CITY OF DALLAS, GEORGIA

ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended
June 30, 2018

Kendall Smith
City Manager

By Authority of
Mayor and City Council

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CITY OF DALLAS, GEORGIA
Annual Financial Report
June 30, 2018

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FINANCIAL SECTION

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

EARL WILLIAMSON
LLOYD WILLIAMSON

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 of the City of Dallas, Georgia as of and for the year ended June 30, 2018, 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 of the City of Dallas, Georgia, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in fiscal 2018 the City adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Liability and Related Ratios on page 46, the Schedule of Contributions - Pension Plan on page 47, the Schedule of Changes in Net OPEB Liability and Related Ratios on page 48, and the Schedule of Contributions - Other Post-employment Benefits on page 49, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis, that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dallas' basic financial statements. The Individual Fund Schedules and Schedule of Special Purpose Local Option Sales Tax Expenditures, as required by the Georgia code section OCGA §48-8-121, are presented for purposes of additional analysis and are 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 January 28, 2019, 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 & Company

Williamson & Company
Certified Public Accountants
Cartersville, Georgia
January 28, 2019

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BASIC FINANCIAL STATEMENTS

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CITY OF DALLAS, GEORGIA
Statement of Net Position
June 30, 2018

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	$ 1,851,898	$ 5,238,507	$ 7,090,405
Receivables, Net	725,280	540,381	1,265,661
Internal Balances	1,537,790	(1,537,790)	-
Inventory	-	66,442	66,442
Prepaid Expenses	234,720	51,646	286,366
Land and Construction in Progress	6,174,832	1,169,840	7,344,672
Other Capital Assets, Net	14,901,379	35,001,546	49,902,925
Total Assets	25,425,899	40,530,572	65,956,471
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Plan	37,029	15,124	52,153
Pension Plan	455,860	128,576	584,436
Total Deferred Outflows of Resources	492,889	143,700	636,589
LIABILITIES			
Accounts Payable	831,314	276,749	1,108,063
Accrued Liabilities	62,018	27,097	89,115
Accrued Interest Payable	-	118,954	118,954
Unreleased Funds	28,670	-	28,670
Customer Deposits	357,104	503,620	860,724
Net OPEB Liability	348,096	142,170	490,266
Net Pension Liability	980,105	276,440	1,256,545
Noncurrent Liabilities			
Due Within One Year	418,256	1,372,291	1,790,547
Due In More Than One Year	148,290	23,489,259	23,637,549
Total Liabilities	3,173,853	26,206,580	29,380,433
DEFERRED INFLOWS OF RESOURCES			
OPEB Plan	47,656	19,464	67,120
Pension Plan	210,819	59,462	270,281
Total Deferred Inflows of Resources	258,475	78,926	337,401
NET POSITION			
Net Investment in Capital Assets	20,638,851	11,335,440	31,974,291
Restricted for:			
Drug Enforcement Activities	4,236	-	4,236
Capital Projects	1,517,972	-	1,517,972
Tourism	3,404	-	3,404
Subdivision Infrastructure	2,486	-	2,486
Unrestricted	319,511	3,053,326	3,372,837
Total Net Position	$ 22,486,460	$ 14,388,766	$ 36,875,226

The accompanying notes are an integral part of these financial statements.

CITY OF DALLAS, GEORGIA
Statement of Activities
For the Year Ended June 30, 2018

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	$ 1,071,670	$ 203,385	$ 13,431	$ 1,226,488
Municipal Court	292,310	-	-	-
Public Safety	2,132,549	398,356	-	-
Public Works	1,937,805	-	130,795	491,043
Community Development	117,440	-	-	45,189
Theater	696,375	240,153	-	-
Civic Center	89,337	-	-	-
Parks	926,685	149,982	-	-
Marshal	185,275	-	-	-
Interest on Long-term Debt	21,073	-	-	-
Total Governmental Activities	7,470,520	991,876	144,226	1,762,720
Business-type Activities:				
Water & Sewer	5,219,650	6,699,906	-	-
Solid Waste	503,750	578,121	-	-
Total Business-type Activities	5,723,400	7,278,027	-	-
Total Primary Government	$ 13,193,920	$ 8,269,903	$ 144,226	$ 1,762,720

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

CITY OF DALLAS, GEORGIA
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities	Business-type Activities	Totals
Primary Government:			
Governmental Activities:			
General Government	$ 371,634		$ 371,634
Municipal Court	(292,310)		(292,310)
Public Safety	(1,734,193)		(1,734,193)
Public Works	(1,315,967)		(1,315,967)
Community Development	(72,251)		(72,251)
Theater	(456,222)		(456,222)
Civic Center	(89,337)		(89,337)
Parks	(776,703)		(776,703)
Marshal	(185,275)		(185,275)
Interest on Long-term Debt	(21,073)		(21,073)
Total Governmental Activities	(4,571,698)		(4,571,698)
Business-type Activities:			
Water & Sewer		$ 1,480,256	1,480,256
Solid Waste		74,371	74,371
Total Business-type Activities		1,554,627	1,554,627
Total Primary Government			(3,017,071)
General Revenues:			
Taxes:			
Property	1,566,930	-	1,566,930
Sales Tax	1,780,696	-	1,780,696
Hotel/Motel	13,332	-	13,332
Business Occupation	65,383	-	65,383
Financial Institution Tax	169,833	-	169,833
Insurance Premium	768,555	-	768,555
Alcohol Tax	211,008	-	211,008
Franchise	674,658	-	674,658
Excise	8,562	-	8,562
Intangible	18,805	-	18,805
Miscellaneous	25,382	72,433	97,815
Transfers	1,050,000	(1,050,000)	-
Total General Revenues and Transfers	6,353,144	(977,567)	5,375,577
Change in Net Position	1,781,446	577,060	2,358,506
Net Position - Beginning, Restated	20,705,014	13,811,706	34,516,720
Net Position - Ending	$ 22,486,460	$ 14,388,766	$ 36,875,226

