CITY OF DALTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the

Year Ended December 31, 2009

Cindy Jackson, CPA

Finance Director

By Authority of

Mayor and Council

City of Dalton, Georgia
Comprehensive Annual Financial Report
For The Year Ended December 31, 2009

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June 18, 2010

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

The Comprehensive Annual Financial Report of the City of Dalton, Georgia, for the year ended December 31, 2009 is hereby submitted in accordance with the Official Code of Georgia 36-81-7. State law requires that the City of Dalton issue an annual report on its financial position and that this report be audited by an independent firm of licensed certified public accountants. The annual report is to be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards.

The management of the City of Dalton is responsible for accuracy of the data and the completeness and fairness of the presentation, including all disclosures. The management of the City of Dalton is also responsible for establishing and maintaining an effective internal control structure that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. We believe the City of Dalton's internal accounting controls adequately safeguard assets and provide reasonable assurance for proper recording of financial transactions. We believe data, as presented, are accurate in all material respects and are reported in a manner designed to present fairly the financial position and result of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's activities have been included.

The City has prepared the financial statements to meet the current applicable requirements of the Governmental Accounting Standards Board (GASB). The City of Dalton's financial statements have been audited by Estes & Williams, Certified Public Accountants. Based on their audit, Estes & Williams concluded that there is reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2009 are fairly presented in conformity with GAAP. The independent auditors report is presented in the financial section of this report.

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

Profile of the City of Dalton

Founded in 1837 as the village of Cross Plains, the City of Dalton is the county seat for Whitfield County. The town officially became Dalton on December 29, 1847. Located in Northwest Georgia at the foothills of the Appalachian Mountains, Dalton is blessed with natural beauty and a mild climate. Dalton is strategically located just off Interstate 75 and is eighty-five miles north of Atlanta and twenty-eight miles south of Chattanooga, Tennessee. Dalton is within a day's drive of half the United States population, which makes it a great location for distribution. Dalton is also served by two major railroads, CSX and Norfolk Southern. Dalton occupies 20 square miles and serves a population of approximately 33,000 with a daytime population of 63,000. Dalton is a community rich in heritage and history.

Equal Opportunity Employer

The City operates under a Council-Administration form of government. The City Council is comprised of the Mayor and four additional members who enact laws, determine policies, and adopt the annual budget. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to annex property into the City limits. The financial statements of the City include all government activities, organizations, and functions for which the City is financially accountable as defined by GASB. Based on these criteria no other governmental organizations are included in this report.

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

Dalton is home to Georgia's first all-fiber network implemented by its public utility in 2003 and currently boasts 400 miles of 72 and 120 count fiber optic cable. The utility also provides the lowest residential utility rates in the nation along with highly competitive rates for business and industry.

Dalton also affords an excellent public school system and health care facilities. The school system maintains a low student teacher ratio and was awarded a "silver" designation in 2009 by US News & World Report's for rating in the top 3% ranking of 18,000 public school system. Hamilton Medical Center is acknowledged as one of the 100 best hospitals in the county and offers a full range of service including cardiac care, cancer treatment, diabetes treatment, and maternal-infant care.

Budget Process

The annual budget serves as the foundation for the City of Dalton's financial planning and control. In accordance with State Law, the City adopts an annual operating budget consistent with generally accepted accounting principles. The budget is adopted by the City Council after a required public hearing and two public notices. The budget is prepared by department and fund. The level of legal budgetary control is at the department level. Department directors have the discretion of budget transfers within their respective budget through the Finance Department, provided that the request does not increase the overall budget allocation for that department.

Local Economy

Dalton's main industry continues to be non-unionized textile and textile related industries. Thanks to the flooring industry, Dalton is the economic hub of northwest Georgia and continues to benefit economically by being the Carpet Capital of the World. Dalton is home to the two largest carpet producers in the world (Shaw Industries and Mohawk Industries). 90% of the US carpet market is supplied by Georgia mills, and Dalton production comprises 70% of that amount. Dalton's infrastructure, economies of scale, and manufacturing base has afforded the carpet industry the ability to resist global off-shoring. Dalton continues to represent one of the last manufacturing, distribution, and marketing centers in the United States. Dalton has earned this distinction because of the community's willingness to provide the infrastructure and services needed for industry to prosper.

Over 29,000 people are employed in Dalton. There are over 60 industrial companies located here, with the carpet and carpet related industry employing over 60% of the work force. Other commercial sectors such as health care, educational services, business and professional services, and retail augment this base workforce.

Dalton continues to feel the impact of the national economic recession. Unemployment rose from 11.4 % at the end of 2008 to 12.5% at the end of 2009, which is substantially higher than the national average of 9.3%. The continuing decline of the housing market negatively impacted the flooring industry resulting in loss of manufacturing jobs. Dalton is experiencing some signs of economic recovery, as evidenced by Kroger opening of its new prototype grocery stores, which is the largest store the chain has built. The Holiday Inn & Suites also completed construction and recently opened for business. RAC Outfitters also opened Dalton's first outdoor outfitter retail store. The carpet industry has seemed to stabilize and increase production as evidenced by a 14% increase in utility revenues for the first quarter of 2010.

Planning for the Future

The budget was once again conservatively structured in 2009 in anticipation of a slowing economy, funding of the OPEB costs, and council's commitment to not utilize fund balance for operating purposes. Department directors were instructed to take a conservative approach in regards to revenue and expenditure projections without reducing the quality of services provided to citizens.

Diversification and attracting young professionals continue to be on the forefront of planning for the future. In an effort to attract young professionals, the City is addressing the recreational and leisure aspect of the community. The City is developing plans to construct a multi-purpose greenway and a pedestrian friendly downtown. The greenway would open up and enhance the City's natural resources which include a river, a mountain, and a lake for recreational purposes. The City is also looking at existing properties downtown to convert to green-space and considering pedestrian enhancements such as wider sidewalks. To assist in this endeavor, the City is fortunate to have the assistance of the University of Georgia (UGA), Savannah College of Art and Design (SCAD), and Dalton State College (DSC) through the Archway partnership and internship programs.

SCAD will be conducting a fall 2010 class entitled "What's Next for Dalton" in which students and faculty will study the Dalton community and determine key areas as well as strategies to propel positive change. Through the City's sponsorship with the UGA's Archway Program, professors and students will draft a master plan for a more pedestrian friendly downtown while incorporating the eco-experience with the City's natural resources. The Northwest Georgia Regional Commission is developing a plan for a multi-purpose greenway connecting downtown to city neighborhoods, parks, schools, and the lake which will be made a part of the Dalton's bicycle/pedestrian plan sponsored by and endorsed by the state. DSC will also assist in developing Dalton's downtown master plan.

The Dalton-Whitfield Joint Development Authority (DWJDA), in conjunction with the Chamber of Commerce, has developed a comprehensive branding campaign that will help the Dalton-Whitfield community stand out in the increasingly competitive site-selection marketplace. DWJDA will be focusing on the many attributes Dalton has to attract industry and residents. Through DWJDA, economic incentives are offered to eligible industry locating in Dalton. Beginning in 2010, Dalton will implement a 20% freeport exemption on certain inventories held in the City.

Impact of Financial Policies on Financial Statements

The City of Dalton early implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This required the adoption of a new fund balance policy. Even during the economic turndown, the City continues to exceed the minimum general fund unrestricted fund balance requirement of 25% of operating expenditures. At the end of 2009 the City's general fund unrestricted fund balance was at 66%. The general fund unrestricted fund balance is intended to 1) meet future capital needs, 2) offset significant economic downturns and revision in general government activity, 3) provide sufficient working capital, 4) provide sufficient cash flow for current financial needs, and 5) provide for emergency situations.

In May of 2010, Moody's Investors Services, Inc. raised Dalton's credit rating to "Aa2" from an A1. This places Dalton in the high-quality credit category with few Georgia municipalities.

Awards and Acknowledgement

The Government Finance Offices Association of the United States and Canada (GFOA) awarded a Certificate of Excellence in Financial Reporting to The City of Dalton for its comprehensive annual financial report for the fiscal year ended December 31, 2008. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Department of Finance. Credit must also be given to City of Dalton officials and employees who assisted and contributed to the operations of the City during the year and the preparation of this report. We would also like to thank the staff of Estes & Williams, Certified Public Accountants for their technical guidance and assistance to make this a quality report.

Sincerely,

Cindy Jackson

Cindy Jackson, CPA
Director of Finance

J. Tyson Ross,
City Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dalton

Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.





President



Executive Director

City of Dalton, Georgia
City Officials and Administration
December 31, 2009

David Pennington
Mayor

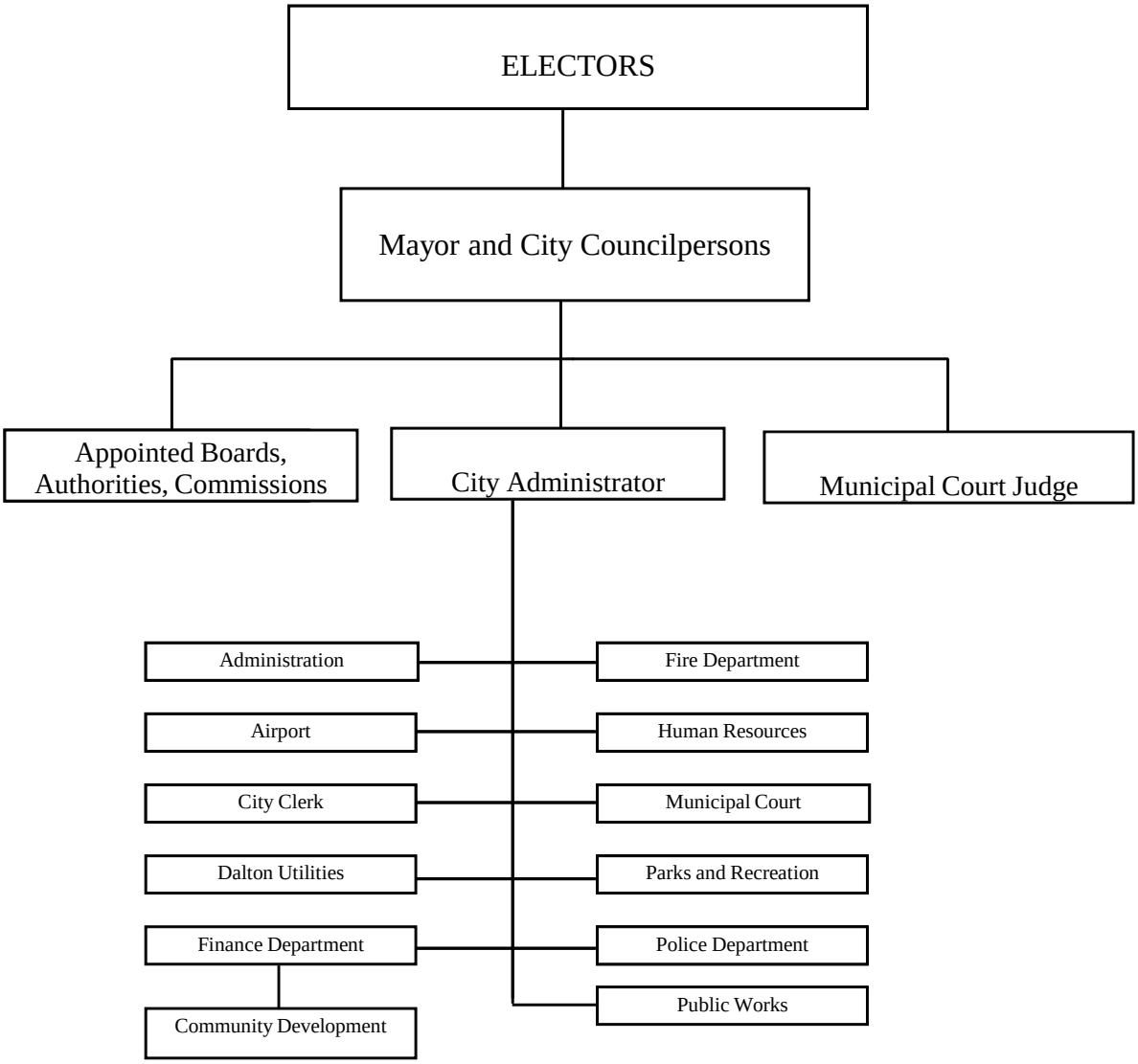
City Council

Denise Wood, Ward 1
J. Richard Lowrey, Ward 2
George Sadosuk, Ward 3
Charles J. Bethel, Ward 4

City Administration

Cindy Jackson	Finance Director
Bernadette Chattam	City Clerk
Don Cope	Dalton Utilities
Bruce Satterfield	Fire Chief
Greg Batts	Human Resource Director
David Hamil	Municipal Court Administrator
Ron Nix	Parks & Recreation Director
Jason Parker	Police Chief
Benny Dunn	Public Works Director
Norman Barashick	Solid Waste Authority Director
Shashank Gairola	Trade & Convention Center Director

City of Dalton, Georgia
Organizational Chart
December 31, 2009



ESTES & WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Dalton, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Water, Light, and Sinking Fund Commission, which is both a major fund and 96%, 96%, and 99%, respectively, of the assets, net assets, and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Water, Light and Sinking Fund Commission, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia, as of December 31, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison information for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2010, on our consideration of the City of Dalton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

201 N. Thornton Ave | P.O. Box 749 | Dalton, GA 30722 | Phone 706.529.0749 | Fax 706.529.5549

Accounting principles generally accepted in the United States of America requires that the management's discussion and analysis on pages 3 through 12 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 and the other auditors 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dalton, Georgia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Estes & Williams

Dalton, Georgia
June 18, 2010

The City of Dalton's management is pleased to provide this narrative overview and analysis of the financial activities of the City for the calendar year ended December 31, 2009. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by $830.5 million (net assets) for the calendar year reported. This represents an increase of $29,000 from the prior year.

- Total net assets are comprised of the following:

  (1) Capital assets, net of related debt of $680.5 million includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net assets of $99.6 million are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net assets of $50.4 million represent the portion available to maintain the City's continuing obligations to citizens and creditors.

- The City's governmental funds reported total ending fund balance of $19.9 million this year. Compared to the prior year ending fund balance of $18.3 million, the fund balance increased by $1.6 million during the current year.

- At the end of the current calendar year, unassigned fund balance for the General Fund was $17.1 million, or 66% of total General Fund expenditures.

- The business-type activities enterprise funds reported total ending net assets of $746.5 million as of December 31, 2009. This reflects an increase of $5.9 million from the prior year. The transfer to the City of $8.9 million is a transfer fee that the Commission passes along to the customer as a surcharge on the customers monthly utility bill. This surcharge is included in charges for services.

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

OVERVIEW OF THE FINANCIAL STATEMENT

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

Government-wide Financial Statements

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

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the City's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, judicial, public safety, public works, health and welfare, culture and recreation, and housing and development. Also included is the Dalton-Whitfield Joint Development Authority, a joint venture between the City and Whitfield County, Georgia. The net cost of that activity is presented in the Statement of Activities as an expense related to housing and development. Business-type activities include the electric, gas, water, sewer, and information technology systems, the municipal golf course, and the municipal airport. They also include the net cost of the Northwest Georgia Trade and Convention Center Authority and the Dalton-Whitfield Regional Solid Waste Management Authority, which are reported as joint ventures in the Statement of Activities and in the Nonmajor Enterprise Funds.

The government-wide financial statements are presented on pages 14 and 15 of this report.

Fund Financial Statements

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

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements, which provide a distinctive view of the City's governmental funds. These statements report short-term calendar accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

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

The basic governmental fund financial statements are presented on pages 16 through 20 of this report.

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

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City proprietary funds are classified as enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization for electric, gas, water, and sewer utilities, information technology systems, an airport, and a public golf course. Services provided by the two joint ventures to customers include landfill services and a public trade and convention center.

The basic enterprise fund financial statements are presented on pages 21 through 27 of this report.

Fiduciary funds are reported only in the fund financial statements. The City has a pension trust fund, an other post-employment benefits (OPEB) trust fund, and a municipal court agency fund. The municipal court agency fund is custodial in nature, and the balances are reported in the statement of fiduciary net assets. The pension trust fund accounts for the City's single employer pension trust fund. The OPEB trust fund accounts for the City's single employer OPEB trust fund. These funds are accounted for as proprietary funds and the report includes two statements: a statement of fiduciary net assets and a comparative statement of changes in net assets. These statements may be found on pages 28 and 29 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 30 of this report.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget. Required supplementary information can be found on pages 67 and 68 of this report.

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 69.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net assets may serve over time as a useful indicator of a government's financial position as information is accumulated on a consistent basis. The City's net assets at calendar year-end are $830.5 million. The following table provides a summary of the City's net assets.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current assets	$ 24,808,747	$ 26,502,688	$ 55,434,010	$ 58,859,504	$ 80,242,757	$ 85,362,192
Capital assets	71,098,381	81,149,602	688,014,335	678,442,998	759,112,716	759,592,600
Other long-term assets	73,221	411,784	104,911,478	124,490,019	104,984,699	124,901,803
Total assets	95,980,349	108,064,074	848,359,823	861,792,521	944,340,172	969,856,595
Liabilities:						
Current liabilities	5,183,346	9,789,054	37,106,534	37,759,791	42,289,880	47,548,845
Long-term liabilities	5,885,601	6,640,045	65,658,985	85,191,486	71,544,586	91,831,531
Total liabilities	11,068,947	16,429,099	102,765,519	122,951,277	113,834,466	139,380,376
Net assets:						
Invested in capital assets, net of debt	68,155,502	77,111,490	612,348,335	586,400,998	680,503,837	663,512,488
Restricted	2,637,360	1,117,309	96,992,000	113,054,000	99,629,360	114,171,309
Unrestricted	14,118,540	13,406,176	36,253,969	39,386,246	50,372,509	52,792,422
Total net assets	$ 84,911,402	$ 91,634,975	$745,594,304	$738,841,244	$830,505,706	$830,476,219

As a whole, City net assets virtually remained flat. The slight increase in net assets of $29,487 is attributable primarily to the reduction of debt and reduction of investments for capital expenditures. Total net assets declined $6.7 million for governmental activities and increased $6.7 million for business–type activities. This is primarily attributable to a change in reporting airport activities. In 2008 and prior, the airport was accounted for in the General Fund and, likewise, in governmental activities. In 2009, the airport was reported in a new and separate enterprise fund. Capital assets with a net value of $8,951,498 were transferred from governmental activities to business-type activities because of this change.

Net assets for governmental activities decreased 7.3% from the prior year. Net assets invested in capital assets, net of debt decreased by $9.0 million or 11.6% due to the transfer of capital assets from governmental activities to business-type activities for the new airport fund. Restricted net assets increased $1.5 million or 136% due to management's review of classifications of net assets. GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* was implemented by the City this year. During the process of reviewing and reporting fund balances in accordance with this standard, management also reconsidered the classifications of net assets at the government-wide level. The remaining $712 thousand decrease occurred from utilization of unrestricted net assets.

The 0.9% increase in total net assets for business–type activities is primarily attributable to the change in the classification of the airport assets of $8.9 million, $35.3 million expended for utility plant, the reduction of long-term debt of $17.2 million, $11.5 million reduction in investment portfolio and restricted cash coupled with the utilization of unrestricted net assets for operations.

Note that approximately 80% of the governmental activities' net assets are invested in capital assets. The City uses these capital assets to provide services to its citizens. The business-type activities invested in capital assets are 82% of total net assets. Capital assets in the business-type activities primarily provide utility services, but also generate revenues for this fund.

The unrestricted portion of the City's net assets totals $50.4 million. This portion is available for spending, and comprises 6.1% of total net assets.

The following table provides a summary of the City's changes in net assets:

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program:						
Charges for services	$ 4,048,153	$ 5,161,503	$ 172,856,351	$ 171,427,920	$ 176,904,504	$ 176,589,423
Operating grants	1,782,722	1,508,234	-	-	1,782,722	1,508,234
Capital grants	2,301,508	1,600,048	332,856	112,000	2,634,364	1,712,048
General:						
Taxes	17,012,661	17,464,283	-	-	17,012,661	17,464,283
Investment earnings	149,895	393,570	(4,056,322)	7,887,581	(3,906,427)	8,281,151
Other	373,429	1,162,398	682,000	496,000	1,055,429	1,658,398
Total revenues	25,668,368	27,290,036	169,814,885	179,923,501	195,483,253	207,213,537
Program Expenses:						
General government	2,530,960	4,270,206	-	-	2,530,960	4,270,206
Judicial	683,158	704,747	-	-	683,158	704,747
Public safety	14,587,205	14,903,803	-	-	14,587,205	14,903,803
Public works	7,934,126	10,136,329	-	-	7,934,126	10,136,329
Health and welfare	895,475	679,018	-	-	895,475	679,018
Culture and recreation	4,149,087	4,749,408	-	-	4,149,087	4,749,408
Housing and developmer	756,136	1,279,210	-	-	756,136	1,279,210
Education	-	240,061	-	-	-	240,061
Interest	178,413	226,898	-	-	178,413	226,898
Utilities	-	-	161,418,124	159,010,654	161,418,124	159,010,654
Trade Center	-	-	749,552	673,926	749,552	673,926
Landfill	-	-	223,566	-	223,566	-
Golf course	-	-	888,328	1,219,530	888,328	1,219,530
Airport	-	-	459,636	-	459,636	-
Total expenses	31,714,560	37,189,680	163,739,206	160,904,110	195,453,766	198,093,790
Excess (deficiency)	(6,046,192)	(9,899,644)	6,075,679	19,019,391	29,487	9,119,747
Transfers	(677,381)	8,691,000	677,381	(8,691,000)	-	-
Change in net assets	(6,723,573)	(1,208,644)	6,753,060	10,328,391	29,487	9,119,747
Beginning net assets	91,634,975	92,843,619	738,841,244	728,512,853	830,476,219	821,356,472
Ending net assets	$ 84,911,402	$ 91,634,975	$ 745,594,304	$ 738,841,244	$ 830,505,706	$ 830,476,219

The City's total revenues decreased 5.7% ($11.7 million) and the total cost of services and programs provided decreased 1.3% ($2.6 million).

Governmental Activities

The City's governmental activities total revenues decreased by 5.9% ($1.6 million). The total cost of all program expenses decreased 14.7% ($5.5 million).

Revenues:

- Sales tax decreased $423,055. This is due primarily to the current downturn in the economy.
- Fines and forfeitures decreased $116,271 due to the elimination of the red light cameras and reduction in citations issued by the police department.
- Municipal court and probation costs decreased $478,572 as a direct result of the reduction in citations issued
- Capital grants increased $612,552 due to Department of Transportation grants received for the renovation of the Old Norfolk Depot and the Community Development Block Grant (CDBG) received for the construction of a new community center.
- Operating grants increased $274,488 due primarily to the allocation of CDBG sub-recipient funds for operations and various other small operating grants for City departments.
- Taxes decreased $451,622 because the general government millage rate was reduced by 1% and the taxable assessed property values decreased 2%.
- Interest expense decreased $243,675 due to the current economic conditions.
- Other revenue decreased primarily due to the decrease in donations of $515,695. Donated real estate for 2009 was .4 acres compared to 15 acres in 2008.

Expenses:

- General government expenses decreased $1.8 million due to several factors:
  - Reduction in work force eliminated four employees, City administrator position vacant for nine months, airport expenditures recorded in enterprise fund, building inspection department operated under City direction for nine months and decrease in net OPEB obligation.
- Public safety expenses decreased $316,598 due to decrease in petroleum cost, reduction of training and uniform costs, elimination of software and hardware operating costs due to purchase of new software and blade servers in 2008.
- Public works decreased $2.2 million due to the reduction in work force elimination of eighteen employees, decrease of street resurfacing, decrease of petroleum costs and contracting out mowing services.
- Culture and recreation decreased $600,321. This reduction is due primarily to the reduction in work force elimination of nine positions.
- Housing and development decreased $523,074 primarily due to the elimination of the building inspection department and Community Development Block Grant funding less housing and development projects.
- Education expenses decreased $240,061 due to the Whitfield County tax Commissioner remitting tax funds collected directly to the City's independent school system instead of the City of Dalton.

Another notable change is that transfers decreased $9.4 million due primarily to the transfer of capital assets from the governmental activities to the business-type activities for the Dalton Municipal Airport ($8.9 million). Prior to 2009, the airport was reported in the general fund.

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

For Governmental Activities

	Total Cost of Services	Net Cost of Services
General government and administration	$ 2,530,960	$ 1,327,677
Judicial	683,158	(415,367)
Public safety	14,587,205	13,420,345
Public works	7,934,126	5,980,622
Health and welfare	895,475	257,567
Culture and recreation	4,149,087	3,085,420
Housing and development	756,136	398,221
Interest	178,413	(472,308)
Total	$ 31,714,560	$ 23,582,177

The judicial net cost of service indicates revenues generated covered the cost of this function. The net cost of services column above also indicates that the interest on long-term debt function generates revenue. Intergovernmental revenue reported in the Debt Service Fund of $650,721 represents amounts transferred from other entities to fund principal and interest payments on debt. Of that revenue, $570,440 was used to retire debt principal.

Business-type Activities

The City's business-type activities total revenues decreased 5.6% ($10.1 million) and expenses increased 1.7% or ($2.8 million).

Revenues:

- The decrease in revenue is due primarily to the $7.9 million decrease in the fair value of investments and derivatives held with the City's utility. Another contributing factor to revenue decrease is the reduced consumption of electricity, water and wastewater by manufacturing customers due to the downturn of the carpet and carpet related industry.

Expenses:

- The increase is due primarily to the increased depreciation expenses associated with the expansion of the fiber optics segment of the utility and the overhaul of a water facility.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $19.9 million. Of this year-end total, $887,168 will be used to retire debt and $1,710,979 will be used to satisfy other restricted purposes.

The total ending fund balances of governmental funds reflect an increase of $1.6 million (9.0%) from the prior year. The general fund reported an increase in fund balance of $3.9 million (28.5%) and other the governmental funds reported a decrease in fund balances of $2.2 million (46.7%).

Major Governmental Fund

The General Fund is the City's primary operating fund and is used to account for all governmental financial resources not restricted by state or federal laws, local ordinances, or other externally imposed requirements. At the end of 2009, the fund balance of the General Fund was $17.4 million. Unassigned fund balance represents 66.2% of General Fund expenditures, an increase from the prior year. For 2008, total fund balance represents 40.5% of total expenditures.

The General Fund's $3.9 million increase in fund balance is primarily attributable to the elimination by taxpayer vote of the recreation dedicated 1.0 mill. 2009 marked the first year the general fund received the additional millage. The recreation department (special revenue fund) operated primarily from fund reserves in 2009. Upon elimination of recreation fund reserves, the recreation department will be included in the general fund. Also contributing to the increase in fund balance is the public works department not filling a budgeted position, not utilizing street paving costs budgeted and the overall decrease in petroleum costs in 2009. Each department was under budget for 2009 due to a concentrated effort to cut costs and eliminate budgeted items that were not necessary due to the declining economy.

Proprietary Funds

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

Major Proprietary Fund

The Water, Light and Sinking Fund Commission (WLSF) provides water, sewer, electric, natural gas and information technology services to customers in Dalton/Whitfield County and portions of Murray, Gordon, Catoosa, and Floyd counties. The WLSF net assets represent 95.8% of total proprietary net assets. Financial analysis in regards to the WLSF can be found in the business-type activities section.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the adopted budget by various budget transfers and amendments. The general fund adopted budget had seven budget amendments that resulted in budgeted revenues being reduced $112,760 and budgeted expenditures being increased $450,380. The following addresses the major differences between the original adopted and final adjusted budget:

Amendments to revenue:

- Decrease fines and forfeitures $343,700 to reflect the elimination of the red light cameras.
- Decrease licenses and permits $106,000 to reflect the elimination of the building inspection department.
- Increase intergovernmental revenues $102,305 to reflect the awarding of Department of Justice police department grant and a Department of Community Affairs pass-through grant.
- Increase donations to record donated property at fair market value of $79,900.
- Increase charges for services in the amount of $139,500 for projected revenue from electronic monitoring program and fees received for senior citizens meals in the amount of $9,000.
- Increase miscellaneous revenue in the amount of $6,235.

