	739,507	1,267,373	2,006,880
Net Position - Beginning	20,316,251	12,670,936	32,987,187
Net Position - Ending	$ 21,055,758	$ 13,938,309	$ 34,994,067

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, 2017

	General	Special Revenue- Confiscated Drug	Special Revenue - Hotel / Motel	Special Revenue - Subdivision Infrastructure	Capital Projects- Splost 2011	Capital Projects- Splost 2016	Total Governmental Funds
ASSETS							
Cash	$ 409,654	$ -	$ -	$ -	$ -	$ -	$ 409,654
Receivables (Net):							
Accounts	352,165	-	-	-	-	-	352,165
Taxes	25,367	-	-	-	-	193,718	219,085
Due from Other Funds	662,537	310	-	-	-	96,808	759,655
Prepaid items	139,793	-	-	-	-	-	139,793
Cash - Restricted	-	1,906	2,846	82,433	979,855	-	1,067,040
Total Assets	$ 1,589,516	$ 2,216	$ 2,846	$ 82,433	$ 979,855	$ 290,526	$ 2,947,392
LIABILITIES							
Liabilities:							
Accounts Payable	$ 279,112	$ 267	$ 2,698	$ -	$ 133,507	$ -	$ 415,584
Accrued liabilities	56,295	-	-	-	-	-	56,295
Due to Other Funds	2,971	-	-	-	138,453	-	141,424
Deposits Payable	288,759	-	-	-	-	-	288,759
Total Liabilities	627,137	267	2,698	-	271,960	-	902,062
FUND BALANCES							
Fund Balance:							
Nonspendable:							
Prepaid items	139,793	-	-	-	-	-	139,793
Restricted for:							
Drug Enforcement Activities	-	1,949	-	-	-	-	1,949
Capital Projects	-	-	-	-	707,895	290,526	998,421
Tourism	-	-	148	-	-	-	148
Committed for:							
Subdivision Infrastructure	-	-	-	82,433	-	-	82,433
Unassigned	822,586	-	-	-	-	-	822,586
Total Fund Balances	962,379	1,949	148	82,433	707,895	290,526	2,045,330
Total Liabilities and Fund Balances	$ 1,589,516	$ 2,216	$ 2,846	$ 82,433	$ 979,855	$ 290,526	$ 2,947,392

Reconciliation of the Balance Sheet to the Statement of Net Position

Fund Balances - Total governmental funds		$ 2,045,330
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		20,726,587
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	(102,092)	
Deferred outflow of pension resources	271,652	169,560
Non-current liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Lease Payable		
Compensated Absences		(716,695)
OPEB Liability		(140,586)
Net Pension Liability		(55,815)
		(972,623)
Net Position of governmental activities		$ 21,055,758

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, 2017

	General	Special Revenue-Confiscated Drug	Special Revenue-Hotel / Motel	Special Revenue-Subdivision Infrastructure	Capital Projects-Splost 2011	Capital Projects-Splost 2016	Total Governmental Funds
REVENUES							
Taxes	$ 4,941,850	$ -	$ 10,543	$ -	$ -	$ -	$ 4,952,393
Licenses and Permits	156,777	-	-	-	-	-	156,777
Intergovernmental	6,413	-	-	-	830,591	290,526	1,127,530
Fines and Forfeitures	326,492	8,157	-	-	-	-	334,649
Services	344,941	-	-	-	-	-	344,941
Grants	662,337	-	-	-	10,428	-	672,765
Fees	-	-	-	41,928	-	-	41,928
Miscellaneous	19,835	-	-	-	-	-	19,835
Total Revenues	6,458,645	8,157	10,543	41,928	841,019	290,526	7,650,818
EXPENDITURES							
Current:							
General Government	1,047,078	-	10,595	-	-	-	1,057,673
Public Safety	2,334,893	12,980	-	-	230,840	-	2,578,713
Public Works	1,272,300	-	-	3,621	1,448,763	-	2,724,684
Community Development	115,769	-	-	-	-	-	115,769
Theater	444,884	-	-	-	-	-	444,884
Civic Center	54,715	-	-	-	-	-	54,715
Parks	1,068,452	-	-	-	393,824	-	1,462,276
Marshal	120,506	-	-	-	5,399	-	125,905
Debt Service:							
Principal	269,930	-	-	-	-	-	269,930
Interest	30,478	-	-	-	-	-	30,478
Total Expenditures	6,759,005	12,980	10,595	3,621	2,078,826	-	8,865,027
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300,360)	(4,823)	(52)	38,307	(1,237,807)	290,526	(1,214,209)
OTHER FINANCING SOURCES (USES)							
Gain on Sale of Capital Assets	10,025	-	-	-	-	-	10,025
Total Other Financing Sources (Uses)	10,025	-	-	-	-	-	10,025
Net Change in Fund Balances	(290,335)	(4,823)	(52)	38,307	(1,237,807)	290,526	(1,204,184)
Fund Balance (Deficit) - Beginning of Year	1,252,714	6,772	200	44,126	1,945,702	-	3,249,514
Fund Balance - End of Year	$ 962,379	$ 1,949	$ 148	$ 82,433	$ 707,895	$ 290,526	$ 2,045,330