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

CITY OF DALLAS, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2018

	General	Special Revenue Confiscated Drug	Special Revenue Hotel/Motel Tax	Special Revenue Subdivision Infrastructure	Capital Projects-SPLOST 2011	Capital Projects-SPLOST 2017	Total Governmental Funds
ASSETS							
Cash	$ 144,156	$ 5,244	$ 3,595	$ 20,782	$ 369,057	$ 1,309,064	$ 1,851,898
Receivables (Net):							
Accounts	-	-	-	17,810	-	-	17,810
Taxes	305,597	-	1,188	-	-	-	306,785
Intergovernmental	197,125	-	-	-	-	203,560	400,685
Due from Other Funds	1,539,246	310	-	-	3,269	4,155	1,546,980
Prepaid items	234,720	-	-	-	-	-	234,720
Total Assets	$ 2,420,844	$ 5,554	$ 4,783	$ 38,592	$ 372,325	$ 1,516,780	$ 4,358,878
LIABILITIES							
Liabilities:							
Accounts Payable	$ 426,989	$ 1,318	$ 1,379	$ 34,650	$ 167,210	$ 199,768	$ 831,314
Accrued Liabilities	62,018	-	-	-	-	-	62,018
Due to Other Funds	3,579	-	-	1,456	4,155	-	9,190
Unearned Revenue	40,037	-	-	-	-	-	40,037
Unreleased Funds	28,670	-	-	-	-	-	28,670
Deposits Payable	357,104	-	-	-	-	-	357,104
Total Liabilities	918,397	1,318	1,379	36,106	171,365	199,768	1,328,333
FUND BALANCES							
Fund Balance:							
Nonspendable:							
Prepaid items	234,720	-	-	-	-	-	234,720
Restricted							
Drug Enforcement Activities	-	4,236	-	-	-	-	4,236
Capital Projects	-	-	-	-	200,960	1,317,012	1,517,972
Tourism	-	-	3,404	-	-	-	3,404
Committed							
Subdivision Infrastructure	-	-	-	2,486	-	-	2,486
Unassigned	1,267,727	-	-	-	-	-	1,267,727
Total Fund Balances	1,502,447	4,236	3,404	2,486	200,960	1,317,012	3,030,545
Total Liabilities and Fund Balances	$ 2,420,844	$ 5,554	$ 4,783	$ 38,592	$ 372,325	$ 1,516,780	$ 4,358,878

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

CITY OF DALLAS, GEORGIA
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position
June 30, 2018

Fund Balances - Total Governmental Funds		$ 3,030,545
Amounts reported for governmental activities in the		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		
Governmental Capital Assets	32,156,519	
Less Accumulated Depreciation	(11,080,308)	21,076,211
Unearned revenue in the fund financial statements represents a portion of property tax billed but uncollected and is eliminated in the Statement of Net Position		40,037
A portion of pension plan contributions and other changes in the City's pension plan are for future use and are considered deferred outflows and inflows of resources.		
Deferred Outflows of Pension Resources	455,860	
Deferred Inflows of Pension Resources	(210,819)	245,041
A portion of OPEB plan contributions and other changes in the City's OPEB plan are for future use and are considered deferred outflows and inflows of resources.		
Deferred Inflow of OPEB Resources	(47,656)	
Deferred Outflow of OPEB Resources	37,029	(10,627)
Some liabilities are not due and payable in the current period and, therefore are not reported in the funds.		
Net Pension Liability	(980,105)	
Net OPEB Liability	(348,096)	(1,328,201)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Lease Payable	(437,360)	
Compensated Absences	(129,186)	(566,546)
Net Position of Governmental Activities		$22,486,460

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, 2018

	General	Special Revenue Confiscated Drug	Special Revenue Hotel/ Motel	Special Revenue Subdivision Infrastructure	Capital Projects SPLOST 2011	Capital Projects SPLOST 2017	Total Governmental Funds
REVENUES							
Taxes	$ 5,233,393	$ -	$ 12,451	$ -	$ -	$ -	$ 5,245,844
Licenses and Permits	196,735	-	-	-	-	-	196,735
Intergovernmental	465,270	-	-	-	170,000	1,226,488	1,861,758
Fines and Forfeitures	388,617	6,170	-	-	-	-	394,787
Charges for Services	391,354	-	-	45,190	-	-	436,544
Miscellaneous	25,382	-	-	-	-	-	25,382
Total Revenues	6,700,751	6,170	12,451	45,190	170,000	1,226,488	8,161,050
EXPENDITURES							
Current:							
General Government	1,035,550	-	-	-	-	234	1,035,784
Municipal Court	296,735	-	-	-	-	-	296,735
Public Safety	2,252,489	3,883	-	-	14,822	-	2,271,194
Public Works	1,276,306	-	-	125,137	64,792	-	1,466,235
Community Development	112,374	-	4,505	-	-	-	116,879
Theater	594,857	-	-	-	-	-	594,857
Civic Center	37,795	-	-	-	-	-	37,795
Parks	1,137,912	-	-	-	-	-	1,137,912
Marshal	176,495	-	-	-	1,078	-	177,573
Capital Outlay							
Public Safety	-	-	-	-	155,771	-	155,771
Public Works	-	-	-	-	316,053	59,967	376,020
Parks	-	-	-	-	114,769	139,801	254,570
Marshal	-	-	-	-	9,650	-	9,650
Debt Service:							
Principal	279,335	-	-	-	-	-	279,335
Interest	21,074	-	-	-	-	-	21,074
Total Expenditures	7,220,922	3,883	4,505	125,137	676,935	200,002	8,231,384
Excess (Deficiency) of Revenues Over (Under) Expenditures	(520,171)	2,287	7,945	(79,947)	(506,935)	1,026,486	(70,335)
OTHER FINANCING SOURCES (USES)							
Transfers - In	1,054,689	-	-	-	-	-	1,054,689
Transfers - Out	-	-	(4,689)	-	-	-	(4,689)
Proceeds From Asset Disposal	5,550	-	-	-	-	-	5,550
Total Other Financing Sources (Uses)	1,060,239	-	(4,689)	-	-	-	1,055,550
Net Change in Fund Balances	540,068	2,287	3,256	(79,947)	(506,935)	1,026,486	985,215
Fund Balance - Beginning of Year	962,379	1,949	148	82,433	707,895	290,526	2,045,330
Fund Balance - End of Year	$ 1,502,447	$ 4,236	$ 3,404	$ 2,486	$ 200,960	$ 1,317,012	$ 3,030,545

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 the Statement of Activities

For the Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$ 985,215
Amounts reported for governmental activities in the Statement of Activities are different because:		
Govenmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. For the current period, these amounts are:		
Expenditures for Capital Assets	1,565,957	
Less Current Period Depreciation Expense	(1,160,516)	405,441
Unearned revenue in the fund financial statements represents property tax billed but uncollected and is eliminated in the governmental activities.		40,037
Pension and OPEB plan contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension and OPEB liabilities are measured a year before the City's report date. Pension/OPEB expenses are the changes in the net pension liability and net OPEB liability adjusted for changes in the related deferred outflows and inflows of resources is reported in the Statement of Activities.		
Pension Expense		67,999
OPEB Expense		(7,980)
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 Position.		
Repayment of Lease Principal		279,335
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.		
Change in Compensated Absences		11,399
Change in Net Position of Governmental Activities		$ 1,781,446