Amendments to expenditures:

- The general government budgeted expenditures increased $264,770 primarily due to the renovations of the Old Freight Deport in the downtown district.
- Judicial increased $81,525 to reflect the increase in cost to provide the electronic monitoring program and departmental raise.
- Public safety decreased $86,105 due to the elimination of the cost associated with the red light cameras.
- Public works increased $23,430 due primarily to the extension of the downtown streetscape project.
-

- Health and welfare increased $46,420 due to contracts let with local agencies and increase in salary and benefits paid to the Senior Center staff.
- Culture and recreation increased $16,000 to reflect the anticipated completion of various small parks within the City.
- Housing and development increased $104,340 due to a budget reclassification for funding of the Dalton Whitfield Convention and Visitors Bureau coupled with a reduction in overall budget for elimination of the building inspection department.

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2009 was $71.1 million and $688.0 million respectively. The book value of net investment in governmental activities capital assets decreased by $10.1 million, $8.9 million of which is attributable to the transfer of capital assets to the airport and thus to business-type activities. The book value of net investment increased by $9.6 million for business-type activities. Capital asset activity was basically flat for the City as a whole, with an overall decrease of $479,884. See Note 3D for additional information about changes in capital assets during the calendar year. The following table provides a summary of capital asset activity.

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Non-depreciable assets:						
Land	$ 13,776,340	$ 14,676,986	$ 1,783,917	$ 877,709	$ 15,560,257	$ 15,554,695
Construction in progress	771,590	154,902	19,170,162	4,195,000	19,941,752	4,349,902
Total non-depreciable	14,547,930	14,831,888	20,954,079	5,072,709	35,502,009	19,904,597
Depreciable assets:						
Land improvements	21,689,543	22,857,391	7,763,564	457,949	29,453,107	23,315,340
Buildings and improvements	24,385,535	26,392,515	3,966,512	792,110	28,352,047	27,184,625
Machinery, equipment, and furniture	16,823,066	18,139,211	2,142,712	725,570	18,965,778	18,864,781
Intangibles	1,054,698	939,851	-	-	1,054,698	939,851
Utility plant	-	-	1,004,419,000	991,408,000	1,004,419,000	991,408,000
Infrastructure	105,186,395	109,859,615	-	-	105,186,395	109,859,615
Total depreciable assets	169,139,237	178,188,583	1,018,291,788	993,383,629	1,187,431,025	1,171,572,212
Less accumulated depreciation	112,588,786	111,870,868	363,975,532	330,720,340	476,564,318	442,591,208
Book value - depreciable assets	56,550,451	66,317,715	654,316,256	662,663,289	710,866,707	728,981,004
Percentage depreciated	66.6%	62.8%	35.7%	33.3%	40.1%	37.8%
Nuclear fuel, at amortized cost	-	-	12,744,000	10,707,000	12,744,000	10,707,000
Book value - all assets	$ 71,098,381	$ 81,149,603	$ 688,014,335	$ 678,442,998	$ 759,112,716	$ 759,592,601

Debt Administration

At the end of the calendar year, the City had total bonded debt outstanding of $56,533,000. Of this amount, $1,940,000 is backed by the full faith and credit of the City (general obligation bonds). The other component is revenue bonds totaling $54,593,000, which is supported by pledged revenues generated primarily by the business-type activities of the City (revenue bonds). The City also has notes payable of $998,326. The notes pertain to installment agreements for the purchase of land for a fire hall and a recreation complex. During the year, the City retired 23.5% of the beginning outstanding bonded debt balance.

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
General obligation bonds	$ 1,940,000	$ 2,860,000	$ -	$ -	$ 1,940,000	$ 2,860,000
Revenue bonds	-	-	54,593,000	71,033,000	54,593,000	71,033,000
Notes	998,326	1,274,425	-	-	998,326	1,274,425
Total	$ 2,938,326	$ 4,134,425	$ 54,593,000	$ 71,033,000	$ 57,531,326	$ 75,167,425

See Note 3H for additional information about the City's long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Dalton's unemployment rate of 12.5% continues to exceed the state and national rates of 10.3% and 10.0%, respectively. The high unemployment rate is attributable to the downturn in the nation's housing industry that directly influences the manufacturing jobs in the flooring industry.

The City's assessed net taxable digest values decreased 2.1% in 2009. For 2010, the City budgeted for a 17.5% reduction in assessed taxable value due to enactment of a 20% Freeport Tax Exemption and the reduction in property values due to a large number of foreclosures. City management anticipates that it will once again roll back the mileage rate for 2010.

The 2010 General Fund budget reflects a 9.5% decrease in revenues when compared to 2009 actual. The overall revenue decrease is primarily due to anticipation of continued economic decline. Budgeted expenditures for 2010 reflect a 2.3% reduction when compared to actual 2009 expenditures. The City adopted a balanced 2010 combined General Fund and Recreation Fund operating budget. The City will utilize $1.3 of fund balance to complete the new community center. Based on the adopted 2010 budget, projected general fund revenues and other financing sources will exceed general fund expenditures and other finance uses by $1.3 million. The excess will be transferred to the Recreation Commission Fund to supplement the 2010 budgeted $2.6 million short fall leaving $1.3 million of fund balance to fund community center project. In November 2008, taxpayers passed a referendum to eliminate the dedicated 1.0 mill to fund the Recreation Commission, effective for 2009 tax digest. The Recreation Fund utilized fund balance for 2009 operations.

Other factors considered when preparing the 2010 budget included:

- A hiring freeze for new positions has been continued for a fourth year. In addition, several vacant positions are not being filled.
- The City continues to evaluate the level of services desired by citizens and how to provide those services as economically as possible. In 2009, Whitfield County absorbed the City's building inspection department. The City and County have formed a committee and hired a consultant to evaluate the City and County fire departments for possible consolidation.
- The City's fully insured health insurance premium increased 8.2% for 2010.
- The City's defined benefit plan employer contribution rate increased from 11.4% to 15.4% for 2010.
- The City will issue Recovery Zone bonds in the amount of $5.6 million to finance the construction of the new community center.

REQUESTS FOR INFORMATION

The Director of Finance for the City of Dalton prepared this report. Please direct requests and inquiries regarding this document to the following address and telephone number:

City of Dalton
Finance Department
300 Waugh Street
Dalton, Georgia, 30720
(706) 278-6006

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Dalton, Georgia
Statement of Net Assets
December 31, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 4,294,696	$ 1,954,851	$ 6,249,547
Investments	11,781,285	-	11,781,285
Receivables:			
Accounts	740,420	11,708,743	12,449,163
Taxes	6,657,475	-	6,657,475
Intergovernmental	1,178,403	14,915	1,193,318
Unbilled revenues	-	5,101,000	5,101,000
Accrued interest	-	1,000,000	1,000,000
Derivative	-	293,000	293,000
Fuel stocks	-	3,998,000	3,998,000
Inventory	115,816	9,565,501	9,681,317
Prepaid items and deposits	40,652	595,000	635,652
Restricted funds	-	2,465,000	2,465,000
Restricted combined utilities sinking fund	-	18,738,000	18,738,000
Total Current Assets	24,808,747	55,434,010	80,242,757
Noncurrent Assets			
Nondepreciable capital assets	14,547,929	20,934,917	35,482,846
Depreciable capital assets, net	56,550,452	667,079,418	723,629,870
Restricted combined renewals and extensions fund	-	24,955,000	24,955,000
Restricted nuclear decommissioning	-	50,427,000	50,427,000
Regulatory asset	-	8,094,000	8,094,000
Derivatives (interest rate swap)	-	114,000	114,000
Deferred charges	34,008	97,000	131,008
Investment in joint ventures	39,213	21,224,478	21,263,691
Total Noncurrent Assets	71,171,602	792,925,813	864,097,415
Total Assets	95,980,349	848,359,823	944,340,172
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	2,482,986	13,955,089	16,438,075
Internal balances	(1,624,540)	1,632,351	7,811
Revenue bonds payable	-	17,170,000	17,170,000
Accrued interest payable	38,561	1,564,000	1,602,561
Claims payable	991,276	-	991,276
Unearned revenue	1,490,345	5,803	1,496,148
Compensated absences payable	559,470	29,291	588,761
Notes payable	290,248	-	290,248
General obligation bonds payable	955,000	-	955,000
Customer deposits	-	2,750,000	2,750,000
Total Current Liabilities	5,183,346	37,106,534	42,289,880
Long-Term Liabilities			
Deferred credit - TVA right of use	-	467,000	467,000
Asset retirement obligations	-	27,603,000	27,603,000
Compensated absences payable (less current portion)	3,170,331	165,985	3,336,316
Notes payable	708,078	-	708,078
General obligation bonds payable (less current portion)	985,000	-	985,000
Revenue bonds payable (less current portion)	-	37,423,000	37,423,000
Net pension obligation	5,879	-	5,879
Net OPEB obligation	1,016,313	-	1,016,313
Total Long-Term Liabilities	5,885,601	65,658,985	71,544,586
Total Liabilities	11,068,947	102,765,519	113,834,466
Net Assets			
Invested in capital assets, net of related debt	68,155,502	612,348,335	680,503,837
Restricted for:			
Debt service	887,168	18,738,000	19,625,168
Capital projects	-	24,955,000	24,955,000
Public safety	211,347	-	211,347
Culture and recreation	1,397,314	-	1,397,314
Development	39,215	-	39,215
Cemetery chapel renovations	102,316	-	102,316
Customer deposit fund, nuclear decommissioning, restricted cash, and natural gas derivative	-	53,299,000	53,299,000
Unrestricted	14,118,540	36,253,969	50,372,509
Total Net Assets	$ 84,911,402	$ 745,594,304	$ 830,505,706

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Activities
For the Year Ended December 31, 2009

Function/Program	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants, Contributions, and Transfers	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total
Primary Government							
General government	$ 2,530,960	$ 1,152,739	$ 50,544	$ -	$ (1,327,677)	$ -	$ (1,327,677)
Judicial	683,158	1,098,525	-	-	415,367	-	415,367
Public safety	14,587,205	972,303	105,649	88,908	(13,420,345)	-	(13,420,345)
Public works	7,934,126	193,246	231,233	1,529,025	(5,980,622)	-	(5,980,622)
Health and welfare	895,475	54,500	583,408	-	(257,567)	-	(257,567)
Culture and recreation	4,149,087	361,532	18,560	683,575	(3,085,420)	-	(3,085,420)
Housing and development	756,136	215,308	142,607	-	(398,221)	-	(398,221)
Interest on long-term debt	178,413	-	650,721	-	472,308	-	472,308
Total Governmental Activities	31,714,560	4,048,153	1,782,722	2,301,508	(23,582,177)	-	(23,582,177)
Business-Type Activities:							
WLSF:							
Electric system	79,230,193	96,890,000	-	116,450	-	17,776,257	17,776,257
Gas system	21,810,937	17,787,000	-	5,400	-	(4,018,537)	(4,018,537)
Water system	21,291,524	18,302,000	-	(2,750)	-	(2,992,274)	(2,992,274)
Sewer system	21,271,307	20,424,000	-	(100)	-	(847,407)	(847,407)
Information technology system	17,814,163	18,574,000	-	-	-	759,837	759,837
Landfill	223,566	-	-	-	-	(223,566)	(223,566)
Trade Center	749,552	-	-	-	-	(749,552)	(749,552)
Municipal golf course	888,328	788,503	-	-	-	(99,825)	(99,825)
Municipal airport	459,636	90,848	-	213,856	-	(154,932)	(154,932)
Total Business-Type Activities	163,739,206	172,856,351	-	332,856	-	9,450,001	9,450,001
Total - Primary Government	$ 195,453,766	$ 176,904,504	$ 1,782,722	$ 2,634,364	(23,582,177)	9,450,001	(14,132,176)
General Revenues							
Property taxes levied for:							
General purposes					9,937,794	-	9,937,794
Debt service					356,958	-	356,958
Recreation					465,090	-	465,090
Selective taxes					5,560,754	-	5,560,754
Hotel/motel taxes					692,065	-	692,065
Investment earnings					149,895	(4,056,322)	(3,906,427)
Donations - unrestricted					90,309	-	90,309
Miscellaneous					283,120	682,000	965,120
Total General Revenues					17,535,985	(3,374,322)	14,161,663
Transfers					(677,381)	677,381	-
Total General Revenues and Transfers					16,858,604	(2,696,941)	14,161,663
Change in Net Assets					(6,723,573)	6,753,060	29,487
Net Assets Beginning of Year					91,634,975	738,841,244	830,476,219
Net Assets End of Year					$ 84,911,402	$ 745,594,304	$ 830,505,706

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

City of Dalton, Georgia
Balance Sheet
Governmental Funds
December 31, 2009

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 3,458,034	$ 359,051	$ 3,817,085
Investments	9,227,470	1,418,941	10,646,411
Receivables:			
Accounts	674,608	65,812	740,420
Taxes	6,322,207	335,268	6,657,475
Intergovernmental - local	1,053,369	38,256	1,091,625
Intergovernmental - state and federal	22,270	64,508	86,778
Interfund	155,874	681,693	837,567
Inventory, at cost	111,992	3,824	115,816
Prepaid items	26,540	14,112	40,652
Total Assets	$ 21,052,364	$ 2,981,465	$ 24,033,829
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 664,454	$ 18,581	$ 683,035
Accrued expenditures	1,662,770	124,594	1,787,364
Accrued interest payable	-	38,561	38,561
Interfund payable	-	133,985	133,985
Deferred revenue	1,338,368	151,977	1,490,345
Total Liabilities	3,665,592	467,698	4,133,290
Fund Balances			
Nonspendable	138,532	17,936	156,468
Restricted for:			
Public safety	-	211,347	211,347
Culture and recreation	-	1,397,314	1,397,314
Housing and development	-	2	2
Debt service	-	887,168	887,168
Capital projects	-	-	-
Cemetery chapel	102,316	-	102,316
Unassigned	17,145,924	-	17,145,924
Total Fund Balances	17,386,772	2,513,767	19,900,539
Total Liabilities and Fund Balances	$ 21,052,364	$ 2,981,465	$ 24,033,829

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2009

Total Governmental Fund Balances		$ 19,900,539
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital assets do not represent financial resources and therefore are not reported in the funds but are reported for governmental activities:		
Cost	183,687,167	
Less accumulated depreciation	(112,588,786)	71,098,381
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets:		
Interfund receivables	(133,985)	
Interfund payables	133,985	-
Bond premiums, discounts, issuance costs and deferred refundings are reported on the government-wide statement of net assets but are not reported on the operating operating statement of the governmental funds.		34,008
Liabilities, including notes, bonds and compensated absences are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net assets:		
Notes payable	(998,326)	
Bonds payable	(1,940,000)	
Compensated absences	(3,729,801)	(6,668,127)
The Joint Development Authority (JDA) is a joint venture of the City of Dalton and Whitfield County, Georgia. The equity interest in the JDA is shown on the government-wide statement of net assets but is reported on the fund balance sheet only to the extent the investment is evidenced by current financial resources, such as amounts due to and from the entity:		
City's portion of equity investment		39,213
The internal service funds are used by management to charge the costs of self-insurance. The assets and liabilities of the internal service funds are included in governmental activities columns in the statement of net assets.		590,619
The pension trust fund accumulates resources for pension benefit payments to qualified City employees. The City has not fully funded their annual required contribution to the pension plan. The liability for the cumulative effect of current and past underfunding of the ARC is reported as a liability in the governmental activities column in the statement of net assets as net pension obligation.		(5,879)
The OPEB trust fund accumulates resources for other post employment benefit payments to qualified City employees. The City has not fully funded their annual required contribution to the OPEB plan. The liability for the cumulative effect of current and past underfunding of the ARC is reported as a liability in the governmental activities column in the statement of net assets as net OPEB obligation.		(1,016,313)
The business-type activities of the City also benefit from the use of the internal service funds. The amount of the net loss allocated to the business-type activities of the City is reported as an interfund receivable for governmental activities.		938,961
Net Assets of Governmental Activities		$ 84,911,402

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 15,481,415	$ 1,531,246	$ 17,012,661
Licenses and permits	1,152,739	-	1,152,739
Intergovernmental	1,482,672	2,601,558	4,084,230
Charges for services	1,301,800	331,423	1,633,223
Fines and forfeitures	794,156	46,095	840,251
Investment earnings	124,151	16,808	140,959
Miscellaneous	648,656	33,670	682,326
Total Revenues	20,985,589	4,560,800	25,546,389
Expenditures			
Current:			
General government	1,861,348	50,544	1,911,892
Judicial	698,354	-	698,354
Public safety	14,085,486	48,175	14,133,661
Public works	6,149,832	-	6,149,832
Health and welfare	748,802	142,424	891,226
Culture and recreation	243,810	2,744,962	2,988,772
Housing and development	884,778	41,582	926,360
Capital Outlay			
General government	783,736	-	783,736
Public safety	181,102	11,732	192,834
Public works	33,094	1,333,755	1,366,849
Culture and recreation	228,616	547,369	775,985
Debt Service:			
Principal retirement	-	1,196,099	1,196,099
Interest and fiscal charges	-	155,951	155,951
Total Expenditures	25,898,958	6,272,593	32,171,551
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,913,369)	(1,711,793)	(6,625,162)
Other Financing Sources (Uses)			
Transfers in	9,581,065	366,301	9,947,366
Transfers out	(816,422)	(856,827)	(1,673,249)
Total Other Financing Sources (Uses)	8,764,643	(490,526)	8,274,117
Net Change in Fund Balances	3,851,274	(2,202,319)	1,648,955
Fund Balances Beginning of Year	13,535,498	4,716,086	18,251,584
Fund Balances End of Year	$ 17,386,772	$ 2,513,767	$ 19,900,539

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2009

Net Changes in Fund Balances - Total Governmental Funds		$	1,648,955
Amounts reported for Governmental Activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period:			
Depreciation expense	(4,219,128)		
Capital outlay	3,119,404		(1,099,724)
Elimination of transfers between governmental funds:			
Transfers in	(1,058,366)		
Transfers out	1,058,366		-
Premiums, discounts, bond issuance costs and bond refunding deferrals are reported in governmental funds but capitalized and amortized in the statement of net assets:			
Amortization expense for 2009			(22,462)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.			276,099
Repayment of general obligation debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.			920,000
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:			
Net change in accrued liability			(149,155)
The Joint Development Authority (JDA) is a joint venture of the City of Dalton and Whitfield County, Georgia. The current year payments to the JDA are reported as expenditures for the housing and development function on the fund statements, but the City's interest in the government-wide net income or loss is reported on the statement of activities:			
City's current year payments to the JDA reported in the funds	157,750		
City's portion of the government-wide JDA current year net loss	123,582		34,168
The internal service funds used by management to charge the costs of the operation and maintenance of the health and workers compensation insurance to individual funds are not reported in the government-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.			976,192
The pension trust fund and OPEB trust fund accumulate resources for benefit payments to qualified City employees. Overfunding or underfunding the annual required contribution creates an asset or liability on the government-wide statement of net assets. The change in the asset or liability is as follows:			
Increase in net pension obligation	(356,148)		
Increase in net OPEB obligation	-		(356,148)
The Dalton Municipal Airport Fund was created in 2009. The activities and related capital assets of the airport were previously reported as a governmental activity, but are now reported as a business-type activity. Capital assets, net of accumulated depreciation, were transferred to account for this change.			(8,951,498)
Change in Net Assets of Governmental Activities		$	(6,723,573)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	$ 14,747,500	$ 14,747,500	$ 15,481,415	$ 733,915
Licenses and permits	1,220,000	1,135,500	1,152,739	17,239
Intergovernmental	2,531,600	2,633,905	1,482,672	(1,151,233)
Charges for services	1,664,800	1,799,535	1,301,800	(497,735)
Fines and forfeitures	1,238,700	895,000	794,156	(100,844)
Investment earnings	302,000	238,650	124,151	(114,499)
Miscellaneous	493,570	635,320	648,656	13,336
Total Revenues	22,198,170	22,085,410	20,985,589	(1,099,821)
Expenditures				
Current:				
General government	2,526,190	2,470,635	1,861,348	609,287
Judicial	765,000	846,525	698,354	148,171
Public safety	14,400,110	14,166,790	14,085,486	81,304
Public works	7,315,845	7,316,115	6,149,832	1,166,283
Health and welfare	921,405	967,825	748,802	219,023
Culture and recreation	243,810	243,810	243,810	-
Housing and development	821,450	925,790	884,778	41,012
Total Current	26,993,810	26,937,490	24,672,410	2,265,080
Capital Outlay				
General government	474,385	794,710	783,736	10,974
Public safety	37,400	184,615	181,102	3,513
Public works	60,000	83,160	33,094	50,066
Culture and recreation	673,000	689,000	228,616	460,384
Total Capital Outlay	1,244,785	1,751,485	1,226,548	524,937
Total Expenditures	28,238,595	28,688,975	25,898,958	2,790,017
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,040,425)	(6,603,565)	(4,913,369)	1,690,196
Other Financing Sources (Uses)				
Transfers in	9,300,000	9,586,000	9,581,065	(4,935)
Transfers out	(891,795)	(837,940)	(816,422)	21,518
Total Other Financing Sources (Uses)	8,408,205	8,748,060	8,764,643	16,583
Net Change in Fund Balances	$ 2,367,780	$ 2,144,495	3,851,274	$ 1,706,779
Fund Balances Beginning of Year			13,535,498	
Fund Balances End of Year			$ 17,386,772	

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Assets
Proprietary Funds
December 31, 2009

	Business-type Activities - Enterprise Funds			
	Water, Light and Sinking Fund Commission	Other Proprietary Funds	Total Funds	Governmental Activities - Internal Service Funds
Assets				
Current Assets:				
Cash and cash equivalents	$ 1,835,000	$ 119,851	$ 1,954,851	$ 477,611
Investments	-	-	-	1,134,874
Accounts receivable	11,691,000	17,743	11,708,743	-
Intergovernmental receivable	-	14,915	14,915	-
Unbilled revenues	5,101,000	-	5,101,000	-
Accrued interest	1,000,000	-	1,000,000	-
Derivative	293,000	-	293,000	-
Fuel stocks	3,998,000	-	3,998,000	-
Inventory	9,554,000	11,501	9,565,501	-
Prepaid expenses and deposits	595,000	-	595,000	-
Restricted customer deposit fund	2,465,000	-	2,465,000	-
Restricted combined utilities sinking fund	18,738,000	-	18,738,000	-
Total Current Assets	55,270,000	164,010	55,434,010	1,612,485
Noncurrent Assets:				
Land	-	1,783,917	1,783,917	-
Construction in progress	19,151,000	-	19,151,000	-
Depreciable capital assets, net	658,119,000	8,960,418	667,079,418	-
Restricted combined renewals and extensions fund	24,955,000	-	24,955,000	-
Restricted nuclear decommissioning	50,427,000	-	50,427,000	-
Regulatory asset	8,094,000	-	8,094,000	-
Derivatives (interest rate swap)	114,000	-	114,000	-
Debt expense, net	97,000	-	97,000	-
Investment in joint ventures	-	21,224,478	21,224,478	-
Total Noncurrent Assets	760,957,000	31,968,813	792,925,813	-
Total Assets	$ 816,227,000	$ 32,132,823	$ 848,359,823	$ 1,612,485

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Assets
Proprietary Funds
December 31, 2009

	Business-type Activities - Enterprise Funds			
	Water, Light and Sinking Fund Commission	Other Proprietary Funds	Total Funds	Governmental Activities - Internal Service Funds
Liabilities				
Current Liabilities:				
Current maturities of long-term debt	$ 17,170,000	$ -	$ 17,170,000	$ -
Accrued interest on long-term debt	1,564,000	-	1,564,000	-
Accounts payable and accrued expenses	13,889,000	66,089	13,955,089	12,587
Unearned revenue	-	5,803	5,803	-
Interfund payable	-	693,390	693,390	18,003
Claims payable	-	-	-	991,276
Compensated absences	-	29,291	29,291	-
Customer deposits	2,750,000	-	2,750,000	-
Total Current Liabilities	35,373,000	794,573	36,167,573	1,021,866
Long-Term Liabilities:				
Deferred credit - TVA right of use	467,000	-	467,000	-
Long-term debt	37,423,000	-	37,423,000	-
Asset retirement obligations	27,603,000	-	27,603,000	-
Compensated absences	-	165,985	165,985	-
Total Long-Term Liabilities	65,493,000	165,985	65,658,985	-
Total Liabilities	100,866,000	960,558	101,826,558	1,021,866
Net Assets				
Invested in capital assets, net of related debt	601,604,000	10,744,335	612,348,335	-
Restricted for:				
Debt service	18,738,000	-	18,738,000	-
Capital projects	24,955,000	-	24,955,000	-
Customer deposit fund, nuclear decommissioning, restricted cash, and natural gas derivative	53,299,000	-	53,299,000	-
Unrestricted	16,765,000	20,427,930	37,192,930	590,619
Total Net Assets	$ 715,361,000	$ 31,172,265	$ 746,533,265	$ 590,619

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Statement of Net Assets of Proprietary Funds
to the Statement of Net Assets
December 31, 2009

Total Statement of Net Assets - Proprietary Funds Net Assets	$ 746,533,265
Amounts reported for Business-Type Activities in the Statement of Net Assets are different because:	
The business-type activities of the City also benefit from the use of the internal service funds. The amount of the net loss allocated to the business-type activities of the City is reported as an interfund payable for business-type activities.	(938,961)
Net Assets of Business-Type Activities	$ 745,594,304

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Revenues,
Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2009

	Business-type Activities - Enterprise Funds			
	Water, Light and Sinking Fund Commission	Other Proprietary Funds	Total	Governmental Activities - Internal Service Funds
Operating Revenues				
Charges for services	$ 171,977,000	$ 725,623	$ 172,702,623	$ 2,271,820
Merchandise sales	-	43,443	43,443	-
Tournaments	-	61,569	61,569	-
Concessions	-	46,306	46,306	-
Miscellaneous	-	2,410	2,410	-
Total Operating Revenues	171,977,000	879,351	172,856,351	2,271,820
Operating Expenses				
Cost of sales and services	126,299,000	291,339	126,590,339	442,852
Personal services and benefits	-	591,907	591,907	-
Depreciation	33,019,000	479,268	33,498,268	-
Claims	-	-	-	(8,713)
Total Operating Expenses	159,318,000	1,362,514	160,680,514	434,139
Operating Income (Loss)	12,659,000	(483,163)	12,175,837	1,837,681
Non-Operating Revenues (Expenses)				
Interest income	3,824,000	678	3,824,678	8,936
Net increase (decrease) in fair value of investments	(7,881,000)	-	(7,881,000)	-
Allowance for debt funds used during construction	538,000	-	538,000	-
Miscellaneous income (expense)	144,000	-	144,000	-
Interest expense	(2,956,000)	-	(2,956,000)	-
Intergovernmental grants	-	213,856	213,856	-
Income from joint ventures	-	(973,118)	(973,118)	-
Total Non-Operating Revenues (Expenses)	(6,331,000)	(758,584)	(7,089,584)	8,936
Income Before Contributions and Transfers	6,328,000	(1,241,747)	5,086,253	1,846,617
Contributions in aid of construction	119,000	-	119,000	-
Transfers in (out)	(8,889,000)	9,566,381	677,381	-
Change in Net Assets	(2,442,000)	8,324,634	5,882,634	1,846,617
Net Assets Beginning of Year	717,803,000	22,847,631	740,650,631	(1,255,998)
Net Assets End of Year	$ 715,361,000	$ 31,172,265	$ 746,533,265	$ 590,619

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Net Assets of Proprietary Funds to the Statement of Activities
For the Year Ended December 31, 2009

Changes in Fund Net Assets - Total Business-Type Activities	$	5,882,634
Amounts reported for Business-Type Activities in the Statement of Activities are different because:		
The internal service funds are used by management to charge the costs of the operation and maintenance of the health and workers compensation insurance to individual funds. In the statement of activities, the portion of the internal service fund losses as a result of business-type activities is allocated to each business-type activity.		870,426
Change in Net Assets of Business-Type Activities	$	6,753,060