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, 2017

Net Change in Fund Balances - Total Governmental Funds		$ (1,204,184)
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	2,741,415	
Less current year depreciation	(1,078,339)	1,663,076
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		269,930
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		(19,879)
Net Change in long-term OPEB Liability		-
Net Change in long term Pension Liability		30,564
Change in Net Position of Governmental Activities		$ 739,507

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, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 4,730,900	$ 4,730,900	$ 4,941,850	$ 210,950
Licenses and Permits	131,150	131,150	156,777	25,627
Intergovernmental	6,413	6,413	6,413	-
Fines and Forfeitures	412,800	412,800	326,492	(86,308)
Services	282,575	282,575	344,941	62,366
Grants	904,449	904,449	662,337	(242,112)
Miscellaneous	14,750	14,750	19,835	5,085
Total Revenues	6,483,037	6,483,037	6,458,645	(24,392)
EXPENDITURES				
Current:				
General Government	1,162,026	1,162,026	1,047,078	114,948
Public Safety	2,486,257	2,486,257	2,334,893	151,364
Public Works	1,310,559	1,310,559	1,272,300	38,259
Community Development	130,930	130,930	115,769	15,161
Theater	470,625	470,625	444,884	25,741
Civic Center	65,530	65,530	54,715	10,815
Parks	1,229,505	1,229,505	1,068,452	161,053
Marshal	175,203	175,203	120,506	54,697
Debt Service:				
Principal	282,931	282,931	269,930	13,001
Interest	30,480	30,480	30,478	2
Total Expenditures	7,344,046	7,344,046	6,759,005	585,041
Excess (Deficiency) of Revenues Over (Under) Expenditures	(861,009)	(861,009)	(300,360)	(609,433)
OTHER FINANCING SOURCES (USES)				
Transfers - In (Out)	50,000	50,000	-	(50,000)
Gain on Sale of Capital Assets	16,000	16,000	10,025	(5,975)
Total Other Financing Sources (Uses)	66,000	66,000	10,025	(55,975)
Net Change in Fund Balance	(795,009)	(795,009)	(290,335)	(665,408)
Fund Balance (Deficit) - Beginning of Year	795,009	795,009	1,252,714	457,705
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 962,379	$ (207,703)

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

CITY OF DALLAS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Water and Sewer	Solid Waste	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 5,199,543	$ 385,608	$ 5,585,151
Accounts Receivable - net	718,418	82,020	800,438
Due From Other Funds	2,661	-	2,661
Inventory	61,206	-	61,206
Prepaid items	47,152	3,863	51,015
Total Current Assets	6,028,980	471,491	6,500,471
Non-Current Assets:			
Capital Assets:			
Buildings	16,763,111	23,120	16,786,231
Machinery & Equipment	2,058,854	57,659	2,116,513
Utility System - Water	7,722,182	-	7,722,182
Utility System - Sewer	19,537,288	-	19,537,288
Less Accumulated Depreciation	(10,578,195)	-	(10,578,195)
Construction in Progress	4,454	-	4,454
Land	555,711	-	555,711
Total Capital Assets	36,063,405	80,779	36,144,184
Total Non-Current Assets	36,063,405	80,779	36,144,184
Total Assets	$ 42,092,385	$ 552,270	$ 42,644,655
Deferred Outflows of Resources			
Deferred resources related to pension	79,935	-	79,935
Total Deferred Outflows	79,935	-	79,935

(Continued)

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

CITY OF DALLAS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

(Continued)

	Water and Sewer	Solid Waste	Total
Liabilities			
Current Liabilities:			
Accounts Payable	$ 919,158	$ 44,845	$ 964,003
Accrued Liabilities	15,373	1,686	17,059
Due to Other Funds	-	620,892	620,892
Accrued Interest Payable	103,520	-	103,520
Retainage Payable	70,500	-	70,500
Customer Deposits	451,532	7,169	458,701
Bond Premium	52,548	-	52,548
Bond Payable	500,000	-	500,000
Notes Payable	819,310	-	819,310
Total Current Liabilities	2,931,941	674,592	3,606,533
Noncurrent Liabilities:			
Compensated Absences Payable	22,023	-	22,023
Net OPEB Obligation	16,626	-	16,626
Net Pension Liability	235,920	-	235,920
Bond Premium	778,398	-	778,398
Bond Payable	7,310,000	-	7,310,000
Note Payable	16,800,097	-	16,800,097
Total Noncurrent Liabilities	25,163,064	-	25,163,064
Total Liabilities	28,095,005	674,592	28,769,597
Deferred Inflows of Resources			
Deferred resources related to pension	16,684	-	16,684
Total Deferred Inflows	16,684	-	16,684
Net Position			
Net Investment in Capital Assets	10,633,998	-	10,633,998
Unrestricted	3,426,633	(122,322)	3,304,311
Total Net Position	$ 14,060,631	$ (122,322)	$ 13,938,309