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

CITY OF DALLAS GEORGIA

Statement of Revenues, Expenditures, and Change in Fund Balance
General Fund - Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 4,948,950	$ 4,948,950	$ 5,233,393	$ 284,443
Licenses and Permits	155,200	155,200	196,735	41,535
Intergovernmental	713,299	713,299	465,270	(248,029)
Fines and Forfeitures	350,300	350,300	388,617	38,317
Charges for Services	347,015	347,015	391,354	44,339
Miscellaneous	6,500	6,500	25,382	18,882
Total Revenues	6,521,264	6,521,264	6,700,751	179,487
EXPENDITURES				
Current:				
General Government	1,090,624	1,074,624	1,035,550	39,074
Municipal Court	348,997	348,997	296,735	52,262
Public Safety	2,370,619	2,286,619	2,252,489	34,130
Public Works	1,289,734	1,289,734	1,276,306	13,428
Community Development	137,141	137,141	112,374	24,767
Theater	567,841	615,841	594,857	20,984
Civic Center	48,371	48,371	37,795	10,576
Parks	1,043,227	1,143,227	1,137,912	5,315
Marshal	225,687	177,687	176,495	1,192
Debt Service:				
Principal	279,342	279,342	279,335	7
Interest	21,075	21,075	21,074	1
Total Expenditures	7,422,658	7,422,658	7,220,922	201,736
Excess (Deficiency) of Revenues Over (Under) Expenditures	(901,394)	(901,394)	(520,171)	(22,249)
OTHER FINANCING SOURCES				
Transfers In	81,000	81,000	1,054,689	973,689
Proceeds From Asset Disposal	7,000	7,000	5,550	(1,450)
Total Other Financing Sources	88,000	88,000	1,060,239	972,239
Net Change in Fund Balance	(813,394)	(813,394)	540,068	949,990
Fund Balance - Beginning of Year	962,379	962,379	962,379	-
Fund Balance - End of Year	$ 148,985	$ 148,985	$ 1,502,447	$ 949,990

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

CITY OF DALLAS, GEORGIA

Statement of Revenues, Expenditures, and Change in Fund Balance
Confiscated Drug Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fines and Forfeitures	$ 3,500	$ 3,500	$ 6,170	$ 2,670
Miscellaneous	4,000	4,000	-	(4,000)
Total Revenues	7,500	7,500	6,170	(1,330)
EXPENDITURES				
Current				
Public Safety	7,500	7,500	3,883	3,617
Total Expenditures	7,500	7,500	3,883	3,617
Excess of Revenues Over Expenditures	-	-	2,287	2,287
Net Change in Fund Balance	-	-	2,287	2,287
Fund Balance - Beginning of Year	1,949	1,949	1,949	-
Fund Balance - End of Year	$ 1,949	$ 1,949	$ 4,236	$ 2,287

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

CITY OF DALLAS, GEORGIA

Statement of Revenues, Expenditures, and Change in Fund Balance
Hotel/Motel Tax Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 10,000	$ 10,000	$ 12,451	$ 2,451
Total Revenues	10,000	10,000	12,451	2,451
EXPENDITURES				
Community Development	10,000	10,000	4,505	5,495
Total Expenditures	10,000	10,000	4,505	5,495
Excess of Revenues Over Expenditures	-	-	7,945	7,945
OTHER FINANCING SOURCES (USES)				
Transfers - In (Out)	-	(3,000)	(4,689)	1,689
Net Change in Fund Balance	-	-	3,256	7,945
Fund Balance - Beginning of Year	148	148	148	-
Fund Balance - End of Year	$ 148	$ 148	$ 3,404	$ 7,945

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

CITY OF DALLAS, GEORGIA

Statement of Revenues, Expenditures, and Change in Fund Balance
Subdivision Infrastructure Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Charges for Services	$ 139,203	$ 139,203	$ 45,190	$ (94,013)
Total Revenues	139,203	139,203	45,190	(94,013)
EXPENDITURES				
Public Works	139,203	139,203	125,137	14,066
Total Expenditures	139,203	139,203	125,137	14,066
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(79,947)	(79,947)
Net Change in Fund Balance	-	-	(79,947)	(79,947)
Fund Balance - Beginning of Year	82,433	82,433	82,433	-
Fund Balance - End of Year	$ 82,433	$ 82,433	$ 2,486	$ (79,947)

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

CITY OF DALLAS, GEORGIA
Statement of Net Position
Proprietary Funds
June 30, 2018

	Water and Sewer	Solid Waste	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 5,195,241	$ 43,266	$ 5,238,507
Accounts Receivable - Net	455,814	84,567	540,381
Due From Other Funds	-	30,739	30,739
Inventory	66,442	-	66,442
Prepaid Items	45,007	6,639	51,646
Total Current Assets	5,762,504	165,211	5,927,715
Noncurrent Assets:			
Capital Assets:			
Buildings	16,772,985	23,120	16,796,105
Machinery & Equipment	2,238,635	389,306	2,627,941
Utility System - Water	7,722,182	-	7,722,182
Utility System - Sewer	19,719,794	-	19,719,794
Less Accumulated Depreciation	(11,847,047)	(12,429)	(11,859,476)
Construction in Progress	609,129	-	609,129
Land	555,711	-	555,711
Total Capital Assets	35,771,389	399,997	36,171,386
Total Non-Current Assets	35,771,389	399,997	36,171,386
Total Assets	41,533,893	565,208	42,099,101
Deferred Outflows of Resources			
OPEB Plan	12,253	2,871	15,124
Pension Plan	116,887	11,689	128,576
Total Deferred Outflows	129,140	14,560	143,700
Liabilities			
Current Liabilities:			
Accounts Payable	265,774	10,975	276,749
Accrued Liabilities	23,776	3,321	27,097
Due to Other Funds	1,009,120	559,409	1,568,529
Net Pension Liability	251,309	25,131	276,440
Net OPEB Liability	115,186	26,984	142,170
Accrued Interest Payable	118,954	-	118,954
Customer Deposits	495,683	7,937	503,620
Compensated Absences Payable	25,309	295	25,604
Bond Premium	100,866	-	100,866
Bond Payable	510,000	-	510,000
Note Payable	830,836	-	830,836
Total Current Liabilities	3,746,813	634,052	4,380,865
Noncurrent Liabilities:			
Bond Premium	624,984	-	624,984
Bond Payable	6,800,000	-	6,800,000
Note Payable	15,969,260	-	15,969,260
Total Noncurrent Liabilities	23,394,244	-	23,394,244
Total Liabilities	27,141,057	634,052	27,775,109
Deferred Inflows of Resources			
OPEB Plan	15,770	3,694	19,464
Pension Plan	54,056	5,406	59,462
Total Deferred Inflows of Resources	69,826	9,100	78,926
Net Position			
Net Investment in Capital Assets	10,935,443	399,997	11,335,440
Unrestricted	3,516,707	(463,381)	3,053,326
Total Net Position	$ 14,452,150	$ (63,384)	$ 14,388,766