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009

	Business-type Activities - Enterprise Funds			
	Water, Light and Sinking Fund Commission	Other Proprietary Funds	Total	Governmental Activities - Internal Service Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash received from customers	$ 169,072,000	$ 865,617	$ 169,937,617	$ -
Cash received from overparity in transmission facilities	2,933,000	-	2,933,000	-
Cash received from interfund services provided	-	-	-	2,332,644
Cash payments to employees for services	(19,302,000)	(778,487)	(20,080,487)	-
Cash payments for goods, services, claims, and fees	(102,949,000)	(254,284)	(103,203,284)	(1,437,345)
Net Cash Provided by (Used in) Operating Activities	49,754,000	(167,154)	49,586,846	895,299
Cash Flows from Investing Activities				
Interest on investments	3,896,000	678	3,896,678	8,794
Sales and maturity of investment securities	130,028,000	-	130,028,000	(152,783)
Purchases of investment securities	(122,350,000)	-	(122,350,000)	(350,000)
Net Cash Provided by (Used in) Investing Activities	11,574,000	678	11,574,678	(493,989)
Cash Flows from Noncapital Financing Activities				
Interfund loan from General Fund	-	388,770	388,770	-
Transfers out	(8,889,000)	-	(8,889,000)	-
Net Cash Provided by (Used in) Noncapital Financing A	(8,889,000)	388,770	(8,500,230)	-
Cash Flows from Capital and Related Financing Activities				
Contributions in aid of construction	119,000	-	119,000	-
Principal and interest paid on long-term debt	(19,292,000)	-	(19,292,000)	-
Cash received from other funds for acquisition of capital	-	190,883	190,883	-
Cash received from outside grantors for acquisition of ca	-	198,941	198,941	-
Acquisition of capital assets	(35,374,000)	(558,107)	(35,932,107)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(54,547,000)	(168,283)	(54,715,283)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(2,108,000)	54,011	(2,053,989)	401,310
Cash and Cash Equivalents Beginning of Year	3,943,000	65,840	4,008,840	76,301
Cash and Cash Equivalents End of Year	$ 1,835,000	$ 119,851	$ 1,954,851	$ 477,611

(Continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009

	Business-type Activities - Enterprise Funds			
	Water, Light and Sinking Fund Commission	**Other Proprietary Funds**	**Total**	**Governmental Activities - Internal Service Funds**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating Income (Loss)	$ 12,659,000	$ (114,375)	$ 12,544,625	$ 1,837,681
Adjustments:				
Depreciation	33,019,000	87,372	33,106,372	-
Amortization	2,581,000	-	2,581,000	-
Miscellaneous income and expense	144,000	-	144,000	-
(Increase) Decrease in Assets:				
Accounts receivable	28,000	-	28,000	60,824
Fuel stocks	3,586,000	-	3,586,000	-
Inventory	86,000	2,896	88,896	-
Increase (Decrease) in Liabilities:				
Accounts payable	(2,419,000)	2,098	(2,416,902)	(95,341)
Interfund payable	-	-	-	18,003
Unearned revenue	-	4,009	4,009	-
Accrued wages	-	(207,138)	(207,138)	-
Other	70,000	19,961	89,961	-
Claims payable	-	-	-	(925,868)
Net Cash Provided by (Used in) Operating Activities	$ 49,754,000	$ (205,177)	$ 49,548,823	$ 895,299
Noncash Investing, Capital, and Financing Activities				
Net increase in fair value of investments	$ (7,881,000)	$ -	$ (7,881,000)	$ -

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Assets
Fiduciary Funds
December 31, 2009

	Pension Trust Fund	OPEB Trust Fund	Municipal Court Agency Fund
Assets			
Cash and cash equivalents	$ 18,388	$ -	$ 267,239
Investments, at fair value:			
Georgia Municipal Employees Benefit System OPEB Trust Fund	-	2,443,216	-
MetLife large cap index equity fund	16,267,902	-	-
MetLife small cap index equity fund	5,767,069	-	-
MetLife fixed income guaranteed account	32,576,618	-	-
Contributions receivable	909,327	1,362,188	-
Interfund receivable	-	7,811	-
Total Assets	$ 55,539,304	$ 3,813,215	$ 267,239
Liabilities			
Current Liabilities:			
Accounts payable	16,940	-	28,990
Other liabilities	-	-	238,249
Total Current Liabilities	16,940	-	267,239
Net Assets			
Held in trust for pension and other post employment benefits	$ 55,522,364	$ 3,813,215	$ -

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Pension Trust Fund and OPEB Trust Fund
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2009

	Pension Trust Fund	OPEB Trust Fund
Additions		
Contributions:		
Employer	$ 3,214,925	$ 1,942,951
Plan members	1,038,034	142,952
Total contributions	4,252,959	2,085,903
Investment income:		
Interest and dividends	421,564	176,730
Net increase (decrease) in fair value of investments	5,979,965	490,426
Total investment income	6,401,529	667,156
Less: investment expense	129,731	9,720
Net investment earnings	6,271,798	657,436
Total Additions (Reductions)	10,524,757	2,743,339
Deductions		
Administrative expenses	61,556	-
Premium payments	-	594,836
Benefit payments	5,473,555	588
Total Deductions	5,535,111	595,424
Change in Net Assets	4,989,646	2,147,915
Net Assets Beginning of Year	50,532,718	1,665,300
Net Assets End of Year	$ 55,522,364	$ 3,813,215

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2009

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The City of Dalton, Georgia ("the City") operates under a Council-Administration form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, culture and recreation, education, public improvements, planning and zoning, general administrative services, and public utilities.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP") as applied to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for governmental accounting and financial reporting. The most significant of the City's accounting policies are described below.

1-A Reporting Entity

The reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. This entity includes the legal entity, the City of Dalton, Georgia.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs of services performed or provided by the organizations, or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes, or issues their debt.

Based upon the above criteria, there are no component units to be incorporated within the reporting entity.

Related Party Organizations - The Dalton Housing Authority is a related organization which has not been included in the reporting entity. The Authority provides low-income housing to eligible families in the City. The Authority's Board consists of six members appointed by City Council; however the City is not financially accountable (impose will or have a financial benefit or burden relationship) for the Authority.

The Downtown Dalton Development Authority ("DDDA") is a related organization which has not been included in the reporting entity. The Authority provides centralized leadership for communication on downtown issues. The Authority was created by constitutional ratification by the 1980 general election. The City of Dalton does not appoint a simple majority of the DDDA's governing board, but only one member of the City Council who serves as liaison between the DDDA and the City. The remaining six DDDA board members are elected by the business and property owners in the downtown Dalton district, according to enabling legislation. The City is not able to impose its will on DDDA. The DDDA's power to issue bonds, notes, or other obligations is not subject to approval of the City of Dalton. The Authority is not a component unit because it meets none of the three criteria for consideration as a component unit. The DDDA is different from many other downtown development authorities in Georgia. Several Georgia cities created downtown development authorities by local constitutional amendments approved by the Georgia General Assembly. In 1981, the General Assembly passed enabling legislation which provided for the establishment of downtown development authorities from that point forward, and some municipalities elected to surrender provisions of existing authorities and operate under the provisions of the new Code. However, the City of Dalton chose to retain the provisions of its original act created by local constitutional amendment with enabling legislation.

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

1-A Reporting Entity (continued)

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

The City participates with Whitfield County in the Dalton-Whitfield Joint Development Authority ("JDA"), also known as the Dalton-Whitfield Economic Development Authority ("EDA"). The JDA was created during 2007 to replace and to serve the same purpose as the EDA. Both entities existed as of December 31, 2009, but shared a board and activity. The EDA will be dissolved in the near future and the JDA will continue to operate. The City has fifty percent equity in this entity. Separately issued financial statements of the Dalton-Whitfield Joint Development Authority can be obtained from their administrative office: 890 College Drive, Dalton, Georgia 30720.

Under Georgia law, the City, in conjunction with other cities and counties in the region, is a member of the Northwest Georgia Regional Commission ("NWGRC") and is required to pay annual dues thereto. The City was formerly a member of the North Georgia Regional Development Center ("RDC") through June 2009, but changed to the NWGRC. The City utilizes the NWGRC for projects such as performing planning and administrative services. During its year ended December 31, 2009, the City paid $33,347 in dues to the NWGRC and the RDC. Membership in a NWGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the NWGRC in Georgia. The NWGRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the NWGRC. Separately issued financial statements may be obtained from the Northwest Georgia Regional Commission, PO Box 1798, Rome, Georgia 30162.

1-B Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include the statement of net assets and the statement of activities. They include all funds of the reporting entity except for fiduciary funds. Individual funds are not displayed at this financial reporting level. These statements distinguish governmental activities, which are generally supported by grants and City general revenues, from business-type activities, which are generally financed in whole or in part by charges to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the City's business-type activities. Direct expenses are those that are specifically associated with a function and therefore are clearly identifiable to that particular function. The City does allocate the indirect expenses of the internal service funds to the functions in the statement of activities.

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

1-B Basis of Presentation (continued)

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

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

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

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

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

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

Nonmajor Governmental Funds – Nonmajor governmental funds include the recreation commission, community development block grant, community home investment grant, hotel motel tax, and confiscated assets, all of which are special revenue fund types. The debt service and capital projects funds are also nonmajor governmental funds.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The City's proprietary funds are classified as major and nonmajor enterprise funds and internal service funds.

Major enterprise fund – The Water, Light, and Sinking Fund Commission ("WLSF Commission") is used to account for the operations of Dalton Utilities.

Nonmajor enterprise funds - Nonmajor enterprise funds include the municipal golf course, the municipal airport, the Northwest Georgia Trade and Convention Center Authority, and the Dalton-Whitfield Regional Solid Waste Management Authority.

Internal service funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The Internal Service Funds consist of a workers' compensation fund and health insurance fund.

1-B Basis of Presentation (continued)

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

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

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

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

1-C Measurement Focus

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

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

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

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

1-D Basis of Accounting

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

1-D Basis of Accounting (continued)

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

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return include grants and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the year for which the taxes are levied. (Note 4-C) Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

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

WLSF Commission - The WLSF Commission follows accounting principles generally accepted in the United States of America and governmental accounting and financial reporting standards issued by GASB and also conforms to the provisions of the Financial Accounting Standards Board's ("FASB") accounting for the effects of rate regulation. All regulatory assets and liabilities are reflected in rates. In the event that a portion of the WLSF Commission's operations are no longer subject to the provisions of FASB's accounting for the effects of rate regulation as a result of a change in regulation or the effects of competition, the WLSF Commission would be required to write off related regulatory assets and liabilities that are not specifically recoverable through regulated rates. In addition, the WLSF Commission would be required to determine if any impairment to other assets, including plant, exists, and write down the assets, if impaired, to their fair value. The WLSF Commission's accounts are maintained separately for each system generally in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission for the electric and natural gas sectors (with the exception of its property accounts) and generally in accordance with the Uniform System of Accounts prescribed by the National Association of Regulatory Utility Commissioners for the water, wastewater, and information technology sectors (with the exception of its property accounts.

Rates charged to customers are established solely by the WLSF Commission. As required by the Rate Covenant of the Combined Utilities Revenue Bond Indentures (the "Indentures") dated January 1, 1997 and November 1, 1999, electric, natural gas, water, wastewater, and information technology customers are billed so that operating revenues and investment earnings shall be sufficient to meet operating and maintenance expenses, debt service, and certain reserve requirements. In addition, no funds obtained from ad valorem taxes are to be used for operating and maintenance expenses or debt service expense of the WLSF Commission. In accordance with the Indentures, the Commission submits its audited annual financial statements and material event notices to the nationally recognized municipal securities information repositories acknowledged by the Securities and Exchange Commission.

1-D Basis of Accounting (continued)

WLSF Commission revenue for utility services is recorded when the commodity or service is delivered and includes an estimate for utility services provided but unbilled at the end of the year. Unbilled revenues included in operating revenues were $5,101,000 for the year ended December 31, 2009. In the information technology sector, the WLSF Commission has adopted the industry standard of billing customers in advance for telecommunication services. Such amounts are deferred and recognized as revenues in the periods the services are provided. Deferred revenues included in accounts payable and accrued expenses were $545,000 for the year ended December 31, 2009. Electricity that is generated and not used by the WLSF Commission is sold back to Southern Power Company, the wholesale power marketing affiliate of the Southern Company. In 2009, total MWhs sold back to Southern Power Company totaled 164,000, with proceeds of $6,213,000, which is shown as an offset to purchased energy expense.

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

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

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

Deferred revenue is reclassified as “unearned revenue” on the government-wide statement of net assets.

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

1-E Assets, Liabilities, and Fund Equity

1-E-1 Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand and amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the City. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. All other investments are stated at fair value based on quoted market prices. The carrying amount is a reasonable estimate of fair value for such short-term investments. Restricted cash and cash equivalents refers to those funds limited by law, regulations, or WLSF Commission action as to their allowable disbursement. Unrestricted cash and cash equivalents refers to all other funds not meeting the requirements of restricted cash and cash equivalents.

Georgia law authorizes the City to invest in the following types of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the United States Government or governmental agency
- Obligations of any corporation of the government
- Prime bankers’ acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

1-E-1 Cash, Cash Equivalents, and Investments (continued)

Certain of the WLSF Commission's investments are included in the restricted revenue bond funds prescribed by the Indentures. The Indentures allow the WLSF Commission to invest the revenue bond proceeds in the following:

- Government obligations which are direct general obligations of the U.S. government or obligations which are unconditionally guaranteed by the U.S. government
- Obligations of the Federal Home Loan Bank which are senior debt obligations
- Repurchase agreements with a term of thirty days or less
- Certificates of deposit of national or state banks
- Securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940
- Investments in the local government investment pool
- Any other investments to the extent and at the time permitted by then-applicable law for the investment of public funds

All investments are carried at fair value based on quoted market prices as required by GASB's accounting and reporting for investments and external investment pools, which requires that governmental entities report investments at fair value in the Statement of Net Assets and Balance Sheets and recognize all investment income, including changes in the fair value of investments, as other income in the Statement of Activities and Statement of Revenues, Expenses/Expenditures, and Changes in Fund Balances/Net Assets.

1-E-2 Receivables

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

1-E-3 Interfund Balances

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

1-E-4 Consumable Inventories

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

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2009 and prepaid deposits are recorded as prepaid items. The expense or expenditure is recognized during the benefiting period.

1-E-6 Restricted Assets

Sinking fund resources in enterprise funds are restricted to the payment of bond principal and interest requirements as they become due. All resources in excess of the required reserve are transferred to a separate account and are restricted to the construction of new capital facilities and other expenses as allowed by the System's bond resolutions. Any reimbursements from outside sources for these projects are restricted accordingly. Liabilities payable from these restricted assets include accrued interest payable on revenue bonds and the current portions of revenue bonds payable. The bond resolutions place restrictions on additional bond issues and contain certain compliance provisions.

1-E-7 Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets, are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City's infrastructure consists of roads, bridges, airport infrastructure, and water lines. During initial capitalization of general infrastructure assets, the City chose to include all such items regardless of their acquisition date or amount. The City estimated the historical cost for the initial reporting of these assets. The City maintains a capitalization threshold of five thousand dollars for assets other than real property and infrastructure assets, which have no threshold. Donated capital assets are recorded at their fair market values as of the date received. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized in enterprise funds is capitalized.

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

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

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments. The City is not obligated under any capital leases as of December 31, 2009.

1-E-7 Capital Assets (continued)

WSLF Commission Utility Plant - Utility plant constructed or purchased by the WLSF Commission is stated at cost, which includes material and labor costs and applicable overheads. Property received as a contribution is recorded at its estimated fair value on the date received. The cost of maintenance, repairs, and minor replacements of property are charged to expense. The costs of renewals and betterments are capitalized. Detailed property records are not maintained for assets other than automobiles and electric transmission plants in service acquired prior to 1998. Property descriptions and dollar amounts from individual invoices are maintained in the fixed asset system for all post-1998 utility plant records. Capital assets are defined as assets with an initial individual cost of more than $500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. The cost of property retired or otherwise disposed of in the normal course of business, together with removal costs, less salvage, is charged to accumulated depreciation at the time such property is removed from service. The cost of property retired or disposed of in the normal course of business which does not have detailed property records is estimated by management. Property retirements and disposals totaled $1,251,000 during 2009. In the opinion of management, the property retired or disposed of in the normal course of business approximates its original cost. Land used by or held for the use of the WLSF Commission is owned by the City.

Amortization of Nuclear Fuel - The cost of nuclear fuel, including a provision for the disposal of spent fuel, is amortized to fuel expense based on usage. Nuclear fuel expense included in production expense totaled $2,489,000 during 2009.

Depreciation and Nuclear Decommissioning - Depreciation of the major classes of utility plant is computed on additions when they are placed in service using rates computed under the composite straight-line method, which approximated 3.1% in 2009, and is based on the following remaining useful lives:

Electric system	26-41 years
Natural gas system	33-44 years
Water system	50-67 years
Sewer system	30-50 years
Information technology system	5-20 years

The WLSF Commission participates in ownership of electric generation and transmission facilities to meet the present and future service demands of its customers. They have entered into agreements with Georgia Power Company (“GPC”) for the construction, purchase, ownership, operation, and maintenance of the facilities. The composite annual depreciation rate for nuclear production includes a factor to provide for the WLSF Commission's expected portion of the cost of decommissioning jointly owned nuclear generating plants based on the 2009 Nuclear Regulatory Commission’s (“NRC”) minimum external funding requirements. The WLSF Commission’s ownership in the jointly owned plants is as follows:

Electric plant in service:	WLSF Ownership Percentage
Plant Hatch, Nuclear Units 1 and 2	2.2%
Plant Vogtle, Nuclear Units 1 and 2	1.6%
Plant Wansley, Coal-Fired Units 1 and 2	1.4%
Plant Scherer, Coal-Fired Units 1 and 2	1.4%

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

1-E-7 Capital Assets (continued)

Site study cost is the estimate to decommission a specific facility as of the site study year. The estimated costs of decommissioning based on the most current study as of December 31, 2009 for the Commissions' ownership interests in plants Hatch and Vogtle were as follows:

	Plant Hatch	Plant Vogtle
Decommissioning periods		
Beginning year	2034	2047
Completion year	2063	2067
Site study cost	$ 1,256,148,000	$ 1,249,866,000
WLSF's portion	2.2%	1.6%
	$ 27,635,000	$ 19,998,000

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

Nuclear construction – ON August 26, 2009, the NRC issued an Early Site Permit and Limited Work Authorization to Southern Nuclear, on behalf of Georgia Power Company, Oglethorpe Power Corporation, the Municipal Electric Authority of Georgia, and the WLSF Commission related to two additional nuclear units on the site of Plant Vogtle. In March 2008, Southern Nuclear filed an application with the NRC for a combined construction and operating license for the new units. If licensed by the NRC, Plant Vogtle Units 3 and 4 are scheduled to be placed in service in 2016 and 2017, respectively.

1-E-8 Parity Income

The WLSF Commission is required under the Integrated Transmission System Agreement (the "ITS Agreement") with GPC, Georgia Transmission Corporation, and the Municipal Electric Authority of Georgia, to maintain a specified level of investment (e.g., parity) in transmission facilities necessary to provide for the transporting of electric energy for customers within the state of Georgia, which is in proportion to the WLSF Commission's use of such system. Parity will therefore fluctuate in response to any changes in the WLSF Commission's load requirements, as well as any changes in the level of investment in transmission facilities made by the other participants in the ITS Agreement. As of December 31, 2009, the WLSF Commission's investment in ITS facilities was greater than parity, as defined by the ITS Agreement. The required level of investment and the excess investment in the transmission facilities are included in utility plant. The excess investment earns parity income from the other participants in the ITS Agreement, which is reported as parity income. The WLSF Commission intends to remain in an over parity position for the foreseeable future. The WLSF Commission's total investment in ITS facilities at December 31, 2009 was $81.9 million. The parity income for the year ended December 31, 2009 totaled $29 million.

1-E-9 Compensated Absences

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

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

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

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

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

1-E-11 Bond Premiums, Discounts, and Issuance Costs

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

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

1-E-12 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. Amounts are classified as nonspendable, restricted, committed, assigned, or unassigned. Fund balances considered to be nonspendable, are items that are not available to fund expenditures, such as fund balance associated with inventories. The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource provider, or thorough enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purpose determined by a formal action of the government's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purpose but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purpose for which amounts had been restricted, committed, or assigned.

1-E-12 Fund Equity (continued)

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. See Note 4-L for detailed information on net assets invested in capital assets, net of related debt. Net assets 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. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

1-E-13 Operating and Non-Operating Revenues and Expenses

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

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

1-E-14 Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap fees to the extent they exceed the cost of the connection to the system, and grants or outside contributions of resources restricted to capital acquisition and construction.

WLSF Contributions in Aid of Construction - Contributions in aid of construction include amounts received or receivable for improvements and extensions, including the estimated fair value of property received from customers and government agencies. Such amounts have been capitalized and are included principally in the water and sewer utility plant accounts.

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

WLSF Allowance for Funds Used During Construction ("AFUDC") - AFUDC represents the estimated debt costs of capital funds that are necessary to finance the construction of new facilities. While cash is not realized currently from such allowance, it increases the revenue requirement over the service life of the assets through a higher rate base and higher depreciation expense. For the year ended December 31, 2009, the average AFUDC rate was 5.31%.

1-E-15 Interfund Activity

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

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

1-E-16 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

1-E-17 Major Customers

WLSF Commission sales to one major customer during the year ended December 31, 2009 totaled approximately 19% of total electricity sales and total revenues. No other customer accounted for more than ten percent of the WLSF Commission's sales during 2009.

The DWRSWMA's fee revenue to three major customers during the year ended December 31, 2009 totaled approximately 18%, 10%, and 9% of total fee revenue. No other customers accounted for more than ten percent of the DWRSWMA's fee revenue during 2009.

1-E-18 Comparative Data

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

1-F Reclassifications

Certain 2008 amounts have been reclassified to conform to the 2009 presentation, with no material impact on total assets, total liabilities, total net assets, total revenues, total expenditures, or total expenses.

Note 2 – Stewardship, Compliance, and Accountability

2-A Budgetary Information

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

2-B Deficit Fund Equities

The Workers Compensation Fund had deficit net assets of $83,001 at December 31, 2009.

Note 3 - Detailed Notes on All Funds

3-A Deposits and Investments

Investments – The City is a voluntary participant in the local government investment pool Georgia Fund 1. It is managed by the Office of the Treasury and Fiscal Services. The fund, created under OCGA 36-83-8 is a stable net asset value investment pool that is rated AAAm by Standard and Poor's. The fund operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity, and diversification while maintaining principal. Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. The total value of the investment in Georgia Fund 1 was $11,742,723. The pool's weighted average maturity is 56 days.

Credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the City will not be able to recover the value of the investment or the collateral securities that are in the possession of an outside party. The City does have an investment policy for credit risk that limits its investments to those authorized by Georgia law. Investments in the Georgia Fund 1 Local Government Investment Pool are rated AAAm.

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

	Fair Value	Rating
MetLife Index Fund	$ 16,267,902	Not Rated
MetLife Small Cap Index Fund	5,767,069	Not Rated
MetLife Guaranteed Adjusted Index Value Account	32,576,618	Not Rated
Total Pension Trust Fund Investments	$ 54,611,589	
Georgia Municipal Employees Benefit System OPEB Trust Account	$ 2,443,216	Not Rated
Total OPEB Trust Fund Investments	$ 2,443,216	

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

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

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an investment in a single issuer. The WLSF Commission does not place a limit on the amount it may invest in any one issuer. More than 17% and 25% of its investments are in debentures of the Federal Farm Credit Banks (FFCB) and the Federal National Mortgage Association (FNMA), respectively.

3-A Deposits and Investments (continued)

Investment Risk Disclosure (WLSF)

		Investment Maturities (in Years)				
	Credit Quality	Fair Value	Less than 1	1 to 5	6 to 10	10 +
Cash	Not Rated	$ 41,000	$ 41,000	$ -	$ -	$ -
Federal Home Loan Bank	Not Rated	8,576,000	-	-	8,576,000	-
Federal Home Loan Mortgage Corporation	AAA/Aaa	-	-	-	-	-
Federal National Mortgage Association	AAA/Aaa	24,094,000	-	-	8,818,000	15,276,000
Federal Farm Credit Banks	Not Rated	17,380,000	-	5,900,000	11,480,000	-
Coupons (U.S. Strip)	Not Rated	8,521,000	-	3,517,000	5,004,000	-
Coupons (Resolution Fund Corporation)	Not Rated	19,253,000	-	-	1,888,000	17,365,000
Repurchase agreements	Not Rated	-	-	-	-	-
Bond repurchase agreements	Not Rated	18,720,000	18,720,000	-	-	-
Total		$ 96,585,000	$ 18,761,000	$ 9,417,000	$ 35,766,000	$ 32,641,000

3-B Receivables

Receivables at December 31, 2009 consisted of taxes, interest, accounts (billings for user charges), and intergovernmental receivables arising from grants.

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

3-C Property Taxes

Whitfield County tax assessor's office sets property values, assesses property tax bills, and collects property taxes for the City.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax bills are mailed on October 20 and are considered due upon receipt by the taxpayer; however, the actual due date is based on a period ending sixty days after the tax billing. After December 20, the bill becomes delinquent and penalties and interest may be assessed by the City. If the tax is unpaid after ninety days from due date, a lien is placed against the property.

Taxes receivable at December 31, 2009 consists of uncollected property taxes levied during the year ended December 31, 2009 and prior years. A 1% allowance for uncollectible taxes has been considered in reporting taxes receivable. The amount of taxes uncollected sixty days subsequent to year end for all tax years has been included in taxes receivable, and a corresponding deferred revenue has been recorded. Taxes receivable are summarized below.