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, 2017

	Water and Sewer	Solid Waste	Total
Operating Revenues			
Charges for Services	$ 6,365,536	$ 520,237	$ 6,885,773
Fees	50,020	17,956	67,976
Other Revenues	14,078	11,740	25,818
Total Operating Revenues	6,429,634	549,933	6,979,567
Operating Expenses			
Cost of Sales and Services	1,563,480	741,003	2,304,483
Salaries, Wages, and Employee Benefits	998,952	-	998,952
Cost of Water Purchased	884,985	-	884,985
Depreciation Expense	1,058,972	-	1,058,972
Total Operating Expenses	4,506,389	741,003	5,247,392
Operating Income (Loss)	1,923,245	(191,070)	1,732,175
Nonoperating Revenues (Expenses)			
Interest Expense	(466,827)	-	(466,827)
Proceeds from Sale of Assets	2,025	-	2,025
Transfers In (out)	56,118	(56,118)	-
Total Nonoperating Revenues (Expenses)	(408,684)	(56,118)	(464,802)
Change in Net Position	1,514,561	(247,188)	1,267,373
Net Position - Beginning	12,546,070	124,866	12,670,936
Net Position - Ending	$ 14,060,631	$ (122,322)	$ 13,938,309

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, 2017

	Water and Sewer	Solid Waste	Total
Cash Flows From Operations			
Receipts from Customers and Users	$ 6,399,873	$ 544,184	$ 6,944,057
Payments to Suppliers	(864,937)	(720,301)	(1,585,238)
Payments to/for Employees	(986,145)	(11,218)	(997,363)
Net Cash Provided by (Used by) Operating Activities	4,548,791	(187,335)	4,361,456
Cash Flows from Noncapital Financing Activities			
Payments from Other Funds	53,457	603,228	656,685
Payments to Other Funds	(27,336)	(56,118)	(83,454)
Net Cash from Noncapital Financing Activities	26,121	547,110	573,231
Cash Flows from Capital and Related Financing Activities			
Proceeds from Sale of Assets	2,025	-	2,025
Proceeds from Refunding Revenue Series 2016 Bonds	8,165,000	-	8,165,000
Principal Payments -Notes	(6,265,000)	-	(6,265,000)
Principal Payments -Bonds	(3,724,419)	-	(3,724,419)
Acquisition and Construction of Capital Assets	(207,184)	(80,779)	(287,963)
Interest Paid	(466,827)	-	(466,827)
Net Cash from Capital and Related Financing Activities	(2,496,405)	(80,779)	(2,577,184)
Net Increase(Decrease) in Cash	2,078,507	278,996	2,357,503
Cash (Overdraft) - July 1	3,121,036	106,612	3,227,648
Cash (Overdraft) - June 30	$ 5,199,543	$ 385,608	$ 5,585,151
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	$ 1,923,245	$ (191,070)	$ 1,732,175
Adjustments to Reconcile from Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation	1,058,972	-	1,058,972
(Increase) Decrease in Assets:			
Accounts Receivable	(6,648)	32,762	26,114
Inventory	(15,598)	-	(15,598)
Prepaid	(4,537)	(3,863)	(8,400)
Deferred Outflow of Resources	(2,978)	-	(2,978)
Increase (Decrease) in Liabilities:			
Accounts Payable	798,728	7,051	805,779
Accrued liabilities	7,068	1,686	8,754
Accrued Interest	30,443	-	30,443
Customer Deposits	(76,589)	746	(75,843)
Compensated Absences Payable	7,111	-	7,111
Bond Premium	830,946	-	830,946
Net Pension Liability	11,693	-	11,693
Deferred Inflow of Resources	(13,065)	-	(13,065)
Net Cash Provided by (Used in) Operating Activities	$ 4,548,791	$ (152,688)	$ 4,396,103

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 non-vesting accumulating rights to receive sick pay benefits.

O. Pensions

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 or 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, 2017, is classified in the financial statements as follows:

Statement of Net Position

Cash	$ 5,994,805
Restricted Cash	1,260,758
Total Cash	$ 7,255,563

At year-end, the book balance of the City's deposits was $7,255,563, including restricted cash of $1,260,758 and the bank balance was $7,269,793. 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, 2017:

Cash	$ 5,585,151

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, 2017, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Water & Sewer	Sanitation	Total
Accounts	$ 352,165	$ -	$ 1,004,896	$ 134,412	$ 1,491,473
Taxes	61,776	193,718	-	-	255,494
Less: Allowance for Uncollectible	(36,409)	-	(286,478)	(52,392)	(375,279)
Net Total Receivables	$ 377,532	$ 193,718	$ 718,418	$ 82,020	$ 1,371,688

Property tax is levied upon receipt of the digest from Paulding County and based upon the assessed value at January 1, 2016. Taxes were levied October 11, 2016 and due by December 11, 2016. 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, 2016 was $1,128,093.