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, 2018

	Water and Sewer	Solid Waste	Total
Operating Revenues			
Charges for Services	$ 6,614,363	$ 566,503	$ 7,180,866
Fees	85,543	11,618	97,161
Other Revenues	60,679	11,754	72,433
Total Operating Revenues	6,760,585	589,875	7,350,460
Operating Expenses			
Cost of Sales and Services	1,364,586	249,474	1,614,060
Salaries, Wages, and Employee Benefits	1,247,044	241,847	1,488,891
Cost of Water Purchased	938,952	-	938,952
Depreciation Expense	1,268,852	12,429	1,281,281
Total Operating Expenses	4,819,434	503,750	5,323,184
Operating Income	1,941,151	86,125	2,027,276
Nonoperating Revenues (Expenses)			
Interest Expense	(400,216)	-	(400,216)
Total Nonoperating Revenues (Expenses)	(400,216)	-	(400,216)
Income Before Transfers	1,540,935	86,125	1,627,060
Transfers In (Out)	(1,050,000)	-	(1,050,000)
Change in Net Position	490,935	86,125	577,060
Net Position - Beginning, Restated	13,961,215	(149,509)	13,811,706
Net Position - Ending	$ 14,452,150	$ (63,384)	$ 14,388,766

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, 2018

	Water and Sewer	Solid Waste	Total
Cash Flows From Operations			
Receipts from Customers and Users	$ 7,067,339	$ 588,096	$ 7,655,435
Payments to Suppliers	(2,978,242)	(286,120)	(3,264,362)
Payments to/for Employees	(1,233,513)	(220,449)	(1,453,962)
Net Cash Provided by Operating Activities	2,855,584	81,527	2,937,111
Cash Flows from Noncapital Financing Activities			
Payments from Other Funds	1,011,781	-	1,011,781
Payments to Other Funds	(1,050,000)	(92,222)	(1,142,222)
Net Cash Provided by (Used in) Noncapital Financing Activities	(38,219)	(92,222)	(130,441)
Cash Flows from Capital and Related Financing Activities			
Principal Payments - Notes	(819,310)	-	(819,310)
Principal Payments - Bonds	(500,000)	-	(500,000)
Acquisition and Construction of Capital Assets	(1,117,575)	(331,647)	(1,449,222)
Interest Paid	(384,782)	-	(384,782)
Net Cash Used in Capital and Related Financing Activities	(2,821,667)	(331,647)	(3,153,314)
Net Increase (Decrease) in Cash	(4,302)	(342,342)	(346,644)
Cash - July 1	5,199,543	385,608	5,585,151
Cash - June 30	$ 5,195,241	$ 43,266	$ 5,238,507
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	$ 1,941,151	$ 86,125	$ 2,027,276
Adjustments to Reconcile from Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation	1,268,852	12,429	1,281,281
(Increase) Decrease in Assets:			
Accounts Receivable	262,604	(2,547)	260,057
Inventory	(5,236)	-	(5,236)
Prepaid	2,145	(2,776)	(631)
Deferred Outflow of Resources	(37,573)	(12,382)	(49,955)
Increase (Decrease) in Liabilities:			
Accounts Payable	(653,384)	(33,870)	(687,254)
Accrued Liabilities	8,403	1,635	10,038
Accrued Interest	15,434	-	15,434
Customer Deposits	44,151	768	44,919
Compensated Absences Payable	(22,023)	295	(21,728)
Bond Premium	(52,548)	-	(52,548)
Net OPEB Liability	(10,232)	(2,381)	(12,613)
Net Pension Liability	15,389	25,131	40,520
Deferred Inflow of Resources	53,142	9,100	62,242
Net Cash Provided by Operating Activities	$ 2,830,275	$ 81,527	$ 2,911,802

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 City'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 City'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 Funds - These funds are 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 the 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 City's hotel/motel tax. The Subdivision Infrastructure Fund accounts for revenues and expenditures associated with compliance improvements made at various real estate developments within the City.

Capital Projects Funds - These funds are used to account for major capital expenditures not financed by proprietary funds, internal service funds, or trust funds. These funds are used to account for projects funded by grants and the special purpose local option sales tax. The City maintains two SPLOST capital project funds, the 2011 SPLOST Capital Projects Fund and the 2016 SPLOST Capital Projects Fund.

Major 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.

Water/Sewer Fund and Sanitation Fund - The City reports the water and sewer, and sanitation funds as major proprietary 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 in excess of insured amounts 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. Internal Balances/Transfers

Due To/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 Expenses

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 expenses 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 $1,000 are capitalized and depreciated. The assets are reported in the applicable government or business-type activity columns in the government-wide financial statements, and by fund in the statement of net position for proprietary funds.

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 infrastructure consists of 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 and premiums 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 two types of items that qualify for reporting in this category. They are deferred expenses related to the City's pension and OPEB plans reported in the government-wide and proprietary funds statements of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The City of Dallas has two types of items that qualify for reporting in this category that reflect future changes in the value of the City's pension and OPEB plans reported in the government-wide and proprietary funds' statements of net position.

O. 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.

P. 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.

Q. 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.

R. 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.

S. 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 deferred outflows of resources less liabilities and deferred inflows of resources. 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.

T. Property Taxes

Property taxes are levied when the digest is received from Paulding 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.

U. Recent Accounting Pronouncements

In fiscal year 2018, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The adoption of this statement has a significant impact on the City's financial statements. As a result of the adoption, the City has restated net position as follows as of July 1, 2017:

		Business-type Activites		
	Governmental Activities	Water/ Sewer	Solid Waste	Total Business-type
Net Position July 1, 2017 as Previously Reported	$21,055,758	$14,060,631	$(122,322)	$ 13,938,309
Net OPEB Liability at July 1, 2017	(379,084)	(108,792)	(29,366)	(138,158)
Deferred Outflows of Resources at July 1, 2017	28,340	9,376	2,179	11,555
Net Position July 1, 2017 as Restated	$20,705,014	$13,961,215	$(149,509)	$ 13,811,706

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, 2018, is classified in the financial statements as follows:

Statement of Net Position	
Cash	$ 5,407,040
Restricted Cash	1,683,365
Total Cash	$ 7,090,405

At year-end, the book balance of the City's deposits was $7,089,954, including restricted cash of $1,683,365 and the bank balance was $7,304,242. The bank balance is insured or collateralized by securities held by the City or by its agent in the City's name (category 2).

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 and local option sales taxes.

Amounts due as of June 30, 2018, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Hotel/ Motel Tax Fund	Subdivision Infrastructure Fund	Capital Projects Fund	Water Sewer Fund	Sanitation Fund	Total
Recievables:							
Accounts	$ -	$ -	$ 17,810	$ -	$ 774,788	$ 144,409	$ 937,007
Taxes	330,634	1,188	-	-	-	-	331,822
Intergovernmental	197,125	-	-	203,560	-	-	400,685
Total	527,759	1,188	17,810	203,560	774,788	144,409	1,669,514
Less: Allowance for Uncollectibles	(25,037)	-	-	-	(318,974)	(59,842)	(403,853)
Net Total Recievables	$ 502,722	$ 1,188	$ 17,810	$ 203,560	$ 455,814	$ 84,567	$ 1,265,661

Property tax is levied upon receipt of the digest from Paulding County and based upon the assessed value at January 1, 2017. Taxes were levied October 9, 2017 and due by December 20, 2017. 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, 2017 was $1,230,567.

Based on the 2017 millage levy of 4.17, a property owner would pay $4.17 per $1,000 of assessed valuation.