Tax year 2009	$	6,360,964
Tax year 2008		232,494
Tax year 2007		85,671
Tax year 2006		8,034
Tax year 2005		6,102
Tax year 2004		12,845
Tax year 2003		9,450
Tax year 2002		5,337
Tax year 2001		3,826
Tax year 2000		-
Total taxes receivable		6,724,723
Allowance for uncollectivle taxes		(67,267)
Reported property tax receivable	$	6,657,456
Taxes uncollected 60 days subsequent to year end, net of allowance, reported as deferred revenue	$	1,378,924

3-D Capital Assets

Governmental capital asset activity for the year ended December 31, 2009, was as follows:

	Adjusted Balance 12/31/2008	Additions	Disposals and Reclassifications	Adjusted Balance 12/31/2009
Capital assets not being depreciated:				
Land	$ 14,676,986	$ 5,561	$ (906,207)	$ 13,776,340
Construction in progress	154,902	616,688	-	771,590
Total capital assets not being depreciated	14,831,888	622,249	(906,207)	14,547,930
Other capital assets:				
Land improvements	22,857,391	150,118	(1,317,966)	21,689,543
Buildings	25,098,812	74,300	(2,746,392)	22,426,720
Building improvements	1,293,703	665,112	-	1,958,815
Vehicles	4,855,966	92,752	(115,079)	4,833,639
Machinery	9,583,216	54,990	-	9,638,206
Equipment	3,403,337	11,281	(1,360,089)	2,054,529
Furniture & fixtures	296,692	-	-	296,692
Intangibles	939,851	114,847	-	1,054,698
Bridge and bridge culvert	8,752,560	-	-	8,752,560
Streets and streetscape	94,835,862	1,333,755	-	96,169,617
Airport runway extension	6,006,975	-	(6,006,975)	-
Mast arm lighting	264,218	-	-	264,218
Total other capital assets	178,188,583	2,497,155	(11,546,501)	169,139,237
Total cost	193,020,471	3,119,404	(12,452,708)	183,687,167
Accumulated depreciation:				
Land improvements	9,552,841	1,048,085	(1,145,435)	9,455,491
Buildings	6,421,644	466,865	(1,103,285)	5,785,224
Building improvements	537,330	51,154	-	588,484
Vehicles	3,905,631	314,808	(115,078)	4,105,361
Machinery	6,472,952	626,095	-	7,099,047
Equipment	1,708,856	176,406	(325,089)	1,560,173
Furniture & fixtures	17,918	51,779	-	69,697
Intangibles	160,428	164,082	-	324,510
Bridge and bridge culvert	5,093,361	175,051	-	5,268,412
Streets and streetscape	77,121,238	1,131,592	-	78,252,830
Airport runway extension	812,323	-	(812,323)	-
Mast arm lighting	66,346	13,211	-	79,557
Total accumulated depreciation	111,870,868	4,219,128	(3,501,210)	112,588,786
Governmental activities capital assets, net	$ 81,149,603	$ (1,099,724)	$ (8,951,498)	$ 71,098,381

3-D Capital Assets (continued)

Governmental activities depreciation expense

General government	$ 282,486
Public safety	818,254
Public works	1,924,161
Culture and recreation	1,194,227
Total governmental activities depreciation expense	$ 4,219,128

Business-type capital asset activity for the year ended December 31, 2009, was as follows:

	Adjusted Balance 12/31/2008	Additions	Disposals and Reclassifications	Adjusted Balance 12/31/2009
Capital assets not being depreciated:				
Land	$ 877,709	$ -	$ 906,208	$ 1,783,917
Construction in progress	4,195,000	14,975,162	-	19,170,162
Total capital assets not being depreciated	5,072,709	14,975,162	906,208	20,954,079
Other capital assets:				
Land improvements	457,949	160,093	7,145,522	7,763,564
Buildings	726,456	196,686	2,977,716	3,900,858
Building improvements	65,654	-	-	65,654
Vehicles	123,575	-	-	123,575
Machinery	184,895	-	-	184,895
Equipment	417,100	232,753	1,184,389	1,834,242
Utility plant	991,408,000	13,011,000	-	1,004,419,000
Total other capital assets	993,383,629	13,600,532	11,307,627	1,018,291,788
Total cost	998,456,338	28,575,694	12,213,835	1,039,245,867
Accumulated depreciation:				
Land improvements	224,911	282,484	1,957,757	2,465,152
Buildings	285,518	80,573	1,103,285	1,469,376
Building improvements	50,944	6,565	-	57,509
Vehicles	123,575	-	-	123,575
Machinery	164,147	3,536	-	167,683
Equipment	290,245	106,111	251,881	648,237
Utility plant	329,581,000	29,463,000	-	359,044,000
Total accumulated depreciation	330,720,340	29,942,269	3,312,923	363,975,532
Nuclear fuel, at amortized cost	10,707,000	2,037,000	-	12,744,000
Business-type activities capital assets, net	$ 678,442,998	$ 670,425	$ 8,900,912	$ 688,014,335

3-E Interfund Balances and Transfers

Interfund balances at December 31, 2009 consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year. Interfund balances at December 31, 2009 consisted of the following:

	Payable from:			
Payable to:	Non-major governmental funds	Non-major enterprise funds	Internal service funds	Total
General Fund	$ 133,985	$ 11,697	$ 10,192	$ 155,874
Non-major governmental funds	-	681,693	-	681,693
Agency funds	-	-	7,811	7,811
Total	$ 133,985	$ 693,390	$ 18,003	$ 845,378

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, to segregate money for anticipated capital projects, to provide additional resources for current operations or debt service, and to return money to the fund from which it was originally provided once a project is completed. All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer. Interfund transfers for the year ended December 31, 2009, consisted of the following:

	Transfer from:			
Transfer to:	General Fund	WLSF Commission Fund	Non-major governmental funds	Total
General Fund	$ -	$ 8,889,000	$ 692,065	$ 9,581,065
Non-major governmental funds	201,539	-	164,762	366,301
Non-major enterprise funds	614,883	-	-	614,883
Total	$ 816,422	$ 8,889,000	$ 856,827	$ 10,562,249

An additional transfer occurred during the year but is not included on the above schedule. Capital assets totaling $8,951,498 were transferred from governmental activities to the new Dalton Municipal Airport Fund, an enterprise fund. This transfer was shown as a transfer in for both fund and government-wide statements for business-type activities, but was shown as a transfer out only on government-wide statements.

3-F Compensated Absences

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

3-G Operating Leases

The City of Dalton is obligated under several operating leases for office equipment that expire over the next five years. Rent expense for these operating leases for 2009 was approximately $63,000. The annual minimum lease payments under operating leases as of December 31, 2009 are:

2010	$	52,414
2011		47,742
2012		39,030
2013		26,802
2014		-

3-H Long-Term Debt

Notes Payable - On January 10, 1998, the City, in conjunction with Dalton Public Schools, executed a note to Joyce Hall for the purpose of purchasing real estate for the development of a public school and regional park complex. The principal sum of the note is $408,914 with an initial payment of $40,892 and the remainder due in quarterly installments of $8,755 including interest of 5% from May 17, 1998 through February 17, 2013.

On January 10, 1998, the City, in conjunction with Dalton Public Schools, executed a note to Crawford McDonald, Hazel McDonald, and Marilyn Morgan for the purpose of purchasing real estate for the development of a public school and regional park complex. The principal sum of the note was $3,500,000 with an initial payment of $350,000 and the remainder due in quarterly installments of $74,938 including interest at 5% from June 2, 1998 through March 2, 2013.

Note payable debt service requirements to maturity are as follows:

	Principal	Interest	Total
2010	$ 290,248	$ 44,527	$ 334,775
2011	305,034	29,740	334,774
2012	320,574	14,200	334,774
2013	82,470	1,030	83,500
	$ 998,326	$ 89,497	$ 1,087,823

3-H Long-Term Debt (continued)

General Obligation Bonds - Building Authority Refunding Revenue Bonds, dated June 1, 2002, were issued in the amount of $7,770,000. Bond debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Total
2010	$ 955,000	$ 77,122	$ 1,032,122
2011	985,000	39,400	1,024,400
	$ 1,940,000	$ 116,522	$ 2,056,522

Revenue Bonds - On November 1, 1999 the City issued $107,965,000 principal amount of the City of Dalton, Georgia Combined Utilities Revenue Bonds, Series 1999 (the "Series 1999 Bonds"). The Series 1999 Bonds were issued to finance or refinance certain capital improvements to the water and wastewater treatment facilities of the City.

The revenue bonds are secured by the revenues of the WLSF Commission's electric, gas, water, and sewer systems. The amount reported as charges for services for the WLSF Commission on the Statement of Revenues, Expenses, and Changes in Fund Net Assets for Proprietary Funds is $171,977,000. Of that amount, $150,470,000 is used as security for the revenue bonds.

At December 31, 2009, total long-term debt consisted of the following:

Term bonds, Series 1999, 5.36%, maturing in 2012; payable from combined utilities revenues, net of unamortized premium of $143,000	$ 54,593,000
Less: current maturities/sinking fund redemptions	(17,170,000)
	$ 37,423,000

Annual principal and interest payments on long-term debt, as set forth in the Indentures, are as follows:

Year ending December 31,	Principal	Interest	Total Debt Service
2010	$ 17,170,000	$ 3,127,000	$ 20,297,000
2011	18,105,000	2,191,000	20,296,000
2012	19,318,000	1,124,000	20,442,000
	$ 54,593,000	$ 6,442,000	$ 61,035,000

3-H Long-Term Debt (continued)

Changes in Long-term Liabilities - The City's long-term obligations consisted of the following at December 31, 2009:

	Outstanding 12/31/2008	Additions	Reductions	Outstanding 12/31/2009	Amounts Due in One Year
Governmental activities:					
General obligation bonds	$ 2,860,000	$ -	$ (920,000)	$ 1,940,000	$ 955,000
Notes payable	1,274,425	-	(276,178)	998,247	290,248
Compensated absences	3,580,646	1,492,844	(1,343,689)	3,729,801	559,470
Total governmental activities	$ 7,715,071	$ 1,492,844	$ (2,539,867)	$ 6,668,048	$ 1,804,718
Business-type activities					
Deferred credit - TVA right of use	$ 517,000	$ -	$ (50,000)	$ 467,000	$ 50,000
Asset retirement obligations	29,664,000	-	(2,061,000)	27,603,000	-
Revenue bonds	71,033,000	-	(15,602,000)	55,431,000	17,170,000
Compensated absences	175,315	19,961	-	195,276	48,819
Total business-type activities	$ 101,389,315	$ 19,961	$ (17,713,000)	$ 83,696,276	$ 17,268,819

Fair Values – The Commissions' financial instruments for which the carrying amounts did not approximate fair value at December 31, 2009 were as follows:

	Carrying Amount	Fair Value
Long-term debt at December 31, 2009	$ 54,593,000	$ 57,016,000

Fair values of debt have been determined through information obtained from independent third parties using market data available on the last business day of the year. These estimates are not necessarily indicative of the amount that the WLSF Commission could realize in a current market exchange.

Financial Instruments - The WLSF Commission enters into derivative contracts to mitigate the interest rate risk associated with its fixed rate debt. Additionally, the Commission enters into forward sales agreements to take advantage of the spread between future natural gas prices and the weighted average cost of its natural gas inventory in storage. The Commission follows GASB's and FASB's accounting for derivative instruments.

Interest Rate Swap Agreement ("Swap Agreement") - In March 2003, the WLSF Commission entered into the Swap agreement with Salomon Smith Barney. The Swap Agreement stipulated that the Commission pay a weekly floating rate based on Security Industry and Financial Markets Association Municipal Swap Index, which was 0.25 on December 31, 2009 on a $54,540,000 notional amount. Salomon Smith Barney pays a monthly floating rate on the same notional amount based on the sum of 68% of USD LIBOR-BBA and 0.4%, which was .2309% as of December 31, 2009.

Cash settlements from the Swap Agreement have been recorded as an offset to interest expense on the Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Water, Light, and Sinking Commission Fund. The net amount received under the Swap Agreement was $128,000 for the year ended December 31, 2009. The amount of change in fair market value of the Swap Agreement was an increase of $265,000 as of December 31, 2009, which is included in the net increase (decrease) in fair value of investments and derivatives on the same statement. The fair value of the Swap Agreement derivative was reported as a noncurrent asset in the amount of $114,000 on the Combining Schedule of Net Assets – Water, Light, and Sinking Commission Fund as of December 31, 2009. The Swap Agreement is to continue until its termination date of January 1, 2012.

3-H Long-Term Debt (continued)

Natural Gas Derivatives – The WLSF Commission enters into forward sales agreements to sell natural gas at an agreed upon average weighted price in the future. As the Commission holds physical natural gas in its storage facilities, they are able to lock in a margin that would remain unchanged regardless of whether natural gas prices increased or decreased. Rising natural gas prices would decrease the value of its forward sales agreement and increase the value of its natural gas inventories while falling natural gas prices would increase the value of its forward sales agreements and decrease the value of its natural gas inventories. The fair value of the natural gas derivative was $293,000 as of December 31, 2009, and is included in the Combining Schedule of Net Assets – Water, Light, and Sinking Commission Fund as a current derivative asset. In addition, the Commission recorded net gains on derivatives for natural gas, which includes realized and unrealized gains and losses of $293,000 for the year ended December 31, 2009, and which is included in net increase (decrease) in fair value of investments and derivatives on the Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Water, Light, and Sinking Commission Fund.

All long-term obligations of the City's governmental funds will be financed through future Debt Service Fund expendable available financial sources as they become due. Principal and interest payments related to the City's WLSF Commission are financed from income derived from the operation of their system.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. In prior years, the funds used to relieve the liability included the general fund, the recreation commission fund, the WLSF Commission fund, and the Municipal Golf Course fund.

Asset Retirement Obligations and Other Costs of Removal - Effective January 1, 2003, the Commission adopted FASB's accounting standard for retirement obligations, which provides standards for accounting for legal obligations associated with the ultimate costs of retiring long-lived assets. The present value of the ultimate costs for an asset's future retirement must be recorded in the period in which the liability is incurred. The costs must be capitalized as part of the related long-lived asset and depreciated over the asset's useful life. Additionally, the Commission accrues for other future retirement costs for long-lived assets that the Commission does not have a legal obligation to retire through depreciation expense as provided in the rates. Accordingly, the accumulated retirement costs for these obligations are reflected as a regulatory liability in the Combining Schedule of Net Assets – Water, Light, and Sinking Commission Fund. The other costs of removal costs are included as an offset to regulatory assets in the Combining Schedule of Net Assets – Water, Light, and Sinking Commission Fund.

The asset retirement obligation recognized to retire long-lived assets under FASB accounting guidance for asset retirement obligations primarily relates to the Commissions' ownership interests in GPC's nuclear plants Hatch and Vogtle. The Commission recognizes in the Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Water, Light, and Sinking Commission Fund allowed removal costs for both legal obligations and for other costs of removal in accordance with regulatory treatment. Any differences between costs recognized for accounting purposes and those reflected in rates are recognized as either a regulatory asset or liability. The Commission has also identified retirement obligations related to certain transmission and distribution facilities and utility plant associated with the wastewater system. However, liabilities for the removal of these assets have not been recorded because no reasonable estimate can be made regarding the timing of any related retirements.

3-I Pensions

Plan description - The Mayor and Council of the City of Dalton Employee's Pension Plan was established to provide retirement benefits for eligible employees. The plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10). The plan is subject to the provisions of Section 401(a) and 501(a) of the Internal Revenue Code. The Mayor and Council of the City of Dalton serve as the Plan Administrator. The Plan does not issue separate financial statements.

3-I Pensions (continued)

The defined benefit plan is a single employer public employee retirement system. The plan covers eligible employees of the Mayor and Council, the Public Safety Commission, the Water, Light, and Sinking Fund Commission, the Recreation Commission, and the Dalton Whitfield Regional Solid Waste Management Authority. All full-time employees with an employment commencement date prior to July 1, 2002 were eligible to participate after completion of six-months of continuous service. Employees who began work after this date are eligible for participation in the defined contribution plan (Note 3-K). The Plan provides pension benefits, early retirement benefits, and death benefits.

Benefits fully vest after ten years of service. Employees who retire at the normal retirement date are entitled to monthly pension payments for the remainder of their lives equal to .15% of their final average monthly earnings times the months of credited service for which they were employed by an entity of the Pension Plan. These benefit payments are subject to a discretionary annual cost-of-living adjustment as determined and approved on an annual basis by the Mayor and Council of the City of Dalton. The final average earnings are the average of basic monthly earnings during thirty-six consecutive calendar months out of the last ten years which produce the highest average. Monthly pension benefits will be paid as a life annuity to the participant, with one hundred and twenty payments guaranteed. Pension provisions include early retirement benefits whereby an employee may terminate his employment with the City after accumulating fifteen years of service and reaching the age of fifty or after accumulating ten years of service and reaching the age of fifty-five. The retirement benefits are reduced by 0.5% for each month the commencement date is prior to the normal retirement date.

Pension provisions include death benefits whereby the surviving spouse is entitled to receive annually an amount equal to 55% of the employee's pension benefit at the time of death (commencing after one hundred and twenty payments of the full benefit amount have been received). The surviving spouse may receive death benefits for life. Benefits are determined by the Pension Plan.

Current Membership of Active and Inactive Participants:

Active Participants:		
Number		404
Average age		45.4 years
Average service		15.01 years
Average annual compensation	$	53,016
Inactive Participants:		
Number of retirees (and beneficiaries)		296
Number of Participants with Vested Benefits		5

Funding Policy - In accordance with the most recent actuarial report as of January 1, 2010, the Pension Plan's funding policy for employers should be decreased from 21.0% (at the last valuation date of January 1, 2009, as revised September 2009) to 18.1% of covered payroll to adequately fund the Pension Plan's ongoing costs and an amortization of the unfunded actuarial accrued liability over a period of 8, 14, 15, 20, 29, or 30 years for various components of the liability, if the minimum funding standards under the Public Retirement Systems are not met. Employees are required to pay 5% of their basic monthly earnings to the Pension Plan. The funding policy of the Pension Plan is established and may be amended by the Mayor and the Council.

The Plan's required employer contributions for the plan years 2009, 2008, and 2007 were $3,572,850, $2,833,927, and $2,990,129, respectively. Of the required employer contributions, the percentage contributed for the plan years 2009, 2008, and 2007, were 90%, 93%, and 91%, respectively, before application of a credit. After application of the credit, 2008 and 2007 were funded at 100%.

3-I Pensions (continued)

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

Required supplementary information – Immediately following the notes to the financial statements, two schedules related to the pension plan are presented as required supplementary information. The required schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The schedule of employer contributions presents multiyear trend information about whether the City is meeting the annual required contribution.

Annual Pension Cost - The City's annual pension cost and net pension obligation for the Pension Plan for the current year were determined as follows:

	January 1, 2010
Derivation of Annual Pension Cost	
Annual required contribution	$ 3,866,060
Interest on net pension obligation	500
Amortization of net pension obligation	(470)
Annual pension cost	$ 3,866,090
Derivation of Net Pension Obligation	
Annual pension cost of plan for prior plan year	$ 3,571,073
Actual contributions to plan for prior plan year	(3,214,925)
Increase (decrease) in net pension obligation	356,148
Net pension obligation as of January 1, 2009	(350,269)
Net pension obligation as of January 1, 2010	$ 5,879
Basis of Valuation	
Current valuation date	January 1, 2010
Annual return on invested plan assets	7.5%
Projected annual salary increases	4.0%
COLA increases	0.0%
Actuarial value of assets	Market value
Actuarial funding method	Projected Unit Credit

In accordance with GASB Statement No. 27, the net pension obligation is reported in the government-wide financial statements on the Statement of Net Assets as a long-term liability. It is not reported in the governmental funds as it is not considered to represent a financial asset.

3-I Pensions (continued)

Trend Information for the Plan

Schedule of Employer Contributions

Year Ended December 31,	Annual Pension Cost	Actual Contribution	Percentage Contributed	Net Pension Obligation
2010	$ 3,866,090	*	*	*
2009	3,571,073	3,214,925	90%	(350,269)
2008	2,835,259	2,624,838	93%	(560,690)
2007	2,992,115	2,717,142	91%	(835,663)
2006	2,713,520	2,633,109	97%	(916,074)
2005	2,348,868	2,638,638	112%	(626,304)
2004	2,727,364	2,556,755	94%	(796,913)
2003	3,508,964	3,777,913	108%	(527,964)

* To be determined at the end of the plan year

3-J Other Post Employment Benefits

Plan description - The City of Dalton Employee Health Benefit Plan was established to provide other post employment benefits for eligible retirees and beneficiaries. The plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section 47-20-10.1). The Mayor and Council of the City of Dalton serve as the Plan Administrator. The Mayor and Council hold the authority to amend or establish benefit provisions and employee and employer contribution rates. The plan is not accounted for as a trust fund, as an irrevocable trust has not yet been established to account for the plan. The Plan does not issue separate financial statements.

The plan is a single employer defined benefit healthcare plan, providing both health and life insurance at the same levels afforded to active employees. The plan covers eligible retirees and beneficiaries of the Mayor and Council, the Public Safety Commission, the Water, Light, and Sinking Fund Commission, the Recreation Commission, and the Dalton Whitfield Regional Solid Waste Management Authority. All full-time employees become eligible for health insurance coverage based upon the earlier of attaining: (1) age 65 with 5 years of service, (2) age 55 with 10 years of service, (3) age 50 with 15 years of service, or (4) any age with 30 years of service. If a retiree is eligible for health insurance coverage, the Plan will also provide health insurance coverage for the retiree's spouse and/or dependent children so long as the retiree is covered. Medical benefits for the retiree and dependents lapse upon attainment of the following: (1) for employees hired prior to June 1, 1998, once the retiree turns age 65 or becomes eligible for Medicare, or (2) for employees hired on or after June 1, 1998 but prior to September 1, 2007, once the maximum of 5 years has passed or once the retiree is eligible for Medicare. Retirees are not eligible for coverage if they were hired after September 1, 2007. The Plan provides life insurance until age 70 in an amount equal to the participant's basic annual compensation in force on the date of retirement, rounded to the next higher $1,000. The maximum benefit provided is $25,000.

3-J Other Post Employment Benefits (continued)

Membership in the Plan consisted of the following at January 1, 2008:

Active Participants:	
Eligible for retirement benefits	117
Not eligible for retirement benefits	578
Total	695
Average age	41.3
Average service	10.1
Retiree Participants:	
Receiving retirement benefits	102
Average age	60.6

Funding Policy - The City had an actuarial valuation performed as of January 1, 2008. The Mayor and Council have elected to fund the annual required contribution at 110% in order to assure coverage of the ongoing costs and a twenty-nine year amortization of the unfunded actuarial accrued liability. Eligible retirees and dependents are required to share in the cost of health insurance coverage. Annual contribution rates for 2009 and 2008 are as follows:

Coverage	Retirees	
	2009	2008
Individual	$ 780	$ 624
Individual + 2	2,580	2,496
Family	3,600	3,024

The Plan's required employer contributions for the plan years 2008 and 2007 were $1,812,645 and $1,702,729, respectively. Of the required employer contributions, the percentage contributed for plan years 2008 and 2007 were 79% and 40%, respectively. The actuarial valuation has not yet been completed as of January 1, 2010, so there is not required contribution for the 2009 year. Employer contributions for 2009 totaled $1,456,122.

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

3-J Other Post Employment Benefits (continued)

Information about the Plan is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/08	$ -	$ 14,401,403	$ 14,401,403	0%	$ 29,210,495	49%
7/1/06	-	15,746,132	15,746,132	0%	29,181,022	54%

Schedule of Net OPEB Obligation (NOO)

Actuarial Valuation Date	Annual Required Contribution	Interest on Existing NOO	ARC Adjustment	Annual OPEB Cost	Estimated Contribution Amount	Net Increase in NOO	NOO at Fiscal Year End
1/1/08	$ 1,812,645	$ 81,305	$ (84,334)	$ 1,809,616	$ -	$ -	$ -
7/1/06	1,702,729	-	-	1,702,729	686,416	1,016,313	1,016,313

Basis of Valuation	
Current valuation date	January 1, 2008
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, closed, 30 years
Remaining amortization period	29 years
Asset valuation method	Market value
Investment rate of return	8.0%
Inflation rate	3.5%
Medical cost trend rate	9.5% graded to 5% over 10 years
Drug cost trend rate	9.5% graded to 5% over 10 years

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Those assumptions include retirement, termination, mortality, disability, participation, marital status, claims cost, and administrative fee assumptions. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the goal to reflect a long-term perspective. Amounts determined regarding the funded status of the Plan and the ARC will be subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial calculations are based on the types of benefits provided under the terms of the substantive Plan at the time of each valuation and on the pattern of sharing costs between the employer and Plan members to that point.

Trend information for the Plan:

Schedule of Employer Contributions

Year Ended December 31,	Annual OPEB Cost	Employer Contribution	Percentage Contributed
2009	*	$ 1,456,122	*
2008	$ 1,809,616	$ 1,436,109	79%
2007	1,702,729	686,416	40%
2006	-	-	n/a

* - To be determined upon completion of actuarial valuation

3-K Defined Contribution Plan

Employees with an employment commencement date, including former employees rehired after a severance, on or after July 1, 2002 will not be allowed to participate in the above described Pension Plan. Employees hired or re-hired after July 1, 2002 will be covered by the City of Dalton Employee Retirement Plan (the "Retirement Plan"), which is a Combined Profit Sharing/Money Purchase Plan. The Mayor and Council of the City of Dalton approved this plan, maintain the plan, and are the authority under which the contribution requirements are established or may be amended. The Mayor and Council engaged VALIC to administer the plan. All full-time employees who have completed six months of continuous service are eligible to participate in the Retirement Plan. This plan is considered a defined contribution plan in which the employer provides $1.00 for every $1.00 of deferred compensation the employee makes to the Retirement Plan. The employer will make this match up to the first 4% of the employee's compensation, up to an annual limit of $200,000. Employer matching contributions fully vest after 1 year of service. Participation is not mandatory; however, non-participating employees will not receive any matching employer contributions. For the year 2009, employee contributions totaled $327,325 and employer contributions totaled $147,367.

3-L Net Assets

Net assets on the government-wide statement of net assets as of December 31, 2009 are as follows:

Investments in capital assets, net of related debt:	Governmental Activities	Business-type Activities	Total
Cost of captial assets	$ 183,687,167	$ 1,051,989,867	$ 1,235,677,034
Less: accumulated depreciation	112,588,786	363,975,532	476,564,318
Book value	71,098,381	688,014,335	759,112,716
Less: capital related debt and accrued interest	2,976,887	56,157,000	59,133,887
Less: asset retirement obligations	-	27,603,000	27,603,000
Add: regulatory asset	-	8,094,000	8,094,000
Add: bond issuance and refunding amounts	34,008	-	34,008
Investments in captial assets, net of related debt	$ 68,155,502	$ 612,348,335	$ 680,503,837

3-M Interutility Sales

The WLSF Commission records sales of electricity, natural gas, water, wastewater, and information technology (at rates charged customers for similar services) among its utility services as revenue of the selling utility service and expense of the purchasing utility service. During the year ended December 31, 2009, interutility sales were as follows:

Electric	$ 4,717,000
Natural gas	9,000
Water	185,000
Sewer	122,000
Information Technology	2,120,000
Total	$ 7,153,000

Note 4 - Other Notes

4-A Hotel/Motel Lodging Tax

The City levies a 6% hotel/motel tax in accordance with the provisions of O.C.G.A. 48-13-51. A summary of the transactions is as follows:

Hotel/Motel tax revenue	$	692,065
Expenditures for promotion of tourism and support:		
Northwest Georgia Trade and Convention Center	$	424,000
Dalton Area Convention and Visitors Bureau		173,360
Dalton-Whitfield Joint Development Authority		157,750
Total expenditures	$	755,110
Percentage of expenditures to revenue		109.11%

4-B Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The government has transferred risk of loss to commercial insurers for the majority of the risks for which it is exposed, except for workers' compensation, for which it is self-insured. As of January 1, 2009, the City participated in a fully insured health insurance plan for all medical, dental, and vision benefits. This change transferred all risk of loss for these benefits to the commercial insurance provider for claims incurred after January 1, 2009. The health insurance internal service fund is still utilized to facilitate the payment of old claims and will be eliminated in 2010. The City pays annual premiums to the internal service funds for its workers' compensation coverage, and these premiums are used to pay related claims, claim reserves, and administrative costs. In addition, workers' compensation claims in excess of $150,000 per covered individual are covered through a private insurer. There were no significant reductions in insurance coverage from coverage in the prior year.

The Internal Service Fund pays premiums to a private insurance carrier to process and investigate claims. A reserve has not been made for estimated claims incurred but not paid at December 31, 2009. The private insurance carriers estimated claims incurred but not paid at December 31, 2009 were $991,276. Because actual claims estimates depend on such complex factors as inflation, changes in governing laws and standards, and court awards, the process used in computing claims estimates is reevaluated periodically to take into consideration the history, frequency, and severity of recent claims and other economic and social factors. These estimates are computed using actual claims experience amounts and include any specific, incremental claim adjustment expenses and estimated recoveries. Due to the numerous factors affecting when claims are paid, no estimate of claims due within one year is made. For the years ended December 31, 2009, 2008, and 2007 there were no settlements in excess of insurance coverage.

The School District of the City of Dalton also participates in the Workers' Compensation Insurance Fund. Thirty-four percent of the liability is attributable to the School District. The School District is a separate and distinct organization operating under state legislation and is not a component unit of the City.

4-B Risk Management (continued)

Date	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
Workers Compensation:				
2007	$ 1,301,390	$ 664,468	$ (666,106)	$ 1,299,752
2008	1,299,752	738,566	(773,274)	1,265,044
2009	1,265,044	701,338	(975,106)	991,276
Health Insurance:				
2007	$ 853,059	$ 6,546,345	$ (6,452,423)	$ 946,981
2008	946,981	4,758,954	(5,053,835)	652,100
2009	652,100	-	(652,100)	-

The workers' compensation and health insurance internal service funds had an increase in net assets in 2009. This change in net assets must be allocated among the different functions of the entities that use the workers' compensation and the health insurance internal service funds. The net change was allocated based on the percentages of claims incurred for the workers' compensation fund and the health insurance fund. The following table shows the allocation of the net change to each function and activity.

	Net (Income)/Loss Allocated
Governmental Activities	
General government	$ (41,760)
Judicial	(17,414)
Public safety	(547,800)
Public works	(264,171)
Culture & recreation	(89,139)
Housing and development	(15,907)
Total Governmental Activities	(976,191)
Business-Type Activities	
Municipal Golf Course	(14,550)
WLSF	(855,876)
Total Business-Type Activities	(870,426)
	$ (1,846,617)

Of the total allocation to the governmental activities public works function, $8,811 of the income allocated is attributable to the City's DWRSWMA joint venture.