Based on the 2016 millage levy of 4.170, a property owner would pay $4.17 per $1,000 of assessed valuation.

Current tax collections of $1,102,726 for the fiscal year ended June 30, 2017 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, 2017. The allowance for uncollectible accounts represents approximately 29% of water/sewer and approximately 39% of sanitation total outstanding utility billings.

Capital projects taxes receivable consists of special local option sales tax collected during the month of July 2017.

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, 2017, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
Confiscated Drug	General Fund	$ 310
General Fund	Solid Waste	620,892
General Fund	Capital Projects-2011	41,645
Water/Sewer	General Fund	2,661
Capital Projects -2017	Capital Projects-2011	96,808

Transfers and Payments:

Routine transfers and payments between funds are to subsidize operations and to fund capital projects and capital acquisitions. As of June 30, 2017, interfund transfers were as follows:

Source Fund	Transfer to Fund	Amount
Sanitation Fund	Water/Sewer Fund	56,118

NOTE 5. CAPITAL ASSETS

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

Governmental Activities:	Balance July 1, 2016	Additions	Transfers/ Deletions	Balance June 30, 2017
Capital Assets, Not Being Depreciated				
Land	$ 4,074,375	$ 203,764	$ -	$ 4,278,139
Construction In Progress	763,067	996,720	(106,993)	1,652,794
Total Capital Assets Not Being Depreciated	4,837,442	1,200,484	(106,993)	5,930,933
Capital Assets Being Depreciated				
Infrastructure	11,486,518	1,001,077	106,993	12,594,588
Buildings and Improvements	8,182,621	24,209	-	8,206,830
Machinery and Equipment	3,542,841	515,645	(73,032)	3,985,454
Total Capital Assets Being Depreciated	23,211,980	1,540,931	33,961	24,786,872
Less Accumulated Depreciation For:				
Infrastructure	4,063,113	531,791	-	4,594,904
Buildings and Improvements	2,352,810	253,918	-	2,606,728
Machinery and Equipment	2,569,988	292,630	(73,032)	2,789,586
Total Accumulated Depreciation	8,985,911	1,078,339	(73,032)	9,991,218
Total Capital Assets Being Depreciated, Net	$ 14,226,069	$ 462,592	$ 106,993	$ 14,795,654
Governmental Activity Capital Assets, Net	$ 19,063,511	$ 1,663,076	$ -	$ 20,726,587

Governmental Activities:

General Government	$ 69,622
Public Safety	179,328
Public Works	582,275
Community Development	155
Theater	95,154
Civic Center	51,542
Parks	92,947
Marshal	7,316
Total Depreciation Expense	$1,078,339

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

Business-type Activities	Balance July 1, 2016	Additions	Transfers/ Deletions	Balance June 30, 2017
Capital Assets Not Being Depreciated				
Land	$ 555,711	$ -	$ -	$ 555,711
Construction In Progress	16,467,036	4,454	(16,467,036)	4,454
Total Capital Assets Not Being Depreciated	17,022,747	4,454	(16,467,036)	560,165
Capital Assets Being Depreciated				
Utility System- Water	7,722,182	-	-	7,722,182
Utility System- Sewer	19,537,288	-	-	19,537,288
Buildings and Improvements	251,876	67,319	16,467,036	16,786,231
Machinery and Equipment	1,922,031	216,190	(21,708)	2,116,513
Total Capital Assets Being Depreciated	29,433,377	283,509	16,445,328	46,162,214
Less Accumulated Depreciation For:				
Utility System- Water	2,150,353	230,818	-	2,381,171
Utility System- Sewer	6,060,320	488,697	-	6,549,017
Buildings and Improvements	148,660	215,689	-	364,349
Machinery and Equipment	1,181,598	123,768	(21,708)	1,283,658
Total Accumulated Depreciation	9,540,931	1,058,972	(21,708)	10,578,195
Total Capital Assets Being Depreciated, Net	$ 19,892,446	$ (775,463)	$ 16,467,036	$ 35,584,019
Governmental Activity Capital Assets, Net	$ 36,915,193	$ (771,009)	$ -	$ 36,144,184

Depreciation Expense for Water/Sewer was $1,058,972 for year ended June 30, 2017.