Current tax collections of $1,212,016 for the fiscal year ended June 30, 2018 were 98.49% 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, 2018. The allowance for uncollectible accounts represents approximately 41.2% of water/sewer and approximately 41.4% of sanitation total outstanding utility billings.

Capital projects fund receivable consists of special purpose local option sales tax collected from Paulding County during the month of July 2018.

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 year-end 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, 2018, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water/Sewer	$ 978,381
General Fund	Solid Waste	559,409
General Fund	Subdivision Infrastructure	1,456
		$ 1,539,246
Confiscated Drug	General Fund	$ 310
Capital Projects - 2011	General Fund	$ 3,269
Capital Projects - 2017	Capital Projects-2011	$ 100,964
Solid Waste	Water/Sewer	$ 30,739

Transfers and Payments:

Routine transfers and payments between funds are to subsidize operations and to fund capital projects and capital acquisitions. For the year ended June 30, 2018, interfund transfers were as follows:

Source Fund	Transfer to Fund	Amount
Water and Sewer	General	$ 1,050,000
Hotel/Motel Tax	General	4,689
		$ 1,054,689

NOTE 5. CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable Capital Assets				
Land	$ 3,989,559	$ -	$ -	$ 3,989,559
Construction In Progress	1,652,794	532,479	-	2,185,273
Total Nondepreciable Capital Assets	5,642,353	532,479	-	6,174,832
Depreciable Capital Assets				
Buildings and Improvements	8,495,410	256,616	-	8,752,026
Machinery and Equipment	3,985,454	439,491	(127,243)	4,297,702
Infrastructure	12,594,588	337,371	-	12,931,959
Total Depreciable Capital Assets	25,075,452	1,033,478	(127,243)	25,981,687
Less Accumulated Depreciation For:				
Buildings and Improvements	(2,606,728)	(263,993)	-	(2,870,721)
Machinery and Equipment	(2,789,586)	(340,133)	71,426	(3,058,293)
Infrastructure	(4,594,904)	(556,390)	-	(5,151,294)
Total Accumulated Depreciation	(9,991,218)	(1,160,516)	71,426	(11,080,308)
Total Depreciable Capital Assets, Net	15,084,234	(127,038)	(55,817)	14,901,379
Total Capital Assets, Net	$20,726,587	$ 405,441	$ (55,817)	$21,076,211

Reclassifications of beginning capital asset balances between land assets and buildings and improvements assets are reflected in the beginning balances of the table above. This reclassification had no effect on beginning net capital assets.

Depreciation expense was allocated across governmental activities as follows:

General Government	$ 70,730
Public Safety	190,298
Public Works	635,613
Theater	97,591
Civic Center	51,542
Parks	107,601
Marshal	7,141
Total Depreciation Expense	$1,160,516

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

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable Capital Assets				
Land	$ 555,711	$ -	$ -	$ 555,711
Construction In Progress	4,454	604,675	-	609,129
Total Nondepreciable Capital Assets	560,165	604,675	-	1,164,840
Depreciable Capital Assets				
Buildings and Improvements	16,786,231	9,874	-	16,796,105
Machinery and Equipment	2,116,513	511,429	-	2,627,942
Distribution and Collection Systems	27,259,470	182,505	-	27,441,975
Total Depreciable Capital Assets	46,162,214	703,808	-	46,866,022
Less Accumulated Depreciation For:				
Buildings and Improvements	(364,349)	(425,971)	-	(790,320)
Machinery and Equipment	(1,283,658)	(150,450)	-	(1,434,108)
Distribution and Collection Systems	(8,930,188)	(704,860)	-	(9,635,048)
Total Accumulated Depreciation	(10,578,195)	(1,281,281)	-	(11,859,476)
Total Depreciable Capital Assets, Net	35,584,019	(577,473)	-	35,006,546
Total Capital Assets, Net	$36,144,184	$ 27,202	$ -	$ 36,171,386

Depreciation Expense for Water/Sewer was $1,268,852 for the year ended June 30, 2018.

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 Lease

The City has entered into a lease agreement as lessee for financing the acquisition of a building. On November 4, 2004, the City executed an agreement with RBC Century 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, 2018:

Year Ending June 30	Principal	Interest
2019	$289,070	$11,343
2020	148,290	1,916
Total	$437,360	$13,259

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	(1,159,703)
Net Asset Value of Leased Assets	$2,705,974

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 proprietary fund and government-wide Statement of Net Position. The City gained a net present value benefit of $702,218 with the refunding bond issuance.

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

Year Ending June 30	Principal	Interest	Amortization of Bond Premium
2019	$ 510,000	$ 238,450	$ 100,866
2020	530,000	223,150	94,394
2021	550,000	207,250	87,668
2022	565,000	190,750	80,689
2023	575,000	173,800	73,518
2024-2028	3,165,000	596,926	252,504
2029-2030	1,415,000	85,600	36,211
Total	$ 7,310,000	$ 1,715,926	$ 725,850

Note Payable:

In December 2013 the City executed a note payable with the Georgia Environmental Finance Authority (GEFA) for waste-water treatment plant improvements. The loan closed in fiscal 2016 for $18,294,186. Debt service on the loan began June 1, 2016 in the monthly amount of $88,395 including interest calculated at 1.4%. At June 30, 2018, the City owed $16,800,096 on the note.

The following schedule presents debt service requirements to maturity for the business-type note.

Year Ending June 30	Principal	Interest	Total
2019	$ 836,687	$ 224,051	$ 1,060,738
2020	848,477	212,261	1,060,738
2021	860,432	200,306	1,060,738
2022	872,555	188,183	1,060,738
2023	884,850	175,888	1,060,738
2024-2028	4,614,815	688,875	5,303,690
2029-2033	4,949,225	354,465	5,303,690
2034-2036	2,933,055	44,323	2,977,378
Totals	$ 16,800,096	$ 2,088,352	$ 18,888,448

The City's long-term debt transactions for the year ended June 30, 2018 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	$ 140,586	$ 139,534	$ (150,934)	$ 129,186	$ 129,186
Capitalized Leases	716,695	-	(279,335)	437,360	289,070
Total Governmental Activities	$ 857,281	$ 139,534	$ (430,269)	$ 566,546	$ 418,256
Business-type Activities:					
Compensated Absences	$ 22,023	$ 40,474	$ (36,893)	$ 25,604	$ 25,604
Note Payable	17,619,407	-	(819,311)	16,800,096	836,687
Bond Premium	830,946	-	(105,096)	725,850	100,866
Bond Payable	7,810,000	-	(500,000)	7,310,000	510,000
Total Business-type Activities	$25,451,430	$ 40,474	$(1,356,204)	$24,861,550	$ 1,372,291

The liabilities for compensated absences are liquidated proportionally by the general, water/sewer, and solid waste 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 actuarial valuation dated January 1, 2017, the estimated minimum annual contribution under these funding standards is $214,799. 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. Under the same actuarial valuation, the recommended contribution to the plan for the year ended June 30, 2018 was $261,811 ($0 employee and $261,811 employer), or 11.15% of annual covered payroll. The City's contribution to the Plan as of June 30, 2018 was $261,811, which was equal to 100 percent of the recommended contribution for the year.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of January 1, 2018, 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, 2017.