4-B Risk Management (continued)

The WLSF Commission has transferred risk of loss to commercial insurers for the majority of the risks for which it is exposed, except for any potential environmental liabilities, as disclosed in Note 4-C, and certain property, such as transmission and distribution assets. The WLSF Commission maintains private insurance through its participation with GPC and agreements of indemnity with the NRC to cover third-party liability arising from a nuclear incident which might occur at the nuclear plants in which the WLSF Commission has an interest. In the event a public liability loss arising from a nuclear incident at a facility currently covered by government indemnification exceeds $375,000,000, under the current provisions of the Price-Anderson Act, the owners of a nuclear power plant could be assessed a deferred assessment of up to $117,495,000 per incident for each licensed reactor operated by it, but not more than $17,500,000 per reactor per incident to be paid in a calendar year. The WLSF Commission is liable for its share of any such deferred assessment, based on its ownership percentage in nuclear plants as set forth in Note 1.

GPC, on behalf of all co-owners of Plants Hatch and Vogtle, is a member of Nuclear Electric Insurance Limited ("NEIL"). NEIL is a mutual insurer established to provide insurance coverage against property damage to its members' nuclear generating facilities. In the event that losses exceed accumulated reserve funds, the members are subject to retroactive premium assessments in proportion to their participation in the mutual insurer. The WLSF Commission's maximum annual assessment would be $1,175,953 under current policies.

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

4-C Commitments and Contingent Liabilities

Environmental Contingencies and Litigation - The WLSF Commission is subject to present and developing environmental regulations by various federal, state, and local jurisdictions.

New Source Review Actions ("NSR") - On October 20, 2005, the EPA published a proposed rule clarifying the test for determining when an emissions increase is subject to the NSR requirements. The EPA is alleging that GPC violated the NSR provisions of the Clean Air Act and related state laws at certain coal-fired generating facilities. The Commission, through its joint ownership of Plant Wansley coal-fired units 1 and 2 and Plant Scherer coal-fired units 1 and 2 may be subject to its proportionate share of any penalties or required capital expenditures related to these plants. However, the joint owners believe they complied with applicable laws and EPA regulations and interpretations in effect at the time in question by the EPA. The ultimate outcome of this matter cannot be determined at this time.

Five-Year Permit for Wastewater Treatment - During 1997, the WLSF Commission was issued a five-year permit for its wastewater treatment systems by the Environmental Protection Division ("EPD") of the Georgia Department of Natural Resources. The permit was contingent upon the undertaking by the WLSF Commission to make certain improvements to its wastewater treatment systems and included a compliance schedule for those improvements. The WLSF Commission completed all improvements required under the 1997 permit. In March 2002, the WLSF Commission requested and received a two-year extension of the permit to allow time for a full watershed assessment to be performed. The assessment was completed on December 24, 2003 and a permit renewal application was submitted in accordance with the requirements of the existing permit. A new five year permit was issued March 26, 2007 and expires March 25, 2012.

4-C Commitments and Contingent Liabilities (continued)

Fuel Commitments - The WLSF Commission is obligated by various long-term commitments for the procurement of electricity and natural gas to supply its customers, as well as related transportation and storage services. The minimum contract requirements of the Commission as of December 31, 2009 are as follows:

Year Ending December 31,	Commitments	
	Natural Gas	Electricity
2010	$ 5,385,000	$ 14,736,000
2011	346,000	14,736,000
2012	346,000	14,736,000
2013	346,000	15,264,000
2014 and thereafter	2,076,000	58,885,000
	$ 8,499,000	$ 118,357,000

Capital Expenditures - The WLSF Commission currently estimates capital additions to be approximately $42.7 million, $60.5 million, $72.0 million, $69.0 million, and $51.1 million in 2010, 2011, 2012, 2013, and 2014, respectively. A large portion of this is directed to maintaining service delivery capability and regulation production capacity of the Commissions' aging infrastructure, while complying with increasing environmental regulations. Additionally, substantial capital dollars will need to be expended in order to establish preventative maintenance, extension, and expansion of the Commissions' infrastructure, as well as, purchase and ownership of the new Vogtle nuclear units.

Future Nuclear Plants – The WLSF Commission is participating with GPC and the other co-owners of the Vogtle plant in construction of two additional nuclear units at the site. On March 31, 2008, Southern Nuclear Operating Company, on behalf of the owners of the Vogtle facility, filed an application with the NRC for a Combined Construction and Operating License ("COL"). On April 8, 2008, GPC, on behalf of itself and the joint owners, signed an Engineering, Procurement, and Construction ("EPC") contract with Westinghouse Electric Company LLC and The Shaw Group Inc.'s Power Group. GPC's proposal to build the additional nuclear units was certified by the Georgia Public Service Commission in March 2009. Under the terms of a separate agreement, the co-owners finalized their ownership percentages, which will remain the same as the ownership percentage in the existing units.

On June 15, 2009, an environmental group filed a petition in the Superior Court of Fulton County, Georgia, seeking review of the GPSC's certification order and challenging the constitutionality of the Georgia Nuclear Energy Financing Act. GPC believes there is no meritorious basis for this petition and intends to vigorously defend against the requested actions. In August 2009, the NRC issued letters to Westinghouse revising the review schedules needed to certify the AP1000 standard design for new reactors and expressing concerns related to the availability of adequate information and the shield building design. Any possible delays in the AP1000 design certification schedule, including those addressed by the NRC in their letters, are not currently expected to affect the projected commercial operation dates for Plant Vogtle Units 3 and 4.

The estimated cost for the Commissions' 1.6% of the total cost is $165.7 million. The sources of construction funds for the Commissions' portion of Vogtle Units 3 and 4 will be from a combination of internally generated funds, investment funds restricted for renewals and extensions, and a possible future debt financing.

4-D Joint Ventures

The City participates with Whitfield County in the Dalton-Whitfield Regional Solid Waste Management Authority. All budgetary and financial records are maintained by the City of Dalton. The DWRSWMA issued separate audited financial statements dated May 21, 2010.

4-D Joint Ventures (continued)

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

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

Landfill sites:	Westside	Old Dixie II, IV & V	Old Dixie VI Sites I & II	Old Dixie VI Sites III & IV	Balefill	Total
Estimated future costs:						
Closure	Completed	Completed	$ 3,220,000	$ 2,210,000	$ 1,765,000	$ 7,195,000
Post-closure	$ 875,000	$ 2,155,000	2,160,000	1,490,000	1,240,000	7,920,000
	875,000	2,155,000	5,380,000	3,700,000	3,005,000	15,115,000
Percentage of total landfill capacity used as of December 31, 2009	100.0%	100.0%	100.0%	39.5%	45.0%	
	875,000	2,155,000	5,380,000	1,463,000	1,352,000	11,225,000
Land acquisition	175,000	-	-	-	-	175,000
Accrual at 12/31/09	$ 1,050,000	$ 2,155,000	$ 5,380,000	$ 1,463,000	$ 1,352,000	$11,400,000

The Authority will record the remaining estimated cost of closure and post-closure care costs of $3,890,000 as the remaining capacity is filled. Estimated remaining landfill life is approximately 40 years. The above estimates are based on what it would cost to perform all closure and post-closure care in 2009. Actual costs when incurred may be higher due to inflation, changes in technology, or changes in laws and regulations.

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

According to the latest inspection reports issued by the Georgia Department of Natural Resources, dated December 2009, the Dalton-Whitfield Regional Solid Waste Management Authority was in compliance for closure and post-closure care financial assurance requirements as of December 31, 2009.

4-D Joint Ventures (continued)

Condensed audited financial statements for the DWRSWMA at December 31, 2009 are as follows:

Assets		
Current assets	$	17,952,206
Capital assets-net		23,256,476
Total assets	$	41,208,682
Liabilities and Net Assets		
Current liabilities	$	493,573
Non-current liabilities		11,884,679
Net assets		28,830,430
Total liabilities and net assets	$	41,208,682
Statement of Revenues and Expenses		
Operating revenues	$	4,848,752
Operating expenses		(4,219,921)
Depreciation		(1,453,054)
Operating Income		(824,223)
Non-operating revenues (expenses)		377,092
Increase (decrease) in net assets	$	(447,131)

4-D Joint Ventures (continued)

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

The City and Whitfield County share equally in operations of the Dalton-Whitfield Joint Development Authority, which operates to promote economic development within the City of Dalton and Whitfield County. Current expenditures are funded through equal transfers from both governments. The City's transfer to this entity is shown as an expenditure of the General Fund, and the City's equity interest in this joint venture is shown as an investment in a joint venture for governmental activities in the Government-wide Statement of Net Assets. The City's share of the resulting income or loss from the joint venture is shown as an expense for economic development on the Statement of Activities.

Condensed audited financial statements for the Dalton-Whitfield Joint Development Authority at December 31, 2009 are as follows:

Assets		
Current assets	$	93,180
Capital assets-net		4,168
Total assets	$	97,348
Liabilities and Net Assets		
Current liabilities	$	18,921
Net assets		78,427
Total liabilities and net assets	$	97,348
Statement of Activities		
Operating revenues	$	44,577
Transfers in		315,500
Economic development		(291,741)
Increase (decrease) in net assets	$	68,336

4-E Debt Contingency

The City of Dalton Building Authority issued qualified zone academy bonds dated May 1, 2003 in the amount of $2,000,000 to finance capital improvements within the City of Dalton Public School System. The amount of the bonds outstanding as of December 31, 2009 is $2,000,000.

The City of Dalton Building Authority issued revenue bonds during 2005 to finance capital improvements within the City of Dalton Public School System. The amount of the bonds outstanding as of December 31, 2009 is $3,385,000.

The City of Dalton Building Authority issued revenue bonds during 2006 to finance capital improvements within the City of Dalton Public School System. The amount of the bonds outstanding as of December 31, 2009 is $9,030,000.

The City of Dalton Building Authority issued revenue bonds during 2007 to finance capital improvements within the City of Dalton Public School System. The amount of the bonds outstanding as of December 31, 2009 is $8,695,000.

PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

City of Dalton, Georgia
Pension Trust Fund
Schedule of Employer Contributions
December 31, 2009

Year Beginning January 1,	Annual Required Contribution	Percentage Contributed
1999	$ 1,772,360	100%
2000	1,794,745	100%
2001	2,977,018	100%
2002	2,807,427	100%
2003	3,509,284	108%
2004	2,725,470	94%
2005	2,347,380	112%
2006	2,711,343	97%
2007	2,990,129	91%
2008	2,833,927	93%
2009	3,572,850	90%

City of Dalton, Georgia
Pension Trust Fund
Schedule of Funding Progress
December 31, 2009

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Actuarial Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/1999	$ 41,952,246	$ 55,115,649	$ 13,163,403	76.1%	$ 18,559,002	70.9%
1/1/2001	43,235,142	63,902,544	20,667,402	67.7%	21,065,143	98.1%
1/1/2003	42,452,389	74,056,656	31,604,267	57.3%	24,991,641	126.5%
1/1/2004	48,717,335	70,116,207	21,398,872	69.5%	25,247,408	84.8%
1/1/2005	52,617,082	67,353,669	14,736,587	78.1%	24,117,608	61.1%
1/1/2006	54,466,921	70,208,760	15,741,839	77.6%	23,777,732	66.2%
1/1/2007	59,715,221	75,197,188	15,481,967	79.4%	23,619,574	65.5%
1/1/2008	61,815,554	80,326,128	18,510,574	77.0%	24,817,638	74.6%
1/1/2009	50,532,696	74,982,215	24,449,519	67.4%	23,258,581	105.1%
1/1/2010	55,522,359	90,051,325	34,528,966	61.7%	21,418,412	161.2%

COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Recreation Commission – This fund is used to account for the operations of the public parks and facilities located within the City.

Hotel Motel Tax – This fund is used to account for revenues received from the local hotel motel taxes.

Confiscated Assets – This fund is used to account for proceeds received from confiscated assets.

Community Development Block Grant – This fund is used to account for funds received from the Department of Housing and Urban Development. The grant is to be used to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.

Community HOME Investment Program Grant – This fund is used to account for funds received from the Georgia Department of Community Affairs. The grant is to be used to expand the availability of decent, safe, sanitary, and affordable housing within the Dalton area.

Debt Service Fund

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

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

City of Dalton, Georgia
Combining Balance Sheet - By Fund Type
Nonmajor Governmental Funds
December 31, 2009

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 296,369	$ 62,682	$ -	$ 359,051
Investments	770,023	648,918	-	1,418,941
Receivables:				
Accounts	65,812	-	-	65,812
Taxes	111,356	223,912	-	335,268
Intergovernmental-local	1,614	36,642	-	38,256
Intergovernmental - state and federal	64,508	-	-	64,508
Interfund	681,693	-	-	681,693
Inventory, at cost	3,824	-	-	3,824
Prepaid expenditures	14,112	-	-	14,112
Total Assets	$ 2,009,311	$ 972,154	$ -	$ 2,981,465
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 18,581	$ -	$ -	$ 18,581
Accrued expenditures	124,594	-	-	124,594
Accrued interest payable	-	38,561	-	38,561
Interfund payable	133,985	-	-	133,985
Deferred revenue	105,552	46,425	-	151,977
Total Liabilities	382,712	84,986	-	467,698
Fund Balances				
Nonspendable	17,936	-	-	17,936
Restricted for:				
Public safety	211,347	-	-	211,347
Culture and recreation	1,397,314	-	-	1,397,314
Housing and development	2	-	-	2
Debt service	-	887,168	-	887,168
Capital projects	-	-	-	-
Total Fund Balances	1,626,599	887,168	-	2,513,767
Total Liabilities and Fund Balances	$ 2,009,311	$ 972,154	$ -	$ 2,981,465

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - By Fund Type
Nonmajor Governmental Funds
For the Year Ended December 31, 2009

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Taxes:				
Real and personal property tax	$ 465,090	$ 356,958	$ -	$ 822,048
Vehicle tax	2,173	14,960	-	17,133
Hotel/motel tax	692,065	-	-	692,065
Intergovernmental	656,925	650,721	1,293,912	2,601,558
Charges for services	331,423	-	-	331,423
Fines and forfeitures	46,095	-	-	46,095
Investment earnings	12,156	4,652	-	16,808
Miscellaneous	29,372	4,298	-	33,670
Total Revenues	2,235,299	1,031,589	1,293,912	4,560,800
Expenditures				
Current:				
General government	50,544	-	-	50,544
Public safety	48,175	-	-	48,175
Health and welfare	142,424	-	-	142,424
Culture and recreation	2,744,962	-	-	2,744,962
Housing and development	41,582	-	-	41,582
Capital Outlay				
Public safety	11,732	-	-	11,732
Public works	-	-	1,333,755	1,333,755
Culture and recreation	382,607	-	164,762	547,369
Debt Service:				
Principal retirement	-	1,196,099	-	1,196,099
Interest and fiscal charges	-	155,951	-	155,951
Total Expenditures	3,422,026	1,352,050	1,498,517	6,272,593
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,186,727)	(320,461)	(204,605)	(1,711,793)
Other Financing Sources (Uses)				
Transfers in	674	200,865	164,762	366,301
Transfers out	(856,827)	-	-	(856,827)
Total Other Financing Sources (Uses)	(856,153)	200,865	164,762	(490,526)
Net Change in Fund Balances	(2,042,880)	(119,596)	(39,843)	(2,202,319)
Fund Balances Beginning of Year	3,669,479	1,006,764	39,843	4,716,086
Fund Balances End of Year	$ 1,626,599	$ 887,168	$ -	$ 2,513,767

SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

General Fund

These supplementary statements and schedules are included to provide management additional information for financial analysis.

City of Dalton, Georgia
General Fund
Comparative Balance Sheet
December 31, 2009

	2009	2008
Assets		
Cash and cash equivalents	$ 3,458,034	$ 2,403,949
Investments	9,227,470	8,988,489
Receivables:		
Accounts	674,608	1,035,676
Taxes	6,322,207	4,244,356
Intergovernmental-state and federal	22,270	94,171
Intergovernmental-local	1,053,369	1,074,733
Interfund	155,874	130,300
Inventory	111,992	-
Prepaid items	26,540	34,820
Total Assets	$ 21,052,364	$ 18,006,494
Liabilities and Fund Balances		
Liabilities		
Accounts payable	664,454	1,652,455
Accrued expenditures	1,662,770	1,439,371
Interfund payable	-	39,843
Deferred revenue	1,338,368	1,339,327
Total Liabilities	3,665,592	4,470,996
Fund Balances		
Nonspendable	138,532	34,820
Restricted - cemetery chapel	102,316	105,500
Unassigned	17,145,924	13,395,178
Total Fund Balances	17,386,772	13,535,498
Total Liabilities and Fund Balances	$ 21,052,364	$ 18,006,494

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Taxes					
Real and personal property tax	$ 9,133,000	$ 9,133,000	$ 9,937,794	$ 804,794	$ 6,782,866
Vehicle tax	477,000	477,000	433,280	(43,720)	437,409
Sales tax	2,600,000	2,600,000	2,331,331	(268,669)	2,754,386
Insurance premium tax	1,350,000	1,350,000	1,547,528	197,528	1,562,185
Recording intangibles	27,000	27,000	39,744	12,744	28,857
Franchise tax	460,000	460,000	493,121	33,121	465,772
Real estate transfer tax	12,000	12,000	9,698	(2,302)	13,607
Beer tax	500,000	500,000	499,365	(635)	529,671
Wine tax	58,500	58,500	67,174	8,674	62,430
Liquor tax	75,500	75,500	71,748	(3,752)	75,469
Mixed drink tax	54,500	54,500	50,632	(3,868)	56,067
Total taxes	14,747,500	14,747,500	15,481,415	733,915	12,768,719
Licenses and permits:					
Alcoholic beverage licenses	220,000	220,000	217,812	(2,188)	258,537
Occupation taxes	800,000	821,500	841,193	19,693	869,471
Building permits	200,000	94,000	93,534	(466)	203,300
Other permits	-	-	200	200	4,316
Total licenses and permits	1,220,000	1,135,500	1,152,739	17,239	1,335,624
Intergovernmental:					
Whitfield County	1,957,500	1,957,500	846,697	(1,110,803)	1,152,829
Housing Authority	101,000	101,000	101,712	712	101,712
Federal grants and contracts	248,100	375,405	372,212	(3,193)	113,143
State grants and contracts	225,000	200,000	162,051	(37,949)	258,192
Total intergovernmental	2,531,600	2,633,905	1,482,672	(1,151,233)	1,625,876
Charges for services:					
Senior center	243,800	252,800	54,500	(198,300)	207,792
Garbage and recycling revenue	28,000	8,000	10,299	2,299	31,667
Public works fees	53,000	59,235	58,093	(1,142)	47,605
Municipal court and probation fees	1,250,000	1,389,500	1,098,525	(290,975)	1,585,097
Public safety fees	45,000	45,000	42,093	(2,907)	45,219
Cemetery fees	45,000	45,000	38,290	(6,710)	56,730
Total charges for services	1,664,800	1,799,535	1,301,800	(497,735)	1,974,110
Fines and forfeitures	1,238,700	895,000	794,156	(100,844)	910,427
Investment earnings	302,000	238,650	124,151	(114,499)	317,716

(Continued)

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Miscellaneous:					
Penalties and fines	41,500	41,500	101,367	59,867	54,823
Rental income	48,000	100,850	103,288	2,438	39,799
Airport fees	-	-	-	-	67,020
Donations	2,200	86,100	90,309	4,209	604,488
Sale of property	-	5,000	5,377	377	278,526
Reimbursements	351,870	351,870	306,220	(45,650)	285,633
Miscellaneous	50,000	50,000	42,095	(7,905)	60,546
Total miscellaneous	493,570	635,320	648,656	13,336	1,390,835
Total revenues	$ 22,198,170	$ 22,085,410	$ 20,985,589	$ (1,099,821)	$ 20,323,307

City of Dalton, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Current:					
General Government:					
Legislative					
Personal services and benefits	$ 46,750	$ 46,790	$ 45,771	$ 1,019	$ 43,143
Other	67,680	67,640	62,468	5,172	65,982
Total	114,430	114,430	108,239	6,191	109,125
Administrative					
Personal services and benefits	217,730	141,425	122,613	18,812	329,656
Other	335,030	349,510	321,355	28,155	371,256
Capital outlay	-	-	-	-	6,830
Total	552,760	490,935	443,968	46,967	707,742
City Clerk					
Personal services and benefits	171,850	190,975	187,334	3,641	168,315
Other	68,420	54,315	52,061	2,254	70,749
Total	240,270	245,290	239,395	5,895	239,064
Finance					
Personal services and benefits	277,455	282,210	264,259	17,951	291,374
Other	337,680	337,625	320,545	17,080	281,972
Total	615,135	619,835	584,804	35,031	573,346
Human Resources					
Personal services and benefits	225,690	229,145	226,918	2,227	266,005
Other	68,425	78,025	74,394	3,631	172,563
Total	294,115	307,170	301,312	5,858	438,568
Technology					
Personal services and benefits	59,830	62,857	62,580	277	59,761
Other	79,510	134,278	111,775	22,503	76,655
Capital outlay	53,175	-	-	-	158,728
Total	192,515	197,135	174,355	22,780	295,144
Airport Authority					
Other	-	-	-	-	123,598
Capital outlay	-	-	-	-	30,000
Total	-	-	-	-	153,598

(Continued)

City of Dalton, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Infrastructure					
Other	570,140	495,840	9,275	486,565	40,980
Capital outlay	421,210	794,710	783,736	10,974	1,225,455
Total	991,350	1,290,550	793,011	497,539	1,266,435
Total General Government	3,000,575	3,265,345	2,645,084	620,261	3,783,022
Judicial:					
Municipal Court					
Personal services and benefits	474,735	479,760	467,786	11,974	424,938
Other	290,265	366,765	230,568	136,197	261,850
Total	765,000	846,525	698,354	148,171	686,788
Total Judicial	765,000	846,525	698,354	148,171	686,788
Public Safety:					
Fire Department					
Personal services and benefits	6,210,530	6,151,315	6,150,906	409	5,947,992
Other	743,810	754,360	750,979	3,381	865,480
Capital outlay	24,000	114,850	114,847	3	367,292
Total	6,978,340	7,020,525	7,016,732	3,793	7,180,764
Police Department					
Personal services and benefits	6,041,285	6,044,365	6,004,325	40,040	5,824,555
Other	1,404,485	1,216,750	1,179,276	37,474	1,554,480
Capital outlay	13,400	69,765	66,255	3,510	942,258
Total	7,459,170	7,330,880	7,249,856	81,024	8,321,293
Total Public Safety	14,437,510	14,351,405	14,266,588	84,817	15,502,057
Public Works:					
Public Works					
Personal services and benefits	4,064,505	4,082,860	3,931,733	151,127	5,035,194
Other	2,538,690	2,595,705	2,140,848	454,857	2,988,441
Capital outlay	10,000	33,160	33,094	66	228,320
Total	6,613,195	6,711,725	6,105,675	606,050	8,251,955

(Continued)

City of Dalton, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Infrastructure					
Other	712,650	637,550	77,251	560,299	68,800
Capital outlay	50,000	50,000	-	50,000	847,948
Total	762,650	687,550	77,251	610,299	916,748
Total Public Works	7,375,845	7,399,275	6,182,926	1,216,349	9,168,703
Health and Welfare:					
Senior Center					
Personal services and benefits	249,135	262,155	261,165	990	249,232
Other	353,670	357,070	148,053	209,017	290,775
Total	602,805	619,225	409,218	210,007	540,007
Special Projects					
Other	18,600	48,600	48,600	-	47,210
Total	18,600	48,600	48,600	-	47,210
Infrastructure					
Other	300,000	300,000	290,984	9,016	-
Total	300,000	300,000	290,984	9,016	-
Total Health and Welfare	921,405	967,825	748,802	219,023	587,217
Culture and Recreation:					
Special Projects					
Other	243,810	243,810	243,810	-	228,560
Total	243,810	243,810	243,810	-	228,560
Infrastructure					
Capital outlay	673,000	689,000	228,616	460,384	15,025
Total	673,000	689,000	228,616	460,384	15,025
Total Culture and Recreation	916,810	932,810	472,426	460,384	243,585
Housing and Development:					
Building Inspector					
Personal services and benefits	324,085	249,575	249,454	121	313,922
Other	32,995	38,485	38,539	(54)	57,674
Total	357,080	288,060	287,993	67	371,596

(Continued)

City of Dalton, Georgia
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Dalton-Whitfield Community Development Corporation					
Personal services and benefits	306,370	306,370	265,425	40,945	251,643
Other	250	250	250	-	2,161
Total	306,620	306,620	265,675	40,945	253,804
Special Projects					
Other	157,750	331,110	331,110	-	331,114
Total	157,750	331,110	331,110	-	331,114
Total Housing and Development	821,450	925,790	884,778	41,012	956,514
Total expenditures	$28,238,595	$28,688,975	$25,898,958	$ 2,790,017	$30,927,886

City of Dalton, Georgia
General Fund
Schedule of Expenditures - Budget and Actual - Sub-Budgets
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Police Department					
Administration					
Personal services and benefits	$ 427,530	$ 434,720	$ 425,803	8,917	$ 481,725
Other	320,940	313,940	302,353	11,587	356,013
Total	748,470	748,660	728,156	20,504	837,738
Patrol					
Personal services and benefits	3,839,685	3,705,358	3,691,202	14,156	3,563,534
Other	754,765	568,615	554,687	13,928	826,719
Capital outlay	10,800	69,765	66,255	3,510	935,961
Total	4,605,250	4,343,738	4,312,144	31,594	5,326,214
Criminal Investigation Division					
Personal services and benefits	935,860	994,255	981,496	12,759	934,982
Other	127,820	128,185	123,536	4,649	138,695
Capital outlay	2,600	-	-	-	-
Total	1,066,280	1,122,440	1,105,032	17,408	1,073,677
Support Services					
Personal services and benefits	838,210	910,032	905,824	4,208	844,314
Other	200,960	206,010	198,700	7,310	233,053
Capital outlay	-	-	-	-	6,297
Total	1,039,170	1,116,042	1,104,524	11,518	1,083,664
Total Police Department	$ 7,459,170	$ 7,330,880	$ 7,249,856	$ 81,024	$ 8,321,293

(Continued)

City of Dalton, Georgia
General Fund
Schedule of Expenditures - Budget and Actual - Sub-Budgets
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Public Works Department					
Administration					
Personal services and benefits	$ 629,210	$ 789,210	$ 661,770	$ 127,440	$ 871,074
Other	636,065	699,065	620,860	78,205	553,567
Total	1,265,275	1,488,275	1,282,630	205,645	1,424,641
Street					
Personal services and benefits	697,810	592,360	580,066	12,294	1,501,680
Other	602,920	481,510	325,987	155,523	1,032,170
Capital outlay	-	6,300	6,267	33	8,930
Total	1,300,730	1,080,170	912,320	167,850	2,542,780
Sanitation					
Personal services and benefits	1,571,240	1,618,035	1,611,784	6,251	1,382,988
Other	375,900	344,900	308,696	36,204	319,736
Capital outlay	-	-	-	-	219,390
Total	1,947,140	1,962,935	1,920,480	42,455	1,922,114
Shop					
Personal services and benefits	423,300	422,400	418,722	3,678	416,684
Other	589,100	714,135	573,898	140,237	741,607
Capital outlay	10,000	6,300	6,267	33	-
Total	1,022,400	1,142,835	998,887	143,948	1,158,291
Traffic engineer					
Personal services and benefits	365,190	335,150	334,044	1,106	359,190
Other	102,810	93,850	89,355	4,495	127,307
Total	468,000	429,000	423,399	5,601	486,497
Landscaping					
Personal services and benefits	377,755	325,705	325,347	358	503,578
Other	231,895	262,245	222,052	40,193	214,054
Capital outlay	-	20,560	20,560	-	-
Total	609,650	608,510	567,959	40,551	717,632
Total Public Works	$ 6,613,195	$ 6,711,725	$ 6,105,675	$ 606,050	$ 8,251,955

(Continued)