Estimated useful lives used to compute depreciation are:

Infrastructure	10-20 years
Machinery and Equipment	5-10 years
Buildings and Improvements	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, 2017:

Year Ending June 30	Principal	Interest
2018	279,336	21,076
2019	289,070	11,343
2020	148,289	1,916
Total	$ 716,695	$ 34,335

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	(1,063,061)
Net Assets	$2,802,616

Current year depreciation expenses for these assets are included in the Governmental Activities Depreciation Schedule on page 27.

NOTE 7. LONG-TERM DEBT

Business-type Activities

Refunding Revenue Bonds:

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

Paulding County Industrial Building Authority Refunding Revenue Bonds (City of Dallas W & S project) Series 2016:

On August 1, 2016, the City of Dallas issued $8,165,000 in Refunding Revenue Bonds. These bonds will mature in the year 2030 and have interest rates of 2% to 4%.The bond issue of $8,165,000, plus premiums of $884,996 less bond issuance cost of $217,876 provided net proceeds of $8,832,120. A portion of the issue was used to refund $2,922,120 of outstanding GEFA loans and refund $5,910,000 of outstanding Series 2010 Bonds. These proceeds were deposited into an escrow account, where they were transferred immediately to the agencies that held the City's outstanding GEFA loans and Series 2010 Bonds. As a result, the GEFA loans and Series 2010 Bonds are considered defeased, and the liability for these portions have been removed from the Business-type and Government-wide Statement of Position. The City gained a net present value benefit of $702,218 with the Refunding Revenue Bonds.

The following schedule presents debt service requirements to maturity for Water Sewer Refunding Revenue Series 2016 Bonds:

Year Ending June 30	Principal	Interest
2018	$ 500,000	$ 248,450
2019	510,000	238,450
2020	530,000	223,150
2021	550,000	207,250
2022	565,000	190,750
2023-2027	3,065,000	690,500
2028-2030	2,090,000	165,826
Total	$ 7,810,000	$ 1,964,376

Business-type Note Payables as of June 30, 2017 are composed of the following:

Notes Payable	Interest Rate	Date of Issue	Date of Last Payment	Amount Issued	Amount Outstanding
GEFA Waste Water Treatment Plant	1.40%	05/01/16	06/01/17	18,494,186	$ 17,619,407

The City's long-term debt transactions for the year ended June 30, 2017 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 120,707	$ 179,876	$ 159,997	$ 140,586	$ -
OPEB Liability	87,807	-	-	87,807	-
Net Pensionn Liability	931,163	492,948	451,488	972,623	-
Capital Leases	986,625	-	269,930	716,695	279,336
Total Governmental Activities	$ 2,126,302	$ 672,824	$ 881,415	$ 1,917,711	$ 279,336

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Compensated Absences	$ 14,912	$ 14,268	$ 7,157	$ 22,023	$ -
OPEB Liability	16,626	-	-	16,626	-
Bond Premium	-	884,996	54,050	830,946	52,548
Net Pension Liability	224,227	139,036	127,343	235,920	-
Notes Payable	21,343,826	-	3,724,419	17,619,407	819,310
Bonds Payable	5,910,000	8,165,000	6,265,000	7,810,000	500,000
Total Business-type Activities	$ 12,326,237	$ 9,203,300	$ 10,177,969	$ 26,534,922	$ 1,371,858

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, 2016, the estimated minimum annual contribution under these funding standards is $185,437. 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, 2016 the recommended contribution to the plan is $222,052 ($0 employee and $222,052 employer), or 10.90% of annual covered payroll. The City's contribution to the Plan as of June 30, 2017 was $222,052, 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
2016	$ 222,052	100%	$ -
2015	219,871	100%	-
2014	282,041	100%	-

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of January 1, 2017, 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, 2016.

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, 2015	$ 4,354,421	$ 3,199,031	$ 1,155,390
Changes for the year:			
Service cost	103,962	-	103,962
Interest	330,730	-	330,730
Differences between expected and actual experience	188,281	-	188,281
Contributions- employer	-	220,416	(220,416)
Contributions- employees	-	-	-
Net Investment income	-	358,415	(358,415)
Benefit payments, including refunds of employee contributions	(173,872)	(173,872)	-
Administrative expense	-	(9,011)	9,011
Other	-	-	-
Net changes	449,101	395,948	53,153
Balances at September 30, 2016	$ 4,803,522	$ 3,594,979	$ 1,208,543

Sensitivity of the NPL to Changes in Discount Rate

1% Decrease (6.75%)	Current Discount Rate (6.75%)	1% Increase (8.75%)
$ 1,770,124	$ 1,208,543	$ 733,880

As of January 1, 2016 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	43
Not vested participants	18
Total	88

Significant Actuarial Assumptions:

Actuarial Assumptions:

Net Investment Rate of Return	7.75% per year
Projected Salary Increase	3.25% plus service based 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) at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
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.

According to the January 1, 2017 actuarial report, the City recognized a $187,138 pension expense for the June 30, 2017 reporting year.