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, 2016	$ 4,803,522	$ 3,594,979	$ 1,208,543
Changes for the year:			
Service cost	123,488	-	123,488
Interest	365,409	-	365,409
Differences between expected and actual experience	227,732	-	227,732
Contributions- employer	-	231,992	(231,992)
Contributions- employees	-	-	-
Net Investment income	-	543,326	(543,326)
Benefit payments, including refunds of employee contributions	(177,131)	(177,131)	-
Administrative expense	-	(15,795)	15,795
Other	90,896	-	90,896
Net changes	630,394	582,392	48,002
Balances at September 30, 2017	$ 5,433,916	$ 4,177,371	$ 1,256,545

Sensitivity of the NPL to Changes in Discount Rate

1% Decrease (6.75%)	Current Discount Rate (6.75%)	1% Increase (8.75%)
$ 1,883,662	$ 1,256,545	$ 727,893

As of January 1, 2017 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	19
Total	89

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, 2018 actuarial report, the City recognized $228,468 in pension expense for the June 30, 2018 reporting year.

The following table shows the recognized deferred outflows/inflows of resources related to the City's pensions plan as of June 30, 2018:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 315,362	$ -
Changes of assumptions	72,716	59,388
Net Differences between projected and actual earnings on pension plan investments	-	210,893
Deferred outflows after measurement date	196,358	-
Total as of June 30, 2018	$ 584,436	$ 270,281

City contributions subsequent to the measurement date of $196,358 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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

Year Ended June 30,	Amount
2019	$ 3,899
2020	75,880
2021	26,934
2022	11,085

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, 2017 are as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	6.71%
International Equity	20%	7.71%
Real Estate	10%	5.21%
Global Fixed Income	5%	3.36%
Domestic Fixed Income	20%	2.11%
Cash	0%	
	100%	

Plan termination basis: 2.80% (30 Treasury Securities Rate as of August 2017, published in September 2017; 2.26% last year)

NOTE 9. SPECIAL PURPOSE LOCAL OPTION SALES TAX

On July 20, 2010, Paulding County voters passed a continuation for a special one percent sales and use tax to 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 was projected to be $6,840,000 and used for street and road improvements, recreational facility capital outlay projects, and public safety capital outlay projects. Collections on this SPLOST referendum ended March 31, 2017.

On May 24, 2016, Paulding County voters passed a continuation for a 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 on April 1, 2017 and will be in 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 costs 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 SPLOST funds are restricted for specified capital projects or improvements. The Confiscated Funds Cash 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, 2018, the balances in the restricted asset accounts are as follows:

Governmental Activities:

Drug Enforcement Activities	$ 4,235
Tourism Account	4,285
Subdivision Infrastructure	2,486
Capital Projects	1,517,972
Total Restricted Assets	$ 1,528,978

Restricted Net Position

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

Governmental Funds:

Restricted for Capital Project Activities - Created to segregate money received from federal or state sources that restrict the funds eligible for capital construction projects.

Restricted for Drug Enforcement Activities - Created to segregate money received from federal or state sources that restrict use for law enforcement purposes only.

Restricted for Tourism Promotion- Created to segregate money received from local hotels and motels for the use of promoting, attracting, stimulating, and developing tourism.

Restricted 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 the Paulding County Chamber of Commerce and 3% back to the City for the purpose of promoting tourism. For the year ended June 30, 2018, the amount of revenue the City collected for hotel motel tax was as follows:

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 Other Post Employment Benefit (OPEB) plan called the City of Dallas OPEB Plan. The 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.

Benefits Provided: 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 post-employment health care benefits. The health care benefits offered to the participants will be paid for until the participant reaches 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.

Contributions: As established by GMEBS, the City of Dallas OPEB Plan is maintained on a pre-funded basis, that is the annual contributions made by the City are based on an actuarially determined contribution rate. Contributions to the City of Dallas OPEB plan was $42,553 for the year ended June 30, 2018. Active employees are not required to contribute to the fund.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the City reported a liability of $490,266 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2016. An expected total OPEB liability as of June 30, 2017 was determined using standard roll-forward techniques.

For the year ended June 30, 2018, the City recognized OPEB expense of $53,781. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 9,600	$ -
Changes of assumptions	-	46,064
Net differences between projected and actual earnings on OPEB plan investments	-	21,056
Plan contributions after measurement date	42,553	-
Total	$ 52,153	$ 67,120

City contributions subsequent to the measurement date of $42,553 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2019	$ (9,822)
2020	(9,822)
2021	(9,822)
2022	(9,822)
2023	(4,558)
Thereafter	(13,674)

Funding Policy: The information provided for the City of Dallas' Other Post-employment Benefit Plan is based on an actuarial report with a measurement date of June 30, 2017.

Actuarial Assumptions: The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

Inflation	3.25%
Salary Increases	3.75%-8.75%, including inflation
Discount Rate	5.46%
Healthcare Cost Trend Rate	
Medical	7.00% trended down to 4.50% by 2021
Drug	7.00% trended down to 4.50% by 2021
Dental	4.00%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex distinct rates, set forward two years for males and 1 year for females.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 calculation.

Additionally, there was a change that affected measurement of the total OPEB liability since the prior measurement date. The methodology used to determine employee and retiree participation in the Georgia School Personnel Postemployment Benefit Fund is based on their current or last employer payroll location. Current and former employees of public school districts, libraries, regional educational service agencies and community colleges are allocated to the Georgia School Personnel Postemployment Benefit Fund irrespective of retirement system affiliation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are 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%
Global Fixed Income	5%	3.30%
Domestic Fixed Income	20%	1.75%
Real Estate	10%	4.55%
Total	100%	

Discount Rate: The discount rate used to measure the total OPEB liability was 5.46%. The projection of cash flows used to determine the discount rate assumes that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to only cover a portion of the projected benefit payments of current plan members.

Therefore, the long-term expected rate of return on OPEB plan investments was applied to the periods of projected benefit payments that were covered by the City contributions. The remaining projected benefit payments were discounted at the 20 year general obligation municipal bond rate of 3.58%. The total present value of the two discounted streams of benefit payments is the Total OPEB Liability. A single effective discount rate that determined the same total was developed. The discount rate of 5.46% is a blend of the 3.58% bond rate and the 7.75% long-term expected return on plan assets.

Sensitivity of the City's net OPEB liability to changes in the discount rate: The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 5.46%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.46%) or 1 percentage-point higher (6.46%) than the current discount rate:

	1% Decrease (4.46%)	Current Discount Rate (5.46%)	1% Increase (6.46%)
Net OPEB Liability	$ 583,554	$ 490,266	$ 407,381

Sensitivity of the City's net OPEB liability to changes in the healthcare cost trend rates: The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	$ 381,325	$ 490,266	$ 618,530

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.