City of Dalton, Georgia
General Fund
Schedule of Expenditures - Budget and Actual - Sub-Budgets
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Municipal Court					
Administration					
Personal services and benefits	$ 305,590	$ 314,943	$ 310,352	$ 4,591	$ 284,017
Other	249,410	249,410	188,935	60,475	227,510
Total	555,000	564,353	499,287	65,066	511,527
Probation					
Personal services and benefits	169,145	164,817	157,434	7,383	140,921
Other	40,855	117,355	41,633	75,722	34,340
Total	210,000	282,172	199,067	83,105	175,261
Total Municipal Court	$ 765,000	$ 846,525	$ 698,354	$ 148,171	$ 686,788

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2009

	Recreation Commission	Hotel Motel Tax	Confiscated Assets	Community Development Block Grant	Community HOME Invest. Program Grant	Total Nonmajor Special Revenue Funds
Assets						
Cash and cash equivalents	$ 84,950	$ -	$ 211,417	$ 1	$ 1	$ 296,369
Investments	770,023	-	-	-	-	770,023
Receivables:						
Accounts	1,835	63,977	-	-	-	65,812
Taxes	111,356	-	-	-	-	111,356
Intergovernmental - local	1,614	-	-	-	-	1,614
Intergovernmental - state and federal	-	-	-	55,948	8,560	64,508
Interfund	681,693	-	-	-	-	681,693
Inventory, at cost	3,824	-	-	-	-	3,824
Prepaid expenditures	608	-	13,504	-	-	14,112
Total Assets	$ 1,655,903	$ 63,977	$ 224,921	$ 55,949	$ 8,561	$ 2,009,311
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 18,204	$ -	$ 70	40	267	$ 18,581
Accrued expenditures	124,594	-	-	-	-	124,594
Interfund payable	5,807	63,977	-	55,908	8,293	133,985
Deferred revenue	105,552	-	-	-	-	105,552
Total Liabilities	254,157	63,977	70	55,948	8,560	382,712
Fund Balances						
Nonspendable	4,432	-	13,504	-	-	17,936
Restricted for:						
Public safety	-	-	211,347	-	-	211,347
Culture and recreation	1,397,314	-	-	-	-	1,397,314
Housing and development	-	-	-	1	1	2
Total Fund Balances	1,401,746	-	224,851	1	1	1,626,599
Total Liabilities and Fund Balances	$ 1,655,903	$ 63,977	$ 224,921	$ 55,949	$ 8,561	$ 2,009,311

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended December 31, 2009

	Recreation Commission	Hotel Motel Tax	Confiscated Assets	Community Development Block Grant	Community HOME Invest. Program Grant	Total Nonmajor Special Revenue Funds
Revenues						
Taxes:						
Real and personal property tax	$ 465,090	$ -	$ -	$ -	$ -	$ 465,090
Vehicle taxes	2,173	-	-	-	-	2,173
Hotel/motel taxes	-	692,065	-	-	-	692,065
Intergovernmental	-	-	83,894	560,721	12,310	656,925
Charges for services	331,423	-	-	-	-	331,423
Fines & forfeitures	-	-	46,095	-	-	46,095
Investment earnings	10,969	-	1,187	-	-	12,156
Miscellaneous	29,372	-	-	-	-	29,372
Total Revenues	839,027	692,065	131,176	560,721	12,310	2,235,299
Expenditures						
Current:						
General government	-	-	-	50,544	-	50,544
Public safety	-	-	48,175	-	-	48,175
Health and welfare	-	-	-	142,424	-	142,424
Culture and recreation	2,740,459	-	-	4,503	-	2,744,962
Housing and development	-	-	-	28,585	12,997	41,582
Total Current	2,740,459	-	48,175	226,056	12,997	3,027,687
Capital Outlay:						
Public safety	-	-	11,732	-	-	11,732
Culture and recreation	47,942	-	-	334,665	-	382,607
Total Capital Outlay	47,942	-	11,732	334,665	-	394,339
Total Expenditures	2,788,401	-	59,907	560,721	12,997	3,422,026
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,949,374)	692,065	71,269	-	(687)	(1,186,727)
Other Financing Sources (Uses)						
Transfers in (out)	(164,762)	(692,065)	-	-	674	(856,153)
Net Change in Fund Balances	(2,114,136)	-	71,269	-	(13)	(2,042,880)
Fund Balances Beginning of Year	3,515,882	-	153,582	1	14	3,669,479
Fund Balances End of Year	$ 1,401,746	$ -	$ 224,851	$ 1	$ 1	$ 1,626,599

City of Dalton, Georgia
Recreation Commission Fund
Comparative Balance Sheet
December 31, 2009 and 2008

	2009	2008
Assets		
Cash	$ 84,950	$ 1,019,928
Investments	770,023	552,057
Receivables:		
Accounts	1,835	1,165
Taxes	111,356	2,193,293
Intergovernmental - local	1,614	559,997
Interfund	681,693	292,923
Inventory, at cost	3,824	5,011
Prepaid expenditures	608	718
Total Assets	$ 1,655,903	$ 4,625,092
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 18,204	$ 42,246
Interfund payable	5,807	3,927
Accrued expenditures	124,594	511,493
Deferred revenue	105,552	551,544
Total Liabilities	254,157	1,109,210
Fund Balances		
Nonspendable	4,432	5,729
Restricted - culture and recreation	1,397,314	3,510,153
Total Fund Balances	1,401,746	3,515,882
Total Liabilities and Fund Balances	$ 1,655,903	$ 4,625,092

City of Dalton, Georgia
Recreation Commission Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Taxes:					
Real and personal property tax	$ 300,000	$ 300,000	$ 465,090	$ 165,090	$ 3,454,864
Vehicle tax	-	-	2,173	2,173	160,289
Charges for services	442,250	442,250	331,423	(110,827)	357,692
Investment earnings	20,000	20,000	10,969	(9,031)	29,929
Miscellaneous	7,600	7,600	29,372	21,772	43,303
Total Revenues	769,850	769,850	839,027	69,177	4,046,077
Expenditures					
Current:					
Culture and Recreation:					
Administrative	382,145	384,495	362,861	21,634	521,605
Recreation division	1,200,175	1,124,100	1,027,098	97,002	1,076,126
Parks division	1,538,575	1,388,155	1,350,500	37,655	1,899,957
Total Current	3,120,895	2,896,750	2,740,459	156,291	3,497,688
Capital Outlay:					
Culture and Recreation:					
Administrative	-	710	-	710	-
Recreation division	-	10,500	-	10,500	23,350
Parks division	60,040	272,975	47,942	225,033	159,420
Total Capital Outlay	60,040	284,185	47,942	236,243	182,770
Total Expenditures	3,180,935	3,180,935	2,788,401	392,534	3,680,458
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,411,085)	(2,411,085)	(1,949,374)	461,711	365,619
Other Financing (Uses)					
Transfers out	-	(669,735)	(164,762)	(504,973)	-
Net Change in Fund Balances	$ (2,411,085)	$ (3,080,820)	(2,114,136)	$ (966,684)	365,619
Fund Balances Beginning of Year			3,515,882		3,150,263
Fund Balances End of Year			$ 1,401,746		$ 3,515,882

City of Dalton, Georgia
Recreation Commission Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Current:					
Culture and Recreation:					
Administrative Division					
Personal services and benefits	$ 281,585	$ 294,925	$ 278,783	$ 16,142	$ 434,402
Other	100,560	89,570	84,078	5,492	87,203
Capital outlay	-	710	-	710	-
Total	382,145	385,205	362,861	22,344	521,605
Recreation Division					
Personal services and benefits	751,845	733,880	683,219	50,661	731,138
Other	448,330	390,220	343,879	46,341	344,988
Capital outlay	-	10,500	-	10,500	23,350
Total	1,200,175	1,134,600	1,027,098	107,502	1,099,476
Parks Division					
Personal services and benefits	830,430	821,140	803,450	17,690	1,390,194
Other	708,145	567,015	547,050	19,965	509,763
Capital outlay	60,040	272,975	47,942	225,033	159,420
Total	1,598,615	1,661,130	1,398,442	262,688	2,059,377
Total expenditures	$ 3,180,935	$ 3,180,935	$ 2,788,401	$ 392,534	$ 3,680,458

City of Dalton, Georgia
Hotel/Motel Tax Fund
Comparative Balance Sheet
December 31, 2009 and 2008

	2009	2008
Assets		
Accounts receivable	$ 63,977	$ 55,913
Liabilities		
Interfund payable	$ 63,977	$ 55,913

City of Dalton, Georgia
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Hotel/motel taxes	$ 700,000	$ 700,000	$ 692,065	$ (7,935)	$ 714,896
Other Financing (Uses)					
Transfers out	(700,000)	(700,000)	(692,065)	7,935	(714,896)
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

City of Dalton, Georgia
Confiscated Assets Fund
Comparative Balance Sheet
December 31, 2009 and 2008

	2009	2008
Assets		
Cash	$ 211,417	$ 163,513
Prepaid expenditures	13,504	10,108
Total Assets	$ 224,921	$ 173,621
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 70	$ 20,039
Fund Balances		
Nonspendable	13,504	10,108
Restricted - public safety	211,347	143,474
Total Fund Balances	224,851	153,582
Total Liabilities and Fund Balances	$ 224,921	$ 173,621

City of Dalton, Georgia
Confiscated Assets Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental	$ 60,000	$ 60,000	$ 83,894	$ 23,894	$ 6,096
Fines & forfeitures	60,000	60,000	46,095	(13,905)	54,246
Investment earnings	1,000	1,000	1,187	187	452
Total Revenues	121,000	121,000	131,176	10,176	60,794
Expenditures					
Current:					
Public Safety:					
Other	58,750	58,710	48,175	10,535	39,227
Total Current					
Capital Outlay:					
Public Safety:					
Capital outlay	-	11,750	11,732	18	19,999
Total Expenditures	58,750	70,460	59,907	10,553	59,226
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 62,250	$ 50,540	71,269	$ 20,729	1,568
Fund Balances Beginning of Year			153,582		152,014
Fund Balances End of Year			$ 224,851		$ 153,582

City of Dalton, Georgia
Community Development Block Grant Fund
Comparative Balance Sheet
December 31, 2009 and 2008

	2009	2008
Assets		
Cash	$ 1	$ 1
Intergovernmental receivable - federal	55,948	26,531
Total Assets	$ 55,949	$ 26,532
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 40	$ 3,494
Interfund payable	55,908	23,037
Total Liabilities	55,948	26,531
Fund Balances		
Restricted - housing and development	1	1
Total Liabilities and Fund Balances	$ 55,949	$ 26,532

City of Dalton, Georgia
Community Development Block Grant Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental-federal	$ 947,565	$ 1,369,490	$ 560,721	$ (808,769)	$ 273,200
Total Revenues	947,565	1,369,490	560,721	(808,769)	273,200
Expenditures					
Current:					
General Government:					
Other	201,400	168,183	50,544	117,639	42,592
Health and Welfare:					
Other	129,805	205,681	142,424	63,257	8,452
Culture and Recreation:					
Other	-	186,064	4,503	181,561	15,025
Capital outlay	406,745	670,465	334,665	335,800	-
Housing and Development:					
Other	209,615	139,097	28,585	110,512	207,131
Total Expenditures	947,565	1,369,490	560,721	808,769	273,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			1		1
Fund Balances End of Year			$ 1		$ 1

City of Dalton, Georgia
Community HOME Investment Program Grant
Comparative Balance Sheet
December 31, 2009 and 2008

	2009	2008
Assets		
Cash	$ 1	$ 14
Intergovernmental receivable - federal	8,560	-
Total Assets	$ 8,561	$ 14
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 267	$ -
Interfund payable	8,293	-
Total Liabilities	8,560	-
Fund Balances		
Restricted - housing and development	1	14
Total Liabilities and Fund Balances	$ 8,561	$ 14

City of Dalton, Georgia
Community HOME Investment Program Grant
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental	$ 166,700	$ 166,700	$ 12,310	$ (154,390)	$ -
Total Revenues	166,700	166,700	12,310	(154,390)	-
Expenditures					
Current:					
Housing and Development:					
Other	179,400	179,400	12,997	166,403	36
Total Expenditures	179,400	179,400	12,997	166,403	36
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,700)	(12,700)	(687)	12,013	(36)
Other Financing Sources					
Transfers in	12,700	12,700	674	(12,026)	50
Net Change in Fund Balances	$ -	$ -	(13)	$ (13)	14
Fund Balances Beginning of Year			14		-
Fund Balances End of Year			$ 1		$ 14

City of Dalton, Georgia
Comparative Balance Sheet
Debt Service Fund
December 31, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	$ 62,682	$ 120,144
Investments	648,918	719,949
Receivables:		
Property taxes	223,912	221,806
Intergovernmental-local	36,642	57,539
Total Assets	$ 972,154	$ 1,119,438
Liabilities and Fund Balances		
Liabilities		
Accrued interest payable	$ 38,561	$ 55,811
Deferred revenue	46,425	56,863
Total Liabilities	84,986	112,674
Fund Balances		
Restricted - debt service	887,168	1,006,764
Total Liabilities and Fund Balances	$ 972,154	$ 1,119,438

City of Dalton, Georgia
Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Taxes:					
Real and personal property tax	$ 320,500	$ 320,500	$ 356,958	$ 36,458	$ 346,686
Vehicle tax	16,500	16,500	14,960	(1,540)	18,829
Intergovernmental	649,750	649,750	650,721	971	614,165
Investment earnings	20,000	20,000	4,652	(15,348)	22,555
Miscellaneous	-	-	4,298	4,298	3,844
Total Revenues	1,006,750	1,006,750	1,031,589	24,839	1,006,079
Expenditures					
Debt Service:					
Principal retirement	1,366,450	1,366,450	1,196,099	170,351	1,147,790
Interest and fiscal charges	3,000	3,000	155,951	(152,951)	204,436
Total Expenditures	1,369,450	1,369,450	1,352,050	17,400	1,352,226
Excess (Deficiency) of Revenues Over (Under) Expenditures	(362,700)	(362,700)	(320,461)	42,239	(346,147)
Other Financing Sources (Uses)					
Transfers in	201,000	201,000	200,865	(135)	200,865
Net Change in Fund Balances	$ (161,700)	$ (161,700)	(119,596)	$ 42,104	(145,282)
Fund Balances Beginning of Year			1,006,764		1,152,046
Fund Balances End of Year			$ 887,168		$ 1,006,764

City of Dalton, Georgia
Capital Projects Fund
Comparative Balance Sheet
December 31, 2009 and 2008

	2009	2008
Assets		
Interfund receivable	$ -	$ 39,843
Total Assets	$ -	$ 39,843
Liabilities and Fund Balances		
Fund Balances		
Restricted - capital projects	-	39,843
Total Liabilities and Fund Balances	$ -	$ 39,843

City of Dalton, Georgia
Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2009
(With Actual Amounts for the Year Ended December 31, 2008)

	2009				2008
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental	$ 15,000	$ 3,000,000	$ 1,293,912	$ (1,706,088)	$ 588,945
Investment earnings	250	-	-	-	350
Total Revenues	15,250	3,000,000	1,293,912	(1,706,088)	589,295
Expenditures					
Capital Outlay:					
Culture and Recreation:					
Community Center	-	669,735	164,762	504,973	-
Public Works:					
Road projects	-	3,000,000	1,293,912	1,706,088	566,323
Streetscape	15,250	40,000	39,843	157	14,725
Total Expenditures	15,250	3,709,735	1,498,517	2,211,218	581,048
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(709,735)	(204,605)	505,130	8,247
Other Financing Sources (Uses)					
Transfers in	-	669,735	164,762	(504,973)	-
Total Other Financing Sources (Uses)	-	669,735	164,762	(504,973)	-
Net Change in Fund Balances	$ -	$ (40,000)	(39,843)	$ 157	8,247
Fund Balances Beginning of Year			39,843		31,596
Fund Balances End of Year			$ -		$ 39,843

COMBINING FINANCIAL STATEMENTS
NONMAJOR PROPRIETARY FUNDS

Enterprise Funds

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

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

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

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

City of Dalton, Georgia
Combining Statement of Net Assets
Non-major Enterprise Funds
December 31, 2009

	Municipal Golf Course	Municipal Airport	Northwest Georgia Trade and Convention Center Authority	Dalton/Whitfield Regional Solid Waste Mgt Authority	Total Non-major Enterprise Funds
Assets					
Current Assets:					
Cash and cash equivalents	$ 119,851	$ -	$ -	$ -	$ 119,851
Receivables:					
Accounts	-	17,743	-	-	17,743
Intergovernmental	-	14,915	-	-	14,915
Inventory	11,501	-	-	-	11,501
Total Current Assets	131,352	32,658	-	-	164,010
Noncurrent Assets:					
Capital Assets:					
Land	877,709	906,208	-	-	1,783,917
Depreciable capital assets, net	879,177	8,081,241	-	-	8,960,418
Other Assets:					
Investment in joint ventures	-	-	6,809,263	14,415,215	21,224,478
Total Noncurrent Assets	1,756,886	8,987,449	6,809,263	14,415,215	31,968,813
Total Assets	1,888,238	9,020,107	6,809,263	14,415,215	32,132,823
Liabilities					
Current Liabilities:					
Accounts payable	2,221	20,961	-	-	23,182
Accrued expenses	42,907	-	-	-	42,907
Unearned revenue	5,803	-	-	-	5,803
Interfund payable	681,693	11,697	-	-	693,390
Compensated absences payable	29,291	-	-	-	29,291
Total Current Liabilities	761,915	32,658	-	-	794,573
Long-Term Liabilities:					
Compensated absences payable, net of current portion	165,985	-	-	-	165,985
Total Long-Term Liabilities	165,985	-	-	-	165,985
Total Liabilities	927,900	32,658	-	-	960,558
Net Assets					
Invested in capital assets, net of related debt	1,756,886	8,987,449	-	-	10,744,335
Unrestricted	(796,548)	-	6,809,263	14,415,215	20,427,930
Total Net Assets	$ 960,338	$ 8,987,449	$ 6,809,263	$ 14,415,215	$ 31,172,265

City of Dalton, Georgia
Combining Statement of Revenues,
Expenses, and Changes in Fund Net Assets
Non-major Enterprise Funds
For the Year Ended December 31, 2009

	Municipal Golf Course	Municipal Airport	Northwest Georgia Trade and Convention Center	Dalton/Whitfield Regional Solid Waste Mgt Authority	Total Non-major Enterprise Funds
Operating Revenues					
Charges for services	$ 634,775	$ 90,848	$ -	$ -	$ 725,623
Merchandise sales	43,443	-	-	-	43,443
Tournaments	61,569	-	-	-	61,569
Concessions	46,306	-	-	-	46,306
Miscellaneous	2,410	-	-	-	2,410
Total Operating Revenues	788,503	90,848	-	-	879,351
Operating Expenses					
Cost of sales and services	223,599	67,740	-	-	291,339
Personal services and benefits	591,907	-	-	-	591,907
Depreciation	87,372	391,896	-	-	479,268
Total Operating Expenses	902,878	459,636	-	-	1,362,514
Operating Income (Loss)	(114,375)	(368,788)	-	-	(483,163)
Non-Operating Revenues					
Investment earnings	678	-	-	-	678
Intergovernmental grants	-	213,856	-	-	213,856
Income (loss) from joint venture	-	-	(749,552)	(223,566)	(973,118)
Total Non-Operating Revenues	678	213,856	(749,552)	(223,566)	(758,584)
Income (Loss) Before Transfers In	(113,697)	(154,932)	(749,552)	(223,566)	(1,241,747)
Transfers in	-	9,142,381	424,000	-	9,566,381
Net Change in Net Assets	(113,697)	8,987,449	(325,552)	(223,566)	8,324,634
Net Assets Beginning of Year	1,074,035	-	7,134,815	14,638,781	22,847,631
Net Assets End of Year	$ 960,338	$ 8,987,449	$ 6,809,263	$ 14,415,215	$ 31,172,265

City of Dalton, Georgia
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended December 31, 2009

	Municipal Golf Course	Municipal Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 792,512	$ 73,105	$ 865,617
Cash payments for personnel services	(778,487)	-	(778,487)
Cash payments for goods and services	(219,202)	(35,082)	(254,284)
Net Cash Provided by (Used in) Operating Activities	(205,177)	38,023	(167,154)
Cash Flows from Investing Activities			
Investment earnings	678	-	678
Cash Flows from Noncapital Financing Activities			
Interfund loan from General Fund	388,770	-	388,770
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(130,260)	(427,847)	(558,107)
Cash received from other funds for acquisition of capital assets	-	190,883	190,883
Cash received from outside grantors for acquisition of capital assets	-	198,941	198,941
Net Cash Provided by (Used in) Capital and Related Financing Activities	(130,260)	(38,023)	(168,283)
Net Increase (Decrease) in Cash and Cash Equivalents	54,011	-	54,011
Cash and Cash Equivalents Beginning of Year	65,840	-	65,840
Cash and Cash Equivalents End of Year	$ 119,851	$ -	$ 119,851
Reconciliation of Operating Income (Loss) to Net Cash (Used in) Operating Activities			
Operating (Loss)	$ (114,375)	$ (368,788)	$ (483,163)
Adjustments:			
Depreciation	87,372	391,896	479,268
(Increase) Decrease in Assets:			
Receivables	-	(17,743)	(17,743)
Inventory	2,896	-	2,896
Increase (Decrease) in Liabilities:			
Accounts payable	2,098	20,961	23,059
Interfund payable	-	11,697	11,697
Unearned revenue	4,009	-	4,009
Accrued expenses	(207,138)	-	(207,138)
Compensated absences payable	19,961	-	19,961
Net Cash Provided by (Used in) Operating Activities	$ (205,177)	$ 38,023	$ (167,154)

SUPPLEMENTARY INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Proprietary Funds

These supplementary statements and schedules are included to provide management additional information for financial analysis.

City of Dalton, Georgia
Combining Schedule of Net Assets
Water, Light, and Sinking Commission Fund
December 31, 2009

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Assets						
Current Assets:						
Cash and cash equivalents	$ 1,027,000	$ 184,000	$ 202,000	$ 220,000	$ 202,000	$ 1,835,000
Accounts receivable, less doubtful accounts allowance	7,181,000	1,214,000	1,214,000	1,416,000	666,000	11,691,000
Unbilled revenues	2,675,000	756,000	949,000	721,000	-	5,101,000
Accrued interest receivable	483,000	27,000	231,000	231,000	28,000	1,000,000
Derivatives (unrealized gain - natural gas)	-	293,000	-	-	-	293,000
Fuel stocks	2,817,000	1,181,000	-	-	-	3,998,000
Inventories	8,013,000	230,000	586,000	120,000	605,000	9,554,000
Prepaid expenses and deposits	382,000	70,000	46,000	51,000	46,000	595,000
Restricted customer deposit fund	1,528,000	296,000	296,000	345,000	-	2,465,000
Restricted combined utilities sinking fund	6,371,000	375,000	5,996,000	5,996,000	-	18,738,000
Total Current Assets	30,477,000	4,626,000	9,520,000	9,100,000	1,547,000	55,270,000
Noncurrent Assets:						
Construction in progress	18,866,000	-	57,000	138,000	90,000	19,151,000
Depreciable capital assets, net	180,793,000	11,833,000	187,129,000	185,163,000	93,201,000	658,119,000
Restricted combined utilities renewals/extensions fund	9,233,000	499,000	5,740,000	5,989,000	3,494,000	24,955,000
Restricted nuclear decommissioning	50,427,000	-	-	-	-	50,427,000
Regulatory asset	1,121,000	-	-	-	6,973,000	8,094,000
Derivatives (interest rate swap agreements)	63,000	11,000	13,000	14,000	13,000	114,000
Debt expense, net	33,000	2,000	31,000	31,000	-	97,000
Total Noncurrent Assets	260,536,000	12,345,000	192,970,000	191,335,000	103,771,000	760,957,000
Total Assets	291,013,000	16,971,000	202,490,000	200,435,000	105,318,000	816,227,000
Liabilities						
Current Liabilities:						
Current maturities of long-term debt	5,839,000	343,000	5,494,000	5,494,000	-	17,170,000
Accrued interest on long-term debt	533,000	31,000	500,000	500,000	-	1,564,000
Accounts payable and accrued expenses	5,562,000	2,390,000	1,098,000	1,352,000	3,487,000	13,889,000
Customer deposits	1,705,000	330,000	330,000	385,000	-	2,750,000
Total Current Liabilities	13,639,000	3,094,000	7,422,000	7,731,000	3,487,000	35,373,000
Long-Term Liabilities:						
Deferred credit - TVA right of use	-	-	-	467,000	-	467,000
Long-term debt	12,722,000	749,000	11,976,000	11,976,000	-	37,423,000
Asset retirement obligations	27,603,000	-	-	-	-	27,603,000
Total Long-Term Liabilities	40,325,000	749,000	11,976,000	12,443,000	-	65,493,000
Total Liabilities	53,964,000	3,843,000	19,398,000	20,174,000	3,487,000	100,866,000
Net Assets						
Invested in capital assets, net of related debt	154,083,000	10,710,000	169,216,000	167,331,000	100,264,000	601,604,000
Restricted for:						
Debt service	6,371,000	375,000	5,996,000	5,996,000	-	18,738,000
Capital projects	9,233,000	499,000	5,740,000	5,989,000	3,494,000	24,955,000
Customer deposit fund, nuclear decommissioning, restricted cash, and natural gas derivative	52,018,000	600,000	309,000	359,000	13,000	53,299,000
Unrestricted	15,344,000	944,000	1,831,000	586,000	(1,940,000)	16,765,000
Total Net Assets	$ 237,049,000	$ 13,128,000	$ 183,092,000	$ 180,261,000	$ 101,831,000	$ 715,361,000

City of Dalton, Georgia
Combining Schedule of Revenues,
Expenses, and Changes in Fund Net Assets
Water, Light, and Sinking Commission Fund
For the Year Ended December 31, 2009

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Operating Revenues						
Electric	$ 93,957,000	$ -	$ -	$ -	$ -	$ 93,957,000
Parity income	2,933,000	-	-	-	-	2,933,000
Natural gas	-	17,787,000	-	-	-	17,787,000
Water	-	-	18,302,000	-	-	18,302,000
Sewer	-	-	-	20,424,000	-	20,424,000
Information technology	-	-	-	-	18,574,000	18,574,000
Total Operating Revenues	96,890,000	17,787,000	18,302,000	20,424,000	18,574,000	171,977,000
Operating Expenses						
Production	21,787,000	-	4,010,000	9,466,000	-	35,263,000
Purchased electricity	38,976,000	-	-	-	-	38,976,000
Purchased natural gas	-	18,376,000	-	-	-	18,376,000
Distribution	3,922,000	1,406,000	3,803,000	1,257,000	9,620,000	20,008,000
Depreciation and amortization	11,339,000	882,000	6,914,000	6,922,000	6,962,000	33,019,000
General administration	2,368,000	1,151,000	5,852,000	2,910,000	1,395,000	13,676,000
Total Operating Expenses	78,392,000	21,815,000	20,579,000	20,555,000	17,977,000	159,318,000
Operating Income (Loss)	18,498,000	(4,028,000)	(2,277,000)	(131,000)	597,000	12,659,000
Non-Operating Revenues (Expenses)						
Interest income	2,721,000	176,000	367,000	384,000	176,000	3,824,000
Net increase (decrease) in fair value of investments and derivatives	(7,642,000)	169,000	(136,000)	(149,000)	(123,000)	(7,881,000)
Allowance for debt funds used during construction	426,000	-	2,000	51,000	59,000	538,000
Miscellaneous income (expense)	81,000	14,000	16,000	17,000	16,000	144,000
Interest expense	(976,000)	(49,000)	(973,000)	(972,000)	14,000	(2,956,000)
Total Non-Operating Revenues (Expenses)	(5,390,000)	310,000	(724,000)	(669,000)	142,000	(6,331,000)
Income (Loss) Before Contributions and Transfers	13,108,000	(3,718,000)	(3,001,000)	(800,000)	739,000	6,328,000
Contributions and Transfers						
Contributions and reallocations	120,000	131,000	3,691,000	2,582,000	(6,405,000)	119,000
Transfers out	(5,008,000)	(919,000)	(946,000)	(1,056,000)	(960,000)	(8,889,000)
Total Contributions and Transfers	(4,888,000)	(788,000)	2,745,000	1,526,000	(7,365,000)	(8,770,000)
Change in Net Assets	8,220,000	(4,506,000)	(256,000)	726,000	(6,626,000)	(2,442,000)
Net Assets Beginning of Year	228,829,000	17,634,000	183,348,000	179,535,000	108,457,000	717,803,000
Net Assets End of Year	$ 237,049,000	$ 13,128,000	$ 183,092,000	$ 180,261,000	$ 101,831,000	$ 715,361,000

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Net Assets
December 31, 2009 and 2008

	2009	2008
Assets		
Current Assets:		
Cash and cash equivalents	$ 119,851	$ 65,840
Inventory	11,501	14,397
Total Current Assets	131,352	80,237
Noncurrent Assets:		
Capital Assets:		
Land	877,709	877,709
Depreciable capital assets, net	879,177	836,289
Total Noncurrent Assets	1,756,886	1,713,998
Total Assets	1,888,238	1,794,235
Liabilities		
Current Liabilities:		
Accounts payable	2,221	123
Accrued expenses	42,907	250,045
Unearned revenue	5,803	1,794
Interfund payable	681,693	292,923
Compensated absences payable	29,291	43,829
Total Current Liabilities	761,915	588,714
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	165,985	131,486
Total Liabilities	927,900	720,200
Net Assets (Deficit)		
Invested in capital assets	1,756,886	1,713,998
Unrestricted	(796,548)	(639,963)
Total Net Assets (Deficit)	$ 960,338	$ 1,074,035

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Revenues,
Expenses, and Changes in Fund Net Assets
For The Years Ended December 31, 2009 and 2008

	2009	2008
Operating Revenues		
Charges for services	$ 634,775	$ 792,751
Merchandise sales	43,443	44,377
Tournaments	61,569	66,113
Concessions	46,306	56,721
Miscellaneous	2,410	1,981
Total Operating Revenues	788,503	961,943
Operating Expenses		
Cost of sales and services	223,599	375,600
Personal services and benefits	591,907	775,499
Depreciation	87,372	71,485
Total Operating Expenses	902,878	1,222,584
Operating (Loss)	(114,375)	(260,641)
Non-Operating Revenues		
Interest	678	2,581
Change in Net Assets	(113,697)	(258,060)
Net Assets Beginning of Year	1,074,035	1,332,095
Net Assets End of Year	$ 960,338	$ 1,074,035

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Net Assets
December 31, 2009 and 2008

	2009	2008
Assets		
Current Assets:		
Receivables:		
Accounts	$ 17,743	$ -
Intergovernmental-state and federal	14,915	-
Total Current Assets	32,658	-
Noncurrent Assets:		
Capital Assets:		
Land	906,208	-
Depreciable capital assets, net	8,081,241	-
Total Noncurrent Assets	8,987,449	-
Total Assets	9,020,107	-
Liabilities		
Current Liabilities:		
Accounts payable	20,961	-
Interfund payable	11,697	-
Total Current Liabilities	32,658	-
Net Assets		
Invested in capital assets	8,987,449	-
Total Net Assets	$ 8,987,449	$ -

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Revenues,
Expenses, and Changes in Fund Net Assets
For The Years Ended December 31, 2009 and 2008

	2009	2008
Operating Revenues		
Charges for services	$ 90,848	$ -
Total Operating Revenues	90,848	-
Operating Expenses		
Cost of sales and services	67,740	-
Depreciation	391,896	-
Total Operating Expenses	459,636	-
Operating (Loss)	(368,788)	-
Nonoperating Revenues and (Expenses)		
Intergovernmental:		
Federal grants and contracts	198,665	-
State grants and contracts	15,191	-
Transfers in	9,142,381	-
Total Nonoperating Revenues and Expenses	9,356,237	-
Change in Net Assets	8,987,449	-
Net Assets Beginning of Year	-	-
Net Assets End of Year	$ 8,987,449	$ -

COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS

Internal Service Funds

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

Health Insurance – This fund is used to account for the financing of health insurance provided to other departments of the City on a cost reimbursement basis.