The following tables show the recognized Deferred Outflows/Inflows of Resources Related to Pensions as of June 30, 2017 and for future years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	184,311	-
Changes of Assumptions	-	(118,776)
Net Differences between projected and actual earnings on pension plan investments	737	-
Deferred outflows after measurement date	166,539	-
Total as of June 30, 2017	$ 351,587	$ (118,776)

Deferred Outflows/Inflows Recognized in Future Years

	FY 2018	FY 2019	FY 2020	FY 2021
Fiscal Year Outflows				
Demographic	51,133	51,133	44,389	37,656
Investment	42,213	42,213	42,213	-
Total Outflows	$ 93,346	$ 93,346	$ 86,602	$ 37,656
Fiscal Year Inflows				
Investment	(41,144)	(41,144)	(21,807)	(21,807)
Assumption Changes	(59,388)	(59,388)	-	-
Total Inflows	$(100,532)	$(100,532)	$(21,807)	$(21,807)
Total	$ (7,186)	$ (7,186)	$ 64,795	$ 15,849

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, 2016 are as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.75%
International Equity	20%	7.45%
Real Estate	10%	4.55%
Global Fixed Income	5%	3.30%
Domestic Fixed Income	20%	1.75%
Cash	0%	
	100%	

Plan termination basis: 2.26% (30 treasury securities rate as of August, 2016, published in September, 2016: 2.86% last year

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.

On May 24, 2016, 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 will begin on April 1, 2017 and will be in full force and effect until March 31, 2023. The City of Dallas' distributive share of the revenue is projected to be $8,030,000 and used for street and road improvements, recreational facility capital outlay projects, and public safety capital outlay projects and City Hall and public/ administrative buildings.

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, 2017, the balances in the restricted asset accounts are as follows:

Governmental Activities:

Drug Enforcement Activities	$	1,949
Tourism Account		148
Subdivision Infrastructure		82,433
Capital Projects		998,421
Total Restricted Assets		$1,082,951

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, 2017, the amount of revenue the City collected for hotel motel tax was as follows:

Balance of Hotel/Motel Tax Fund at July 1, 2016	$ 200
Hotel/motel receipts	10,543
Disbursements to City	(6,326)
Disbursements to Chamber of Commerce	(4,217)
Balance of Hotel/Motel Tax Fund at June 30, 2017	$ 200

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 information provided below for the City of Dallas' Other Post Employee Benefit is based on the latest actuarial report dated January 1, 2016.)

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, 2016. 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
2016	$39,916	$38,221	$63,172	165.3%
2015	63,172	61,661	63,172	102.5%
2014	63,172	61,703	72,626	117.7%
2013	72,626	70,861	112,076	158.2%
2012	72,626	71,508	30,305	42.4%

The City's net OPEB Obligation as of June 30, 2017, was as follows:

Net OPEB Obligation as of Prior Year	$ 72,441
Annual OPEB Cost	39,916
Actual Contribution to Plan	(39,916)
Decrease in Net OPEB Obligation	-
Net OPEB Obligation as of End of Fiscal Year	$ 72,441

Actuarial accrued liability (AAL)	$ 468,858
Actuarial value of plan assets	353,728
Unfunded actuarial accrued liability (UAAL)	$ 115,130
Funded Ratio (actuarial value of plan assets)	75.4%
Covered payroll (active plan members)	$ 2,004,326
UAAL as a percentage of covered payroll	5.7%

Required Contributuion Rate	
Total Required Contribution Rate	$39,916
Percentage of annual covered payroll	1.75%

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-	19 years as of January 1, 2016
Asset valuation method-	Market Value
Investment Rate of Return-	7.75%
Medical and Drug Cost trend rate-	7.00% graded to 4.50% over 5 years

Funding Status and Funding Progress:

As of January 1, 2016, the most recent actuarial valuation date, the plan was 75.44% funded. According to the latest actuarial valuation dated January 1, 2016 the recommended contribution to the plan is $39,916 ($0 employee and $39,916 employer; 0% and 1.75% 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 $468,858, resulting in an unfunded actuarial accrued liability of $115,130. The covered payroll was $2,004,326, and the ratio of UAAL to the covered payroll was 5.74%. 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, 2016, 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 7.00% initially, reduced by decrements to an ultimate rate of 4.5% over five years. The UAAL

is being amortized over a 25-year closed period, level-dollar payment. The remaining amortization period at January 1, 2016, was nineteen 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, 2017 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 $1,005,471 for the 2017 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 2017 was $604,369. Design is underway and construction is scheduled for early 2017. Gateway signs along the major roadways entering the City are included in the project. The City has other street improvement projects that have a combined expense of $42,954 for the 2017 year.

Business-type Activities

At June 30, 2017, the City had a construction project for a Waste Water Treatment Plant. This project is being funded by a loan the City acquired through Georgia Environmental Finance Authority.