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, 2018 are as follows:

Governmental Activities

The City has a two phase project for the improvement of historical land marks and recreational areas in the City limits. The Dallas Battlefield Project incurred costs of $422,012 for the fiscal year ended June 30, 2018.

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 2018 was $73,047.

Business-type Activities

At June 30, 2018, the City had a construction project for a Waste Water Treatment Plant Improvements and Expansion. This project is being funded by a loan the City acquired through Georgia Environmental Finance Authority. As of June 30, 2018 $609,129 had been incurred as project costs. The expansion project was in progress at year end.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DALLAS, GEORGIA

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios

For the Previous Ten Fiscal Periods

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service Cost	$ 123,488	$ 103,962	$ 100,970	$ 105,543	*	*	*	*	*	*
Interest	365,409	330,730	309,722	311,303	*	*	*	*	*	*
Benefit Changes					*	*	*	*	*	*
Differences Between Expected and Actual Experience	227,732	188,281	33,666	33,719	*	*	*	*	*	*
Changes of Assumptions	-	-	-	(296,941)	*	*	*	*	*	*
Benefit Payments, Including Refunds	(177,131)	(173,872)	(172,704)	(175,340)	*	*	*	*	*	*
Other	90,896	-	-	-	*	*	*	*	*	*
Net Change In Total Pension Liability	630,394	449,101	271,654	(21,716)	*	*	*	*	*	*
Total Pension Liability - Beginning	4,803,522	4,354,421	4,082,767	4,104,483	*	*	*	*	*	*
Total Pension Liability - Ending	$5,433,916	$4,803,522	$4,354,421	$4,082,767	*	*	*	*	*	*
Plan Net Position										
Contributions - Employer	$ 231,992	$ 220,416	$ 266,499	$ 267,755	*	*	*	*	*	*
Contributions - Member					*	*	*	*	*	*
Net Investment Income	543,326	358,415	31,198	308,529	*	*	*	*	*	*
Benefit Payments, Including Refunds	(177,131)	(173,872)	(172,704)	(175,340)	*	*	*	*	*	*
Administrative Expense	(15,795)	(9,011)	(10,120)	(8,051)	*	*	*	*	*	*
Other	-	-	-	-	*	*	*	*	*	*
Net Change in Plan Net Position	582,392	395,948	114,873	392,893	*	*	*	*	*	*
Plan Net Position - Beginning	3,594,979	3,199,031	3,084,158	2,691,265	*	*	*	*	*	*
Plan Net Position - Ending	$4,177,371	$3,594,979	$3,199,031	$3,084,158	*	*	*	*	*	*
Net Pension Liability - Ending	$1,256,545	$1,208,543	$1,155,390	$ 998,609	*	*	*	*	*	*
Total Pension Liability	$5,433,916	$4,803,522	$4,354,421	$4,082,767	*	*	*	*	*	*
Plan Net Position	4,177,371	3,594,979	3,199,031	3,084,158	*	*	*	*	*	*
Net Pension Liability	$1,256,545	$1,208,543	$1,155,390	$ 998,609	*	*	*	*	*	*
Ratio of Plan Net Position to Total Pension Liability	76.88%	74.84%	73.47%	75.54%	*	*	*	*	*	*
Covered Employee Payroll	$2,481,289	$2,311,355	$2,004,326	$1,827,030	*	*	*	*	*	*
Net Pension Liability as a Percentage of Covered Employee Payroll	50.64%	52.29%	57.64%	54.66%	*	*	*	*	*	*

This schedule is to be built prospectively. Historical information prior to 2015 is not required.

CITY OF DALLAS, GEORGIA
Required Supplementary Information
Schedule of Contributions - Pension Plan
For the Previous Ten Fiscal Periods

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially Determined Contribution	$ 261,811	$ 222,052	$ 219,871	$ 282,041	*	*	*	*	*	*
Contributions in Relation to the Actuarially Determined Contribution	261,811	222,052	219,871	282,041	*	*	*	*	*	*
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	*	*	*	*	*	*
Covered Employee Payroll	$2,311,355	$2,004,326	$1,827,030	*	*	*	*	*	*	*
Contributions As a Percentage of Covered Employee Payroll	11.33%	11.08%	12.03%	*	*	*	*	*	*	*

* Historical information prior to implementation of GASB 67/68 not required.

Notes to Schedule:

Methods and Assumptions Used to Determine Contribution Rates

Valuation Date:	The actuarially determined contribution rate was determined July 1, 2016 with an interest rate adjustment to the fiscal year.
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	N/A
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary to be within 20% of market value.
Cost of Living Adjustments	3.25%
Salary Increases	3.25% plus age and service based merit increases
Investment Rate of Return	7.75% net pension plan investment expense, including inflation
Retirement Age	Normal - 65-55; Early - 55
Mortality	The mortality and economic actuarial assumptions used in the June 1, 2016 valuation were approved by the Board in December 2014 based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014 conducted by Segal Consulting.

CITY OF DALLAS, GEORGIA

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Previous Ten Fiscal Periods

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB Liability										
Service Cost	$ 45,810	*	*	*	*	*	*	*	*	*
Interest	45,126	*	*	*	*	*	*	*	*	*
Benefit Changes	-	*	*	*	*	*	*	*	*	*
Differences Between Expected and Actual Experience	10,804	*	*	*	*	*	*	*	*	*
Changes of Assumptions	(51,820)	*	*	*	*	*	*	*	*	*
Benefit Payments, Including Refunds	(21,246)	*	*	*	*	*	*	*	*	*
Other	-									
Net Change in Total OPEB Liability	28,674	*	*	*	*	*	*	*	*	*
Total OPEB Liability - Beginning	887,626	*	*	*	*	*	*	*	*	*
Total OPEB Liabllity - Ending	$ 916,300	*	*	*	*	*	*	*	*	*
Plan Net Position										
Contributions - Employer	$ 39,916	*	*	*	*	*	*	*	*	*
Contributions - Member	-	*	*	*	*	*	*	*	*	*
Net Investment Income	54,426	*	*	*	*	*	*	*	*	*
Benefit Payments, Including Refunds	(21,246)	*	*	*	*	*	*	*	*	*
Administrative Expense	(767)	*	*	*	*	*	*	*	*	*
Other	-	*	*	*	*	*	*	*	*	*
Net Change in Plan Net Position	72,329	*	*	*	*	*	*	*	*	*
Plan Net Position - Beginning	353,705	*	*	*	*	*	*	*	*	*
Plan Net Position - Ending	$ 426,034	*	*	*	*	*	*	*	*	*
Net OPEB Liability - Ending	$ 490,266	*	*	*	*	*	*	*	*	*
Total OPEB Liability	$ 916,300	*	*	*	*	*	*	*	*	*
Plan Net Position	426,034	*	*	*	*	*	*	*	*	*
Net OPEB Liability	$ 490,266	*	*	*	*	*	*	*	*	*
Ratio of Plan Net Position to Total OPEB Liability	46.50%	*	*	*	*	*	*	*	*	*
Covered Employee Payroll	$2,004,326	*	*	*	*	*	*	*	*	*
Net OPEB Liability as a Percentage of Covered Employee Payroll	24.46%	*	*	*	*	*	*	*	*	*

This schedule is to be built prospectively. Historical information prior to 2018 is not required.