City of Dalton, Georgia
Combining Statement of Net Assets
Internal Service Funds
December 31, 2009

	Workers Compensation	Health Insurance	Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 131,048	$ 346,563	$ 477,611
Investments	784,732	350,142	1,134,874
Total Current Assets	915,780	696,705	1,612,485
Liabilities			
Current Liabilities:			
Accounts payable	7,505	5,082	12,587
Interfund payable	-	18,003	18,003
Claims payable	991,276	-	991,276
Total Current Liabilities	998,781	23,085	1,021,866
Net Assets (Deficit)			
Unrestricted (Deficit)	(83,001)	673,620	590,619
Total Net Assets (Deficit)	$ (83,001)	$ 673,620	$ 590,619

City of Dalton, Georgia
Combining Statement of Revenues,
Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2009

	Workers Compensation	Health Insurance	Total
Operating Revenues			
Charges for services	$ 807,500	$ 1,464,320	$ 2,271,820
Operating Expenses			
Claims	23,546	(32,259)	(8,713)
Premiums and administrative fees	293,720	149,132	442,852
Total Operating Expenses	317,266	116,873	434,139
Operating Income (Loss)	490,234	1,347,447	1,837,681
Non-Operating Revenues and Expenses			
Investment earnings	4,687	4,249	8,936
Total Non-Operating Revenues and Expenses	4,687	4,249	8,936
Change in Net Assets	494,921	1,351,696	1,846,617
Net Assets (Deficit) Beginning of Year	(577,922)	(678,076)	(1,255,998)
Net Assets (Deficit) End of Year	$ (83,001)	$ 673,620	$ 590,619

City of Dalton, Georgia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2009

	Workers Compensation	Health Insurance	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from interfund services provided	$ 807,500	$ 1,525,144	$ 2,332,644
Cash payments for claims and fees	(587,857)	(849,488)	(1,437,345)
Net Cash Provided by (Used in) Operating Activities	219,643	675,656	895,299
Cash Flows from Investing Activities			
Purchases of investments	-	(350,000)	(350,000)
Proceeds from sale of investments	(152,783)	-	(152,783)
Receipts from interest on investments	4,687	4,107	8,794
Net Cash Provided by (Used in) Investing Activities	(148,096)	(345,893)	(493,989)
Net Increase (Decrease) in Cash and Cash Equivalents	71,547	329,763	401,310
Cash and Cash Equivalents Beginning of Year	59,501	16,800	76,301
Cash and Cash Equivalents End of Year	$ 131,048	$ 346,563	$ 477,611
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	$ 490,234	$ 1,347,447	$ 1,837,681
(Increase) Decrease in Assets:			
Accounts receivable	-	60,824	60,824
Increase (Decrease) in Liabilities:			
Accounts payable	3,177	(98,518)	(95,341)
Interfund payable	-	18,003	18,003
Claims payable	(273,768)	(652,100)	(925,868)
Net Cash Provided by (Used in) Operating Activities	$ 219,643	$ 675,656	$ 895,299

City of Dalton, Georgia
Workers Compensation Fund
Comparative Statement of Net Assets
December 31, 2009 and 2008

	2009	2008
Assets		
Current Assets:		
Cash and cash equivalents	$ 131,048	$ 59,501
Investments	784,732	631,949
Total Current Assets	915,780	691,450
Liabilities		
Current Liabilities:		
Accounts payable	7,505	4,328
Claims payable	991,276	1,265,044
Total Current Liabilities	998,781	1,269,372
Net Assets (Deficit)		
Unrestricted (Deficit)	(83,001)	(577,922)
Total Net Assets (Deficit)	$ (83,001)	$ (577,922)

City of Dalton, Georgia
Workers Compensation Fund
Comparative Statement of Revenues,
Expenses, and Changes in Fund Net Assets
For The Years Ended December 31, 2009 and 2008

	2009	2008
Operating Revenues		
Charges for services	$ 807,500	$ 600,001
Operating Expenses		
Claims	23,546	460,207
Premiums and administrative fees	293,720	300,189
Total Operating Expenses	317,266	760,396
Operating Income (Loss)	490,234	(160,395)
Non-Operating Revenues and Expenses		
Investment earnings	4,687	17,166
Total Non-Operating Revenues and Expenses	4,687	17,166
Change in Net Assets	494,921	(143,229)
Net Assets (Deficit) Beginning of Year	(577,922)	(434,693)
Net Assets (Deficit) End of Year	$ (83,001)	$ (577,922)

City of Dalton, Georgia
Health Insurance Fund
Comparative Statement of Net Assets
December 31, 2009 and 2008

	2009	2008
Assets		
Current Assets:		
Cash and cash equivalents	$ 346,563	$ 16,800
Investments	350,142	-
Accounts receivable	-	60,824
Total Current Assets	696,705	77,624
Liabilities		
Current Liabilities:		
Accounts payable	5,082	103,600
Interfund payable	18,003	-
Claims payable	-	652,100
Total Current Liabilities	23,085	755,700
Net Assets (Deficit)		
Unrestricted (Deficit)	673,620	(678,076)
Total Net Assets (Deficit)	$ 673,620	$ (678,076)

City of Dalton, Georgia
Health Insurance Fund
Comparative Statement of Revenues,
Expenses, and Changes in Fund Net Assets
For The Years Ended December 31, 2009 and 2008

	2009	2008
Operating Revenues		
Charges for services	$ 1,464,320	$ 5,465,056
Operating Expenses		
Claims	(32,259)	4,518,505
Premiums and administrative fees	149,132	545,617
Total Operating Expenses	116,873	5,064,122
Operating (Loss)	1,347,447	400,934
Non-Operating Revenues		
Investment earnings	4,249	5,402
Total Non-Operating Revenues	4,249	5,402
Change in Net Assets	1,351,696	406,336
Net Assets (Deficit) Beginning of Year	(678,076)	(1,084,412)
Net Assets (Deficit) End of Year	$ 673,620	$ (678,076)

City of Dalton, Georgia
Municipal Court Agency Fund
Statement of Changes in Assets and Liabilities
Fiduciary Funds
For The Years Ended December 31, 2009 and 2008

	2008	Additions	Deductions	2009
Assets				
Cash and cash equivalents	$ 238,262	$ 3,116,188	$ (3,087,211)	$ 267,239
Liabilities				
Accounts payable	37,436	504,098	(512,544)	28,990
Interfund payable	-	2,621,831	(2,621,831)	-
Other liabilities	200,826	2,590,540	(2,553,117)	238,249
Total Liabilities	$ 238,262	$ 5,716,469	$ (5,687,492)	$ 267,239

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities								
Invested in capital assets, net of related debt	$ 43,717,753	$ 54,986,410	$ 65,145,853	$ 70,240,397	$ 75,019,657	$ 76,036,989	$ 77,111,490	$ 68,155,502
Restricted	5,608,483	6,567,936	6,575,030	3,269,618	1,284,713	1,260,953	1,117,309	2,637,360
Unrestricted	21,663,047	13,301,923	9,323,770	11,250,638	14,174,179	15,545,677	13,406,176	14,118,540
Total governmental activities	$ 70,989,283	$ 74,856,269	$ 81,044,653	$ 84,760,653	$ 90,478,549	$ 92,843,619	$ 91,634,975	$ 84,911,402
Business-type activities								
Invested in capital assets, net of related debt	$ 265,163,450	$ 296,947,820	$ 343,684,581	$ 392,238,902	$ 520,340,969	$ 562,000,483	$ 586,400,998	$ 612,348,335
Restricted	377,305,000	308,691,000	256,382,000	210,062,000	158,172,000	129,344,000	113,054,000	96,992,000
Unrestricted	96,067,427	121,735,358	120,945,768	118,139,332	32,788,986	37,168,370	39,386,246	36,253,969
Total business-type activities	$ 738,535,877	$ 727,374,178	$ 721,012,349	$ 720,440,234	$ 711,301,955	$ 728,512,853	$ 738,841,244	$ 745,594,304
Primary government								
Invested in capital assets, net of related debt	$ 308,881,203	$ 351,934,230	$ 408,830,434	$ 462,479,299	$ 595,360,626	$ 638,037,472	$ 663,512,488	$ 680,503,837
Restricted	382,913,483	315,258,936	262,957,030	213,331,618	159,456,713	130,604,953	114,171,309	99,629,360
Unrestricted	117,730,474	135,037,281	130,269,538	129,389,970	46,963,165	52,714,047	52,792,422	50,372,509
Total primary government	$ 809,525,160	$ 802,230,447	$ 802,057,002	$ 805,200,887	$ 801,780,504	$ 821,356,472	$ 830,476,219	$ 830,505,706

Note: The requirements for this schedule are effective prospectively. The City elected to provide information retrospective to the adoption of GASB 34 in 2002. In time, the required ten years of data will be presented.

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

	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental activities								
General government	$ 3,878,091	$ 5,524,351	$ 4,353,343	$ 4,071,038	$ 2,933,500	$ 2,839,767	$ 4,270,206	$ 2,530,960
Judicial	-	-	-	-	-	-	704,747	683,158
Public safety	11,965,195	12,234,307	12,691,382	13,077,718	13,631,626	15,145,033	14,903,803	14,587,205
Public works	8,986,055	9,387,278	9,778,344	10,322,707	10,762,882	12,790,923	10,136,329	7,934,126
Health and welfare	-	-	-	-	-	-	679,018	895,475
Culture and recreation	5,169,098	5,438,637	5,023,790	5,272,738	5,425,002	5,692,834	4,749,408	4,149,087
Housing and development	-	-	-	-	72,898	152,264	1,279,210	756,136
Education	23,169,937	23,293,870	28,668,083	27,593,227	27,450,015	29,237,233	240,061	-
Interest on long-term debt	1,211,233	965,736	807,791	615,149	584,478	272,296	226,898	178,413
Total governmental activities expenses	54,379,609	56,844,179	61,322,733	60,952,577	60,860,401	66,130,350	37,189,680	31,714,560
Business-type activities								
Electric system	63,789,000	62,865,371	69,127,132	78,075,006	77,704,298	75,149,652	73,614,065	79,230,193
Gas system	17,036,000	21,261,143	23,490,029	26,935,417	25,565,385	23,620,508	25,082,808	21,810,937
Water system	14,743,000	16,638,348	18,261,632	17,676,876	20,238,893	21,580,197	21,625,495	21,291,524
Sewer system	17,969,000	19,520,140	18,442,853	18,927,394	19,497,405	20,367,610	19,532,011	21,271,307
Information technology system	7,884,000	10,762,684	12,264,206	15,403,179	14,261,918	16,463,005	19,156,275	17,814,163
Landfill	-	-	-	-	-	1,013,513	-	223,566
Trade Center	2,394,527	-	-	-	608,332	682,020	673,926	749,552
Municipal golf course	1,302,734	1,159,882	1,229,176	1,072,990	1,081,389	1,191,672	1,219,530	888,328
Municipal airport	-	-	-	-	-	-	-	459,636
Total business-type activities expenses	125,118,261	132,207,568	142,815,028	158,090,862	158,957,620	160,068,177	160,904,110	163,739,206
Total primary government expenses	$ 179,497,870	$ 189,051,747	$ 204,137,761	$ 219,043,439	$ 219,818,021	$ 226,198,527	$ 198,093,790	$ 195,453,766

(continued)

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

Note: The requirements for this schedule are effective prospectively. The City elected to provide information retrospective to the adoption of GASB 34 in 2002. In time, the required ten years of data will be presented.

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

	2002	2003	2004	2005	2006	2007	2008	2009
Program revenues								
Governmental activities								
Charges for services								
General government	$ 1,440,514	$ 1,991,493	$ 1,769,075	$ 2,625,013	$ 3,021,900	$ 3,653,811	$ 1,335,624	$ 1,152,739
Judicial	-	-	-	-	-	-	1,585,097	1,098,525
Public safety	1,601,509	2,115,085	1,951,465	1,003,610	1,117,906	1,040,320	1,009,892	972,303
Public works	95,811	608,470	807,426	792,123	1,202,851	420,417	395,118	193,246
Health and welfare	-	-	-	-	-	-	207,792	54,500
Culture and recreation	253,961	358,366	422,379	718,029	683,328	781,469	485,980	361,532
Education	-	-	122,865	122,716	122,796	97,600	142,000	-
Operating grants and contributions	3,965,015	6,289,541	6,867,424	6,800,635	6,122,681	3,233,969	1,508,234	1,782,722
Capital grants and contributions	168,441	-	-	-	-	1,619,714	1,600,048	2,301,508
Total governmental activities program revenues	7,525,251	11,362,955	11,940,634	12,062,126	12,271,462	10,847,300	8,269,785	7,917,075
Business-type activities								
Charges for services								
Electric system	56,710,000	57,932,000	59,934,000	66,495,000	71,339,000	89,490,000	89,918,000	96,890,000
Gas system	20,039,000	24,248,000	24,877,000	30,728,000	26,227,000	24,155,000	25,694,000	17,787,000
Water system	12,586,000	13,271,000	15,378,000	17,150,000	19,595,000	20,438,000	18,216,000	18,302,000
Sewer system	13,573,000	14,756,000	16,523,000	19,198,000	23,385,000	23,245,000	19,244,000	20,424,000
Information technology system	4,323,000	7,479,000	8,932,000	12,014,000	11,241,000	14,530,000	17,186,000	18,574,000
Landfill	-	-	-	-	439,970	-	207,977	-
Trade Center	882,365	-	-	-	-	-	-	-
Municipal golf course	1,117,603	1,032,521	1,016,873	1,005,419	1,023,875	1,078,337	961,943	788,503
Municipal airport	-	-	-	-	-	-	-	90,848
Operating grants and contributions	734,000	-	-	-	-	-	-	-
Capital grants and contributions	413,191	1,858,000	580,000	431,000	180,300	124,000	112,000	332,856
Total business-type activities program revenues	110,378,159	120,576,521	127,240,873	147,021,419	153,431,145	173,060,337	171,539,920	173,189,207
Total primary government program revenues	$ 117,903,410	$ 131,939,476	$ 139,181,507	$ 159,083,545	$ 165,702,607	$ 183,907,637	$ 179,809,705	$ 181,106,282
Net revenues (expenses)								
Governmental activities	$ (46,854,358)	$ (45,481,224)	$ (49,382,099)	$ (48,890,451)	$ (48,588,939)	$ (55,283,050)	$ (28,919,895)	$ (23,797,485)
Business-type activities	(14,740,102)	(11,631,047)	(15,574,155)	(11,069,443)	(5,526,475)	12,992,160	10,635,810	9,450,001
Total primary government net revenue (expense)	$ (61,594,460)	$ (57,112,271)	$ (64,956,254)	$ (59,959,894)	$ (54,115,414)	$ (42,290,890)	$ (18,284,085)	$ (14,347,484)

(continued)

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

	2002	2003	2004	2005	2006	2007	2008	2009
General revenues and other changes in net assets								
Governmental activities								
Property taxes levied for								
General purposes	$ 6,213,399	$ 5,948,212	$ 7,182,195	$ 6,615,045	$ 6,781,633	$ 6,995,308	$ 6,782,866	$ 9,937,794
Education	23,169,937	23,293,870	28,508,593	27,279,581	27,136,687	29,093,305	-	-
Debt service	841,797	522,947	533,210	514,763	326,782	342,916	346,686	356,958
Recreation	2,625,344	2,626,197	3,109,594	3,009,682	3,054,139	3,362,499	3,454,864	465,090
Selective taxes	6,752,216	6,658,286	6,963,600	7,196,529	7,374,626	7,534,604	6,164,971	5,560,754
Hotel/motel taxes	787,040	697,346	714,403	706,542	742,003	771,984	714,896	692,065
Unrestricted payments from housing authority	101,712	101,712	101,712	101,712	101,712	101,712	-	-
Investment earnings	1,868,443	1,406,913	321,795	399,731	593,781	725,851	393,570	149,895
Donations	-	-	2,071,485	352,089	107,309	2,000	604,488	90,309
Miscellaneous	1,002,309	689,676	560,596	808,255	453,877	985,769	557,910	283,120
Transfers	5,123,953	5,494,878	5,995,369	5,764,303	7,647,460	7,719,000	8,691,000	(677,381)
Total governmental activities general revenues and other changes in net assets	48,486,150	47,440,037	56,062,552	52,748,232	54,320,009	57,634,948	27,711,251	16,858,604
Business-type activities								
Income (loss) from investment in joint venture	2,101,036	959,078	20,471	(406,262)	-	-	-	-
Investment earnings	34,603,953	8,524,957	14,619,498	15,402,893	2,699,302	11,247,738	7,887,581	(4,056,322)
Miscellaneous	1,056,000	1,796,000	1,814,000	1,265,000	1,381,000	690,000	496,000	682,000
Transfers	(5,123,953)	(6,000,000)	(5,995,369)	(5,764,303)	(7,647,460)	(7,719,000)	(8,691,000)	677,381
Total business-type activities general revenues and other changes in net assets	32,637,036	5,280,035	10,458,600	10,497,328	(3,567,158)	4,218,738	(307,419)	(2,696,941)
Total primary government general revenues and other changes in net assets	$ 81,123,186	$ 52,720,072	$ 66,521,152	$ 63,245,560	$ 50,752,851	$ 61,853,686	$ 27,403,832	$ 14,161,663
Change in net assets								
Governmental activities	$ 1,631,792	$ 1,958,813	$ 6,680,453	$ 3,857,781	$ 5,731,070	$ 2,351,898	$ (1,208,644)	$ (6,938,881)
Business-type activities	17,896,934	(6,351,012)	(5,115,555)	(572,115)	(9,093,633)	17,210,898	10,328,391	6,753,060
Total primary government change in net assets	$ 19,528,726	$ (4,392,199)	$ 1,564,898	$ 3,285,666	$ (3,362,563)	$ 19,562,796	$ 9,119,747	$ (185,821)

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund										
Nonspendable	$ -	$ -	$ -	$ 5,000	$ -	$ -	$ 38,012	$ 27,658	$ 34,820	$ 138,532
Restricted	-	-	-	-	-	-	105,500	105,500	105,500	102,316
Unassigned	32,459,179	22,905,417	19,868,754	13,938,628	10,020,302	10,927,055	13,170,670	14,801,938	13,395,178	17,145,924
Total general fund	$32,459,179	$22,905,417	$19,868,754	$13,943,628	$10,020,302	$10,927,055	$13,314,182	$14,935,096	$13,535,498	$17,386,772
Nonmajor governmental funds										
Nonspendable	$ 8,424	$ 7,760	$ 7,785	$ 7,155	$ 6,991	$ 6,915	$ 5,599	$ 5,526	$ 15,837	$ 17,936
Restricted	4,493,602	19,749,461	14,502,263	11,145,516	9,064,553	7,322,723	4,465,388	4,480,394	4,700,249	2,495,831
Unassigned	-	-	-	-	-	-	-	-	-	-
Total nonmajor governmental funds	$ 4,502,026	$19,757,221	$14,510,048	$11,152,671	$ 9,071,544	$ 7,329,638	$ 4,470,987	$ 4,485,920	$ 4,716,086	$ 2,513,767

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	$35,592,595	$34,939,492	$40,389,733	$39,746,858	$47,011,595	$45,322,142	$45,415,870	$48,100,616	$17,464,283	$17,012,661
Licenses and permits	1,512,069	1,663,681	1,440,514	1,572,146	1,769,075	1,952,997	1,752,849	2,029,227	1,335,624	1,152,739
Intergovernmental revenues	1,508,197	4,259,017	4,164,123	6,391,253	6,969,136	6,902,347	6,224,393	4,955,395	3,108,282	4,084,230
Charges for services	244,551	268,803	349,772	966,835	968,755	1,875,178	2,778,049	2,355,614	2,331,802	1,633,223
Fines and forfeitures	1,515,049	1,506,343	1,601,509	2,115,085	1,951,465	1,003,610	1,117,906	1,040,320	964,673	840,251
Investment income	1,604,489	1,728,609	1,695,094	1,340,431	309,415	368,735	521,582	686,626	371,002	140,959
Miscellaneous	623,415	634,630	1,002,309	689,677	2,632,081	1,160,344	561,186	987,769	1,437,982	682,326
Total Revenues	42,600,365	45,000,575	50,643,054	52,822,285	61,611,522	58,585,353	58,371,835	60,155,567	27,013,648	25,546,389
Expenditures										
General government	2,861,158	3,132,514	3,422,729	3,523,592	3,892,689	3,580,189	3,268,927	3,729,484	2,404,601	1,911,892
Judicial	-	-	-	-	-	-	-	-	686,788	698,354
Public safety	8,580,047	10,006,198	12,237,205	12,070,669	12,580,716	12,630,817	13,629,246	14,458,606	14,231,734	14,133,661
Public works	7,696,284	11,229,941	9,719,987	10,695,114	13,450,186	11,806,875	11,398,450	12,209,967	8,092,435	6,149,832
Health and welfare	-	-	-	-	-	-	-	-	595,669	891,226
Culture and recreation	4,393,788	4,347,439	4,779,289	4,845,398	4,017,035	4,269,528	4,530,155	5,115,500	3,741,273	2,988,772
Housing and development	-	-	-	-	-	-	86,070	142,500	1,163,681	926,360
Education	19,274,617	18,878,728	23,169,937	23,293,870	28,508,593	27,279,581	27,136,687	29,093,305	-	-
Capital Outlay	4,117,439	4,057,703	6,525,924	8,379,837	5,044,091	1,441,736	1,046,339	139,473	4,605,673	3,119,404
Debt Service:										
Principal retirement	1,311,591	1,370,502	3,154,957	3,874,893	4,065,421	4,236,396	4,832,929	1,100,051	1,147,790	1,196,099
Interest and fiscal charges	690,427	1,078,207	1,162,356	977,303	908,284	592,687	562,016	249,834	204,436	155,951
Total Expenditures	48,925,351	54,101,232	64,172,384	67,660,676	72,467,015	65,837,809	66,490,819	66,238,720	36,874,080	32,171,551
Excess of Revenues Over (Under) Expenditures	(6,324,986)	(9,100,657)	(13,529,330)	(14,838,391)	(10,855,493)	(7,252,456)	(8,118,984)	(6,083,153)	(9,860,432)	(6,625,162)

(continued)

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

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Other Financing Sources (Uses)										
Bonds issued	$ -	$15,152,859	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Refunding bond issued	-	-	7,770,000	-	-	-	-	-	-	-
Bond premium	-	-	20,444	-	-	-	-	-	-	-
Bond discounts	-	-	(28,253)	-	-	-	-	-	-	-
Refunded bond escrow	-	-	(7,640,650)	-	-	-	-	-	-	-
Bond issue cost	-	(152,859)	-	-	-	-	-	-	-	-
Transfers in	8,835,157	8,768,382	7,610,823	11,545,920	10,117,273	8,355,113	11,127,203	9,306,268	9,996,811	9,947,366
Transfers out	(2,841,433)	(3,530,464)	(2,486,870)	(6,051,042)	(4,774,164)	(1,937,810)	(3,479,743)	(1,587,268)	(1,305,811)	(1,673,249)
Total other Financing Sources (Uses	5,993,724	20,237,918	5,245,494	5,494,878	5,343,109	6,417,303	7,647,460	7,719,000	8,691,000	8,274,117
Net Change in Fund Balance	$ (331,262)	$11,137,261	$ (8,283,836)	$ (9,343,513)	$ (5,512,384)	$ (835,153)	$ (471,524)	$ 1,635,847	$ (1,169,432)	$ 1,648,955
Debt Service as a % of noncapital expenditures	4.7%	5.1%	8.1%	8.9%	8.0%	8.1%	9.0%	2.1%	4.4%	4.9%

City of Dalton, Georgia
Assessed Value and Estimated Actual Value of Taxable Property
Ten Year Summary
(Unaudited)

Fiscal Year	Real Property	Personal Property	Public Utilities	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2000	$ 1,331,843,359	$ 1,204,709,513	$ 40,123,375	$ 43,701,625	$ 2,532,974,622	4.267
2001	1,417,398,419	1,209,283,147	39,850,602	47,013,856	2,619,518,312	4.262
2002	1,503,157,037	1,192,009,288	39,913,501	70,967,906	2,664,111,920	4.248
2003	1,948,322,199	1,193,297,885	46,472,555	87,264,120	3,100,828,519	3.898
2004	1,748,909,580	1,378,139,450	44,721,045	93,392,450	3,078,377,625	3.857
2005	1,842,791,190	1,403,339,300	44,522,298	130,265,366	3,160,387,422	3.797
2006	1,954,445,189	1,537,856,776	41,566,765	145,206,625	3,388,662,105	3.721
2007	2,139,401,407	1,590,117,669	42,578,173	161,443,322	3,610,653,927	3.606
2008	2,288,433,413	1,608,962,174	39,531,613	166,913,529	3,770,013,671	3.002
2009	2,261,143,928	1,562,971,156	38,765,258	173,595,248	3,689,285,094	2.974

Source: Whitfield County Board of Tax Assessors.