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CITY OF DALLAS, GEORGIA
SCHEDULES OF FUNDING PROGRESS
JUNE 30, 2017

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
2014	$ 2,852,075	$ 3,792,532	$ 940,457	75.20%	$ 1,773,795	53.02%
2015	3,153,085	3,657,458	504,373	86.21%	1,827,030	27.61%
2016	3,455,832	3,886,484	430,652	88.92%	2,004,326	21.49%
2017	3,745,879	4,308,114	562,235	86.95%	2,311,355	24.32%

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
2012	$ 29,990	$ 537,840	$ 507,850	5.58%	$ 1,675,576	30.31%
2014	245,733	591,588	345,855	41.54%	1,773,795	19.50%
2016	353,728	468,858	115,130	75.44%	2,004,326	5.74%

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, 2017

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Fiscal Year End									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service cost	$ 103,962	$ 100,970	$ 105,543							
Interest	330,730	309,722	311,303							
Difference between expected and actual experience	188,281	33,666	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	(173,872)	(172,704)	(175,340)							
Net change in total pension liability	449,101	271,654	(21,716)							
Total pension liability- beginning	4,354,421	4,082,767	4,104,483							
Total pension liability- ending (a)	$ 4,803,522	$ 4,354,421	$4,082,767							
Plan Fiduciary Position										
Contributions- employer	$ 220,416	$ 266,499	$ 267,755							
Contributions- employee	-	-	-							
Net investment income	358,415	31,198	308,529	(Historical information prior to implementation of GASB 68 is not required)						
Benefit payments, including refunds of employee contributions	(173,872)	(172,704)	(175,340)							
Administrative expense	(9,011)	(10,120)	(8,051)							
Other	-	-	-							
Net change in fiduciary net position	395,948	114,873	392,893							
Plan fiduciary net position- beginning	3,199,031	3,084,158	2,691,265							
Plan fiduciary net position- ending (b)	$ 3,594,979	$ 3,199,031	$3,084,158							
Net Pension Liability- ending: (a) - (b)	$ 1,208,543	$ 1,155,390	$ 998,609							
Plan's fiduciary net position as a percentage of the total pension liability	74.84%	73.47%	75.54%	(Historical information prior to implementation of GASB 68 is not required)						
Covered Employee Payroll	$ 2,311,355	$ 2,004,326	$1,827,030							
Net pension liability as a percentage of covered employee payroll	52.29%	57.64%	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 30,2017

Schedule of Contributions

	Fiscal Year End									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contributions	$261,811	$222,052	$219,871	$ 282,041						
Contributions in relation to the actuarially determined contribution	-*	222,052	219,871	282,041	(Historical information prior to implementation of GASB 68 is not required)					
Contribution deficiency (excess)	-*	-	-	-						
Covered-employee payroll	$2,311,355	$2,004,326	$ 1,827,030	$ 1,827,030						
Contributions as a percentage of covered-employee payroll	11.15%	10.90%	11.84%	15.44%						

* 2018 information will be determined after fiscal year end and will be included in 2018 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, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fines and Forfeitures	$ 2,000	$ 2,000	$ 8,157	$ 6,157
Miscellaneous	4,000	4,000	-	(4,000)
Total Revenues	6,000	6,000	8,157	2,157
EXPENDITURES				
Current:				
Public Safety	6,000	12,984	12,980	4
Total Expenditures	6,000	12,984	12,980	4
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(6,984)	(4,823)	2,161
Net Change in Fund Balance	-	(6,984)	(4,823)	2,161
Fund Balance (Deficit) - Beginning of Year	-	-	6,772	-
Fund Balance (Deficit) - End of Year	$ -	$ (6,984)	$ 1,949	$ 2,161

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, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 12,000	$ 12,000	$ 10,543	$ (1,457)
Total Revenues	12,000	12,000	10,543	(1,457)
EXPENDITURES				
Current:				
General Government	12,000	12,000	10,595	1,405
Total Expenditures	12,000	12,000	10,595	1,405
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(52)	(52)
Net Change in Fund Balance	-	-	(52)	(52)
Fund Balance (Deficit) - Beginning of Year	-	-	200	-
Fund Balance (Deficit) - End of Year	$ -	$ -	$ 148	$ (52)

CITY OF DALLAS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SUBDIVISION INFRASTRUCTURE SPECIAL REVENUE FUND
BUDGET AND ACTUAL FOR THE YEAR ENDED
JUNE 30, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fees	$ 29,400	$ 29,400	$ 41,928	$ 12,528
Total Revenues	29,400	29,400	41,928	12,528
EXPENDITURES				
Current:				
Subdivision Infrastructure Repairs	74,050	74,050	3,621	70,429
Bank fees	-	-	-	-
Total Expenditures	74,050	74,050	3,621	70,429
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,650)	(44,650)	38,307	82,957
Net Change in Fund Balance	(44,650)	(44,650)	38,307	82,957
Fund Balance (Deficit) - Beginning of Year	-	-	44,126	-
Fund Balance (Deficit) - End of Year	$ (44,650)	$ (44,650)	$ 82,433	$ 82,957