CITY OF DALLAS, GEORGIA
Required Supplementary Information
Schedule of Contributions - Other Post-employment Benefit Plan
For the Previous Ten Fiscal Periods

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially Determined Contribution	$ 42,553	$ 39,916	*	*	*	*	*	*	*	*
Contributions in Relation to the Actuarially Determined Contribution	42,553	39,916	*	*	*	*	*	*	*	*
Contribution Deficiency (Excess)	$ -	$ -	*	*	*	*	*	*	*	*
Covered Employee Payroll	$2,004,326	$2,004,326	*	*	*	*	*	*	*	*
Contributions As a Percentage of Covered Employee Payroll	2.12%	1.99%	*	*	*	*	*	*	*	*

* Historical information prior to implementation of GASB 74/75 not required.

Notes to Schedule:

Methods and Assumptions Used to Determine Contribution Rates

Valuation Date:	The actuarially determined contribution rates are calculated as of June 30, based on the most recent valuation date
Discount Rate:	5.46%
Actuarial Cost Method	Entry Age
Amortization Method	Closed 25 years, level dollar
Remaining Amortization Period	19 years as of June 30, 2016
Asset Valuation Method	Market Value
Plan Valued	Excise tax will not be reflected in these calculations until effective.
Cost of Living Adjustments	3.25%
Salary Increases	3.75% to 8.75%, including inflation
Investment Rate of Return	7.75%
Basis for Demographic Assumptions	The withdrawal, disability, and retirement rates were based on a four-year review of experience for the period January 1, 2010 to June 30, 2014.
Mortality	The RP-2000 mortality tables were determined to contain sufficient provision appropriate to reasonably reflect future mortality improvement based on a four-year review of mortality experience for the period January 1, 2010 to June 30, 2014. Mortality experience will be reviewed periodically and updated if necessary.

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OTHER SCHEDULES

CITY OF DALLAS, GEORGIA

Schedule of Revenues, Expenditures, and Changes in Fund Balance
2011 SPLOST Capital Projects - Budget and Actual
From Inception and for the Year Ended June 30, 2018

	Actual			Project Authorization
	Prior Years	Current Year	Total to Date	
REVENUES				
Intergovernmental	$ 6,555,383	$ 170,000	$ 6,725,383	$ 6,840,000
Total Revenues	6,555,383	170,000	6,725,383	6,840,000
EXPENDITURES				
Current				
Public Safety	-	14,822	14,822	14,822
Public Works	-	64,792	64,792	64,792
Marshal	-	1,078	1,078	-
Capital Outlays				
Public Safety	962,312	155,771	1,118,083	1,182,458
Public Works	2,677,635	316,053	2,993,688	3,095,008
Parks	2,357,542	114,769	2,472,311	2,482,920
Marshal	-	9,650	9,650	-
Debt Service				
Principal	744,999	-	744,999	-
Total Expenditures	6,742,488	676,935	7,419,423	6,840,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(187,105)	(506,935)	(694,040)	-
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	$ 707,895	(506,935)	$ 200,960	$ -
Fund Balance - Beginning of Year		707,895		
Fund Balance - End of Year		$ 200,960		

CITY OF DALLAS, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
2017 SPLOST Capital Projects - Budget and Actual
From Inception and for the Year Ended June 30, 2018

	Actual			Project Authorization
	Prior Years	Current Year	Total to Date	
REVENUES				
Taxes	$ 290,526	$ 1,226,488	$ 1,517,014	$ 8,030,000
Total Revenues	290,526	1,226,488	1,517,014	8,030,000
EXPENDITURES				
Current				
General Government	-	234	234	234
Capital Outlays				
General Government	-	-	-	2,167,866
Public Safety	-	-	-	1,686,300
Public Works	-	59,967	59,967	2,168,100
Parks	-	139,801	139,801	2,007,500
Total Expenditures	-	200,002	200,002	8,030,000
Excess of Revenues Over Expenditures	290,526	1,026,486	1,317,012	-
Net Change in Fund Balance	$ 290,526	1,026,486	$ 1,317,012	$ -
Fund Balance - Beginning of Year		290,526		
Fund Balance - End of Year		$ 1,317,012		

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COMPLIANCE SECTION

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

EARL WILLIAMSON
LLOYD WILLIAMSON

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 of the City of Dallas, Georgia, as of and for the year ended June 30, 2018 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 January 28, 2019.

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.

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 January 28, 2019.

Williamson + Company

Williamson and Company
Certified Public Accountants
Cartersville, Georgia
January 28, 2019

CITY OF DALLAS, GEORGIA
Schedules of Special Purpose Local Option Sales Tax Expenditures
For the Year Ended June 30, 2018

SPLOST 2011

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Roads and Streets	$ 2,359,800	$ 3,159,800	$ 2,677,635	$ 380,845	$ 3,058,480
Other Projects					
Public Safety					
Vehicles			496,364	155,771	652,135
Equipment and Furniture			437,244	14,822	452,066
Building Renovation			18,125	9,650	27,775
Parking Deck			-	-	-
Major Repairs			10,579	-	10,579
Total Public Safety	1,997,280	1,197,280	962,312	180,243	1,142,555
Recreation					
Athletic Facilities			-	-	-
Renovations Athletic Facilities			63,729	-	63,729
Equipment			146,517	8,577	155,094
Land and Improvements			2,123,880	71,500	2,195,380
Walking/Jogging Trail			-	5,870	5,870
Athletic Fields and Courts			23,416	29,900	53,316
Total Recreation	2,482,920	2,482,920	2,357,542	115,847	2,473,389
Total For All Projects	$ 6,840,000	$ 6,840,000	$ 5,997,489	$ 676,935	$ 6,674,424

SPLOST 2017

	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Roads and Streets	$ 2,168,100	$ 2,168,100	$ -	$ -	$ -
Other Projects					
Public Safety					
Facilities			-	-	-
Vehicles			-	59,967	59,967
Equipment			-	-	-
Total Public Safety	1,686,300	1,686,300	-	59,967	59,967
Recreation					
Facilities			-	107,573	107,573
Land and Improvements			-	32,228	32,228
Athletic Fields			-	-	-
Equipment			-	-	-
Total Recreation	2,007,500	2,007,500	-	139,801	139,801
Administration					
Buildings	2,168,100	2,168,100	-	234	234
Total For All Projects	$ 8,030,000	$ 8,030,000	$ -	$ 200,002	$ 200,002

These SPLOST schedules have been prepared on the modified accrual basis of accounting.