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

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

Fiscal Year	Operating Millage	Debt Service Millage	Recreation Millage	Total City Millage	Dalton Public Schools Millage	Special Districts Millage	Whitfield County Millage	Total Direct and Overlapping Rates
2000	2.897	0.370	1.000	4.267	7.583	2.000	3.290	17.140
2001	2.920	0.342	1.000	4.262	7.574	2.000	6.688	20.524
2002	2.920	0.328	1.000	4.248	8.619	2.000	6.663	21.530
2003	2.712	0.186	1.000	3.898	8.350	2.000	5.616	19.864
2004	2.689	0.168	1.000	3.857	8.700	2.000	5.538	20.095
2005	2.629	0.168	1.000	3.797	8.565	3.000	5.713	21.075
2006	2.621	0.100	1.000	3.721	8.393	3.000	5.466	20.580
2007	2.506	0.100	1.000	3.606	8.134	3.000	5.242	19.982
2008	1.902	0.100	1.000	3.002	7.845	2.250	5.061	18.158
2009	2.874	0.100	0.000	2.974	7.845	1.000	5.061	16.880

Source: Whitfield County Board of Tax Assessors.

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Dalton. Not all overlapping rates apply to all City of Dalton property owners. For example, the rates for special districts apply only to those property owners located within the geographic boundaries of the special district.

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

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

	2009			2000		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Shaw Industries, Inc.	$ 419,614,366	1	11.4%	359,589,170	1	14.2%
Mohawk Industries, Inc.	108,651,741	2	2.9%	111,897,821	3	4.4%
Beaulieu of America, Inc.	97,879,040	3	2.7%	147,159,603	2	5.8%
J & J Industries, Inc.	65,822,054	4	1.8%	55,299,104	4	2.2%
TANDUS Group (formerly Collins & Aikman)	48,586,782	5	1.3%	34,382,375	5	1.4%
CBL & Associates	33,626,985	6	0.9%	-	NA	0.0%
Windstream Georgia, CC (formerly Alltel)	27,206,132	7	0.7%	33,975,156	6	1.3%
Lexmark Carpet Mills, Inc.	27,206,132	8	0.7%	-	NA	0.0%
Indian Summer Carpet Mills, Inc.	17,271,215	9	0.5%	-	NA	0.0%
Brown Industries, Inc.	15,152,077	10	0.4%	-	NA	0.0%
Synthetic Industries	-	NA	0.0%	33,639,530	7	1.3%
Mattel	-	NA	0.0%	21,020,461	8	0.8%
Dixie Group (Bretlin)	-	NA	0.0%	20,178,116	9	0.8%
Conagra	-	NA	0.0%	14,123,739	10	0.6%

Source: Whitfield County Tax Commissioner

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

Fiscal Year	Taxes Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	$ 27,585,990	$ 25,817,729	93.6%	$ 1,745,200	$ 27,562,929	99.9%
2001	29,723,027	25,656,242	86.3%	4,007,370	29,663,612	99.8%
2002	32,097,049	27,203,122	84.8%	4,781,477	31,984,599	99.6%
2003	34,007,488	3,243,048	9.5%	30,592,881	33,835,929	99.5%
2004	36,284,746	30,593,267	84.3%	5,548,384	36,141,651	99.6%
2005	36,944,389	31,790,728	86.1%	5,500,845	37,291,573	100.9%
2006	39,066,393	32,976,187	84.4%	5,912,574	38,888,761	99.5%
2007	40,451,745	35,995,374	89.0%	4,663,213	40,658,587	100.5%
2008	10,717,290	4,315,761	40.3%	6,108,529	10,424,290	97.3%
2009	10,971,934	4,069,487	37.1%	-	4,069,487	37.1%

Note: Effective 11/08, the City no longer received real and personal property taxes on behalf of the Dalton Public School System or the Downtown Dalton Development Authority.
Note: 2008 property tax bills were mailed late and not considered delinquent until 1/07/09.
Note: 2009 property tax bills were mailed late and not considered delinquent until 1/11/10.
Source: Whitfield County Board of Tax Assessors.

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

Fiscal Year	Governmental Activities: General Obligation Bonds	Governmental Activities: Notes Payable	Business-Type Activities: Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2000	$ 9,995,000	$ 3,082,031	$ 174,705,000	$ 187,782,031	30.8%	$ 7,440
2001	23,475,000	2,877,208	164,545,000	190,897,208	29.6%	7,519
2002	20,720,000	2,672,230	152,940,000	176,332,230	24.9%	6,485
2003	17,050,000	2,467,012	140,810,000	160,327,012	19.8%	5,284
2004	13,200,000	2,251,591	129,363,000	144,814,591	17.3%	4,685
2005	9,190,000	2,025,195	115,748,000	126,963,195	14.2%	4,033
2006	4,595,000	1,787,266	101,556,000	107,938,266	10.9%	3,358
2007	3,745,000	1,537,215	86,635,000	91,917,215	8.5%	2,782
2008	2,860,000	1,274,425	71,033,000	75,167,425	7.8%	2,250
2009	1,940,000	998,326	54,593,000	57,531,326	NA	NA

Note: Details regarding the City's outstanding debt are disclosed in Note 4-H of the Notes to the Basic Financial Statements.
NA Not yet available.

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2000	$ 9,995,000	0.4%	396
2001	23,475,000	0.9%	925
2002	20,720,000	0.8%	762
2003	17,050,000	0.5%	562
2004	13,200,000	0.4%	427
2005	9,190,000	0.3%	292
2006	4,595,000	0.1%	143
2007	3,745,000	0.1%	113
2008	2,860,000	0.1%	86
2009	1,940,000	0.1%	NA

NA Not yet available
Note: Details regarding the City's outstanding debt is disclosed in Note 4-H of the Notes to the Basic Financial Statements.
Note: The actual taxable value of property is obtained from the Schedule of Assessed and Estimated Actual Value of Taxable Property.
Note: Population data can be found in the Schedule of Demographic and Economic Statistics

City of Dalton, Georgia
Direct and Overlapping Governmental Activities Debt
As of December 31, 2009
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Applicable Percentage	Estimated Share of Direct and Overlapping Debt
Debt repaid with revenues other than property taxes			
Whitfield County agreement with City - 2002 Issue	$ 970,000	15.2%	$ 147,440
Dalton Public School System agreement with City - notes payable	399,330	100.0%	399,330
Dalton Public School System capital leases	2,104,376	100.0%	2,104,376
Dalton Public School System agreement with City - QZA Bonds 2003 Issue	2,000,000	100.0%	2,000,000
Dalton Public School System agreement with City - 2007, 2006, and 2005 Issues	21,110,000	100.0%	21,110,000
Total overlapping debt			25,761,146
City direct debt			1,568,996
Total direct and overlapping debt			$ 27,330,142

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

Note: For debt repaid with Local Option Sales Tax, 15.2% is the share allocable to the City of Dalton, which is based on a Service Delivery with Whitfield County.

Note: The amount reported as City direct debt is less than the amount reported on the Statement of Net Assets because 1) Whitfield County is responsible for 50% of the general obligation debt carried by the City and 2) Dalton Public School System is responsible for 40% of the notes payable carried by the City.

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

	For the year ending December 31,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	$257,667,625	$266,653,217	$ 273,507,983	$318,809,264	$317,177,008	$329,065,279	$353,386,873	$377,209,725	$360,474,151	$386,288,034
Total net debt applicable to limit	7,885,998	20,827,155	16,798,003	11,798,132	9,483,726	25,806,202	25,563,873	36,220,989	30,908,236	24,162,832
Legal debt margin	$249,781,627	$245,826,062	$ 256,709,980	$307,011,132	$307,693,282	$303,259,077	$327,823,000	$340,988,736	$329,565,915	$362,125,202
Total net debt applicable to limit as a % of debt limit	3.1%	7.8%	6.1%	3.7%	3.0%	7.8%	7.2%	9.6%	8.6%	6.3%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	$ 3,689,285,094
Add: exempt real property	173,595,248
Total assessed value	3,862,880,342
	10.0%
Debt limit (10% of assessed value)	$ 386,288,034
Debt applicable to limit	
Total bonded debt	$ 79,643,000
Less: Utility revenue bonds	54,593,000
Amount available for repayment of general obligation bonds	887,168
Total debt applicable to limit	$ 24,162,832
Legal debt margin	$ 362,125,202

City of Dalton, Georgia
Pledged-Revenue Coverage
Ten Year Summary
(Unaudited)

	Utility Revenue Bonds					
				Debt Service		
Fiscal Year	Utility Service Charges	Utility Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2000	$ 95,054,000	$ 86,006,000	$ 9,048,000	$ 6,775,000	$ 7,378,000	0.6
2001	99,694,000	86,076,000	13,618,000	10,160,000	8,933,000	0.7
2002	102,908,000	86,269,000	16,639,000	11,605,000	8,429,000	0.8
2003	110,207,000	96,799,000	13,408,000	12,685,000	7,610,000	0.7
2004	116,712,000	103,640,000	13,072,000	13,310,000	6,785,000	0.7
2005	133,571,000	113,970,000	19,601,000	13,920,000	6,569,000	1.0
2006	140,546,000	114,373,000	26,173,000	14,700,000	5,595,000	1.3
2007	155,356,000	112,203,000	43,153,000	15,430,000	4,867,000	2.1
2008	150,273,000	111,552,000	38,721,000	16,305,000	3,995,000	1.9
2009	150,470,000	115,284,000	35,186,000	17,170,000	3,127,000	1.7

Note: Details regarding the City's outstanding debt can be found in Note 4-H of the Notes to the Basic Financial Statements. Operating expenses do not include interest, depreciation, or amortization.

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

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate	School Enrollment
2000	25,238	$ 610,659	$ 24,196	3.5%	5,060
2001	25,390	644,677	25,391	4.2%	5,463
2002	27,192	709,249	26,083	3.7%	5,691
2003	30,341	808,648	26,652	3.2%	5,980
2004	30,909	836,768	27,072	4.3%	5,250
2005	31,478	897,154	28,501	4.2%	6,089
2006	32,140	992,740	30,888	4.1%	6,238
2007	33,045	1,079,117	32,656	4.5%	6,486
2008	33,401	957,774	28,675	5.7%	6,735
2009	NA	NA	NA	12.5%	6,850

Source: Per Capita Personal Income and Unemployment Rate information was provided by the Georgia Department of Labor. School Enrollment information was provided by Dalton Independent School System. Population information was provided by North Georgia Regional Development Center.

NA Not yet available.

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

	2009			2000		
Taxpayer	Employees (1)	Rank	Percentage of Total City Employees	Employees	Rank	Percentage of Total City Employees
Shaw Industries, Inc.	6,191	1	18.5%	NA	NA	NA
Mohawk Industries, Inc.	2,208	2	6.6%	NA	NA	NA
Hamilton Medical Center	1,900	3	5.7%	NA	NA	NA
Beaulieu of America, Inc.	1,789	4	5.4%	NA	NA	NA
Dalton Public School System	900	5	2.7%	NA	NA	NA
J & J Industries, Inc.	724	6	2.2%	NA	NA	NA
TANDUS Group (formerly Collins & Aikman)	716	7	2.1%	NA	NA	NA
City of Dalton, Georgia	684	8	2.0%	NA	NA	NA
Shiroki Georgia, LLC (formerly SWM Georgia, LLC)	556	9	1.7%	NA	NA	NA
Pilgrim's Pride Corp.	486	10	1.5%	NA	NA	NA

NA Information not available.
Note: The above figures for the City of Dalton include Dalton Utilities and employees leased to joint ventures.
Source: Dalton-Whitfield Chamber of Commerce and City occupation tax data.
(1) Includes City of Dalton only.

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

Function/Program	For the year ending December 31,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Administration and elected officials	9	9	9	11	12	13	11	15	14	13
Human Resources	2	2	2	2	3	4	4	4	4	3
City Clerk	6	6	6	6	3	2	2	4	4	4
Finance	-	-	-	-	5	5	5	4	5	4
Building Inspection	3	4	4	5	5	5	5	5	5	5
Municipal Court	8	9	9	9	5	11	9	9	10	9
Public Safety										
Police										
Officers	79	79	86	89	84	79	92	95	98	86
Civilians	10	11	9	10	10	20	11	11	12	14
Fire										
Firefighters and officers	72	75	81	90	87	83	89	89	91	87
Civilians	2	2	2	2	2	2	2	1	-	-
Streets and Sanitation										
Refuse collection	35	33	30	33	32	32	32	32	32	32
Streets	41	50	28	25	24	22	15	32	10	10
Other	42	40	65	59	55	57	54	31	23	23
DWRSWMA (Landfill)	38	38	39	44	39	43	38	38	38	38
WLSF (Dalton Utilities)	278	283	289	310	320	323	322	320	309	310
Culture and Recreation										
Recreation	33	35	31	34	34	37	38	37	37	24
Golf Course	11	11	10	11	11	11	11	11	11	9
Senior Center	4	4	3	3	2	3	4	4	4	5
Trade Center	20	19	16	19	13	15	21	18	16	-

Source: City of Dalton and WLSF Commission payroll departments
Note: A full time employee is scheduled to work 1,560 hours per year (including vacation and sick leave.)
Note: The City leases employees to the Dalton-Whitfield Solid Waste Management Authority, the Dalton Whitfield Community Development Corporation, and the Dalton-Whitfield Convention and Visitors Bureau
Note: The Building Inspection department was part of the City until September 2009, when it merged with Whitfield County government.
Note: The Northwest Georgia Trade and Convention Cener Authority leased employees from the City until January 2009, when operations were outsourced.

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

Function/Program	For the year ending December 31,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Building permits issued	385	296	490	360	582	505	459	424	298	160
Public Safety										
Police										
Physical arrests	3,077	3,538	3,852	3,759	4,024	3,926	4,080	8,048	2,852	2,647
Traffic citations and warnings	19,508	19,414	19,801	19,719	17,772	15,501	16,331	17,473	19,140	11,727
Fire										
Calls answered	1,167	1,206	1,201	1,228	1,396	1,439	1,608	1,460	1,323	1,323
Inspections conducted	1,013	985	1,056	1,073	897	677	478	275	170	616
Culture and Recreation										
Youth athletic enrollment	NA	NA	NA	NA	NA	2,420	2,306	2,571	2,725	2,850
Adult athletic enrollment	NA	NA	NA	NA	NA	2,534	2,510	2,380	2,390	2,390
Special events	NA	NA	NA	NA	NA	9,511	9,830	9,860	10,500	12,000
Tournaments	NA	NA	NA	NA	NA	2,355	10,856	16,664	17,200	16,000

(continued)

Source: Various City departments

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

Function/Program	For the year ending December 31,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
WLSF (Dalton Utilities)										
Electric System										
Number of service connections	14,164	14,725	15,001	15,034	15,273	15,446	15,612	15,858	15,904	15,691
Daily average consumption	3,671	3,533	3,822	3,792	3,978	4,090	3,997	3,725	4,164	4,005
Maximum daily peak (MW's)	253	243	260	258	258	266	264	262	262	262
Natural Gas System										
Number of service connections	9,095	8,948	8,810	8,365	8,659	8,532	8,374	8,255	8,031	8,013
Daily average consumption	10,000	8,240	8,020	7,260	6,785	6,730	5,925	5,840	5,532	5,170
Maximum daily peak (Dkthms)	28,927	27,242	21,867	20,304	17,651	17,078	14,992	15,380	17,868	19,154
Sewer system										
Number of service connections	10,689	10,948	11,321	11,356	11,610	11,930	12,185	12,490	12,466	12,393
Daily average treatment	30.0	30.0	32.0	32.0	34.4	33.9	33.9	30.1	24.4	23.6
Maximum daily capacity (Mil/gallons)	45.0	45.0	45.0	45.0	40.1	40.1	40.1	40.1	66.6	66.6
Water system										
Number of service connections	30,542	31,038	31,431	32,894	33,853	34,717	35,218	35,513	32,457	35,790
Daily average consumption (Mil/gallons)	36.0	36.0	38.0	38.0	37.0	38.4	37.9	32.1	23.8	21.3
Maximum daily capacity (Mil/gallons)	57.0	57.0	57.0	57.0	58.5	58.5	58.5	58.5	65.5	65.5
Optilink (Telecom) System										
Number of service connections	-	-	97	97	3,746	6,280	8,163	10,334	11,650	11,930

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

Function/Program	For the year ending December 31,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	48	49	53	58	58	58	58	58	58	57
Fire										
Number of stations	4	4	4	5	5	5	5	5	5	5
Streets and Sanitation										
Miles of streets	172	174	174	165	167	168	169	169	169	173
Streetlights	3,902	3,925	3,960	3,960	3,960	4,002	4,052	4,420	4,435	4,472
Culture and Recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Parks	11	11	11	11	11	11	11	11	11	11
Park acreage	405	405	405	405	459	459	459	459	459	459
Golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	16	16	16	16	16	14	14	18	18	16
WLSF (Dalton Utilities)										
Electric System										
Miles of distribution	189.8	189.8	189.8	195.2	195.2	195.2	195.2	196.7	197.1	199.1
Number of substations	8	8	8	8	8	8	9	9	9	9
Water system										
Miles of distribution	249	249	249	249	251	251	251	255	255	256
Sewer system										
Miles of sewer	213	221	240	240	260	260	260	284	278	284
Number of treatment plants	3	3	3	3	4	4	4	4	5	5
Water system										
Miles of water mains	1,000	1,050	1,100	1,250	1,415	1,390	1,390	1,291	1,288	1,285
Number of fire hydrants	814	850	900	990	3,326	4,297	4,297	4,950	5,299	5,190
Optilink (Telecom) System										
Miles of fiber optics	-	-	230.3	230.3	230.3	241.0	320.8	570.4	578.0	586.4

Source: Various City departments
Note: Dalton Utilities figures include Whitfield County

ESTES & WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON SPECIAL PURPOSE LOCAL OPTION SALES TAX

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying Schedule of Projects Constructed with Special Purpose Local Option Sales Tax as of December 31, 2009. The Schedule of Projects Constructed with Special Purpose Local Option Sales Tax is prepared using the accrual basis of accounting. This Schedule of Projects Constructed with Special Purpose Local Option Sales Tax is the responsibility of the City of Dalton, Georgia's management. Our responsibility is to express an opinion on the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Projects Constructed with Special Purpose Local Option Sales Tax is prepared for the purpose of demonstrating compliance with the rules and regulations identified in the resolution or ordinance calling for imposition of the special sales and use tax authorized by Section 48-8-110 OCGA.

In our opinion, the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the financial progress of the two projects being constructed using the Special Purpose Local Option Sales Tax for the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

Estes & Williams

Dalton, Georgia
June 18, 2010

201 N. Thornton Ave | P.O. Box 749 | Dalton, GA 30722 | Phone 706.529.0749 | Fax 706.529.5549

City of Dalton, Georgia
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax
For the Year Ended December 31, 2009

Project Name	Original Estimated Project Cost	Estimated SPLOST Funds	Prior Years	Current Years	Total	Estimated Percentage Complete	Current Year SPLOST Funds Received	Cumulative SPLOST Funds Received
SPLOST 2008:								
Road Projects	$ 30,384,359	$ 30,384,359	$ 566,323	$ 1,293,912	$ 1,860,235	6%	$ 1,293,912	$ 1,860,235
SPLOST 2002:								
Streetscape	$ 6,500,000	$ 5,500,000	$ 7,197,566	$ 39,843	$ 7,237,409	99%	$ -	$ 3,835,787
Total	$ 36,884,359	$ 35,884,359	$ 7,763,889	$ 1,333,755	$ 9,097,644		$ 1,293,912	$ 5,696,022

ESTES & WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia, as of and for the year ended December 31,2009, which collectively comprise the City of Dalton, Georgia's basic financial statements and have issued our report thereon dated June 18, 2010. We did not audit the financial statements of the Water, Light, and Sinking Fund Commission, which is a both a major fund and 96%, 96%, and 99%, respectively, of the assets, net assets, and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Water, Light and Sinking Fund Commission, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. FS09-1 – FS09-5. 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Dalton, Georgia's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items FS09-6 and FS09-7.

We noted certain matters that we reported to management of the City of Dalton, Georgia, in a separate letter dated June 18, 2010.

The City of Dalton, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Dalton, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Estes & Williams

Dalton, Georgia
June 18, 2010

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Dalton, Georgia, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. the City of Dalton, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Dalton, Georgia's management. Our responsibility is to express an opinion on the City of Dalton, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Dalton, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Dalton, Georgia's compliance with those requirements.

In our opinion, the City of Dalton, Georgia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

Management of the City of Dalton, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Dalton, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Dalton, Georgia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Estes & Williams

Dalton, Georgia
June 18, 2010

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2009

Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Dalton, Georgia.

2. Six significant deficiencies were disclosed during the audit of the financial statements that are required to be reported in the 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*. None of these deficiencies are considered to be material weaknesses.

3. Two instances of noncompliance material to the financial statements of the City of Dalton, Georgia were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit which are required to be reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.

5. The auditor's report on compliance for the major federal award programs for the City of Dalton, Georgia expresses an unqualified opinion.

6. The program tested as a major program is:

   U.S. Department of Housing and Urban Development
   Community Development Block Grants/Entitlement Grants
   CFDA # 14.218

7. The threshold for distinguishing Type A and B programs is $300,000.

8. The City of Dalton, Georgia was not determined to be a low-risk auditee.

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2009

Findings – Financial Statement Audit

FS09-01	Condition:	Cash receipt activity of the Recreation Department, Golf Course, and Senior Center is recorded in the accounting records subsequent to collection through journal entries.
	Criteria:	Using nonsystematic nonroutine transactions to record activity in the accounting records affords the opportunity for error or misstatement.
	Cause:	Cash receipts are collected and recorded at some time subsequent to collection. Written records of collections are kept, and the activity is easier to record at a later time through journal entry.
	Effect:	The nonintegrated systems require journal entries to record activity, and that activity could be misclassified or not recorded in the accounting system.
	Recommendation:	Cash should be collected at designated locations and recorded contemporaneously in the accounting system. Computer generated receipts should be given to the purchaser.
	Management Response:	We concur. Controls have been evaluated at the Recreation department. The Finance Department is in the process of reviewing the general billing module that will be required to process transactions at remote locations. After implementation at the Recreation Department, the Golf Course and the Senior Center will be evaluated and recommendations will be made to the Recreation Commission. We anticipate implementation at the Recreation Department by during 2010.
FS09-02	Condition:	The Municipal Court uses a computer system that is not integrated with the City computer system, therefore, journal entries are required to record the activity of the Municipal Court.
	Criteria:	Using nonsystematic nonroutine transactions to record activity in the accounting records affords the opportunity for error or misstatement.
	Cause:	The Municipal Court operates on a computer system that allows them to track their activities more effectively than the City of Dalton computer system.
	Effect:	The nonintegrated systems require journal entries to record activity, and that activity could be misclassified or not recorded in the accounting system.
	Recommendation:	The two systems should be integrated in a way to allow the information maintained in the Municipal Court system to be automatically recorded in the City of Dalton system.
	Management Response:	We concur. However, daily reconciliation procedures performed by Finance Department employees are in place that mitigate the risks. An analysis of the integration of the two systems has been determined by management to be cost prohibitive.
FS09-03	Condition:	Cash disbursement activity of the Internal Service Funds (Health Insurance Fund and Workers Compensation Fund) is performed by the third party administrator and is recorded in the City accounting records through journal entries.
	Criteria:	Using nonsystematic nonroutine transactions to record activity in the accounting records affords the opportunity for error or misstatement.
	Cause:	The City utilizes third parties to handle the administration and payment of insurance claims. The third parties use City of Dalton checks to pay claims and provide a report to the City of Dalton detailing those checks. The City of Dalton records the total of those checks in their system using a journal entry.
	Effect:	The nonintegrated systems require journal entries to record activity, and that activity could be misclassified or not recorded in the accounting system.
	Recommendation:	One suggestion is for the two systems to be integrated in a way that allow the payments made by the administrators to be uploaded into the City accounting system. Another recommendation is for the administrator to pay all claims themselves and to bill the City for the total amount of claims paid.
	Management Response:	We concur. However, the City is no longer self-insured for health insurance, and the periodic reconciliations and review procedures performed by the Finance Department are in place to mitigate the risks for the workers compensation fund.

Findings – Financial Statement Audit (continued)

FS09-04	Condition:	The City does not maintain formalized deposit and investment policies.
	Criteria:	The absence of the policies allows the potential to invest in items that provide more risk than desired.
	Cause:	The policies have never been decided or documented.
	Effect:	The City could have assets invested in funds and accounts that are subject to a greater risk than management and the Mayor and Council find prudent.
	Recommendation:	The City management should write investment policies, have them approved by Mayor and Council, and implement the restrictions.
	Management Response:	We concur. The Finance Director invests funds in compliance with state laws. The Finance Director will have an adopted investment policy in place by the end of 2010.
FS09-05	Condition:	Billing and collection procedures are not uniform across departments.
	Criteria:	Absence of centralized billing or adequate billing and collection procedures allows for improper revenue recognition.
	Cause:	Each department performs billing and books receivables based on individual departmental policies.
	Effect:	Revenues could be misclassified, receivables may not be relieved, and monies may go uncollected.
	Recommendation:	All billing activity and collections should be centralized and administered by the Finance Department.
	Management Response:	We concur. However, the City does not have a centralized financial services department that is dedicated to billing and collection procedures. Each department is responsible for the collection of revenues indicative of the service provided by that department. The collection procedures for various revenues are contained in ordinances that mandate procedures to follow. The Finance Director will work with the various departments to develop procedures to prevent revenue from not being realized.
FS09-06	Condition:	The City held cash balances that were not in compliance with cash policies.
	Criteria:	The City follows Georgia law as to the requirements for cash and investments. That law requires funds to be either fully covered by FDIC insurance or collateralized at 110% of their value in excess of FDIC.
	Cause:	An error was made at year end when transferring balances to assure adequate collateralization.
	Effect:	The lack of collateralization demonstrates noncompliance with existing laws and also made those deposits susceptible to risk of loss.
	Recommendation:	Additional steps should be taken to ensure compliance with requirements.
	Management Response:	We concur. The noncompliance resulted from an error that was detected and corrected quickly, but we will take steps to ensure this does not occur again.
FS09-07	Condition:	Noted a potential violation of the State of Georgia constitution.
	Criteria:	The gratuity clause of the constitution restricts the power of governments to grant donations or gratuities.
	Cause:	Work was performed as a part of the lost service delivery agreement, under the City's direction, for the benefit of a nonprofit organization.
	Effect:	The work performed violated the clause restricting donations or gratuities.
	Recommendation:	Employees and officials should be instructed on what types of projects are allowable for a government to perform.
	Management Response:	We concur. We will take steps to ensure this type of noncompliance does not occur again.

City of Dalton, Georgia
Schedule of Expenditures of Federal Awards
December 31, 2009

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Current Year Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Stormwater Feasibility Study Grant	10.xxx	$ 28,373
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Community Development Block Grants/Entitlement Grants	14.218	497,694
Community Development Block Grants/Entitlement Grants - ARRA	14.218	63,027
Home Investment Partnerships Program	14.239	12,310
U.S. DEPARTMENT OF JUSTICE		
Bulletproof Vest Partnership Program	16.607	4,241
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1,520
Edward Byrne Memorial Justice Assistance Grant Program - ARRA	16.804	88,908
U.S. DEPARTMENT OF TRANSPORTATION		
Airport Improvement Program	20.106	198,693
Highway Planning and Construction	20.205	235,113
Recreational Trails Program	20.219	2,556
U.S. DEPARTMENT OF VETERANS AFFAIRS		
State Cemetery Grants	64.203	1,500
Total		$ 1,133,935

City of Dalton, Georgia
Notes to Schedule of Expenditures of Federal Awards
December 31, 2009

A. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards received by the City of Dalton, Georgia. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included in this schedule.

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the full accrual basis of accounting.

C. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.