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, 2017

	Actual			Project Authorization
	Prior Years	Current Year	Total to Date	
REVENUES				
Taxes	$ 5,456,780	$ 830,591	$ 6,287,371	$ 6,840,000
Grants	186,270	10,428	196,698	-
Interest Income	-	-	-	-
Total Revenues	5,643,050	841,019	6,484,069	6,840,000
EXPENDITURES				
Current:				
Capital Outlays	4,265,361	2,078,826	6,344,187	6,840,000
Debt Service:				
Principal	744,999	-	744,999	-
Total Expenditures	5,010,360	2,078,826	7,089,186	6,840,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	632,690	(1,237,807)	(605,117)	-
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	$ -	(1,237,807)	$ -	$ -
Fund Balance (Deficit) - Beginning of Year		1,945,702		
Fund Balance (Deficit) - End of Year		$ 707,895		

CITY OF DALLAS, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
2016 SPLOST CAPITAL PROJECTS- BUDGET AND ACTUAL
FROM INCEPTION AND FOR YEAR ENDED
JUNE 30, 2017

	Actual			Project Authorization
	Prior Years	Current Year	Total to Date	
REVENUES				
Taxes	$ -	$ 290,526	$ 290,526	$ 8,030,000
Interest Income	-	-	-	-
Total Revenues	-	290,526	290,526	8,030,000
EXPENDITURES				
Current:				
Capital Outlays	-	-	-	8,030,000
Total Expenditures	-	-	-	8,030,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	290,526	290,526	-
Net Change in Fund Balance	$ -	290,526	$ -	$ -
Fund Balance (Deficit) - Beginning of Year		-		
Fund Balance (Deficit) - End of Year		$ 290,526		

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COMPLIANCE SECTION

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WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

LLOYD WILLIAMSON
CHRISTIAN HATCH

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

The Honorable Mayor and Council of the
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, 2017 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 December 29, 2017.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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 December 29, 2017.

Williamson and Company

Williamson & Company
Certified Public Accountants
Cartersville, Georgia
December 29, 2017

City of Dallas, Georgia
Schedules of Special Purpose Local Option Sales Tax
June 30, 2017

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST 2011					
Roads & Streets	$ 2,359,800	$ 3,159,800	$ 1,239,301	$ 1,438,334	$ 2,677,635
Other Projects					
Public Safety	1,997,280	1,197,280			
Vehicles			327,031	169,333	496,364
Equipment & Furniture			380,916	56,328	437,244
Building Renovation			18,125	-	18,125
Parking Deck			-	-	-
Major Repairs			-	10,579	10,579
Recreation	2,482,920	2,482,920			
Athletic Facilities			-	-	-
Renovations Athletic Facilities			55,184	8,545	63,729
Equipment			105,630	40,887	146,517
Land & Improvements			1,779,488	344,392	2,123,880
Walking/Jogging Trail			-	-	-
Athletic Fields & Courts.			23,416	-	23,416
Total for all projects	$ 6,840,000	$ 6,840,000	$ 4,265,361	$ 2,068,398	$ 5,997,489

The 2011 Schedule of Special Purpose Local Option Sales Tax current year expenditures of $2,068,398 has a variance of $10,428 from page 54 of audit report.
This variance is due to the City using $10,428 received from a LCI grant to pay for a portion of projects in the SPLOST fund.
The money and the expenses for this LCI grant was accounted for in the SPLOST fund.

The 2011 Schedule of Special Purpose Local Option Sales Tax total expenditures of $5,997,489 has a variance of $346,698 from page 54 of audit report.
This variance is due to the City using $196,698 received from a LCI grant to pay for a portion of projects in the SPLOST fund
This money and the expenses for this LCI grant was accounted for in the SPLOST fund.
The remaining $150,000 difference is from capital contribution for recreation land purchase.

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST 2016					
Roads & Streets	$ 2,168,100	$ 2,168,100	$ -	$ -	$ -
Other Projects					
Public Safety	1,686,300	1,686,300	-	-	-
Facilities			-	-	-
Vehicles			-	-	-
Equipment			-	-	-
Recreation Facilities	2,007,500	2,007,500	-	-	-
Facilities			-	-	-
Land and improvements			-	-	-
Athletic fields			-	-	-
Equipment			-	-	-
	2,168,100	2,168,100	-	-	-
City Hall Public and Administration Buildings	5,861,900	5,861,900	-	-	-
Total other projects					
Total for all projects	$ 8,030,000	$ 8,030,000	$ -	$ -	$ -