CITY OF DALTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the

Year Ended December 31, 2010

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, 2010

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June 30, 2011

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

The Comprehensive Annual Financial Report (CAFR) of the City of Dalton, Georgia, for the year ended December 31, 2010 is hereby submitted. State law requires that every general-purpose local government publish within six months of the close of each fiscal year, unless an extension is approved, and submit a complete set of audited financial statements. These statements are to be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Dalton. The management of the City of Dalton is responsible for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework 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. Because the cost of internal controls should not outweigh their benefits, the City of Dalton's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We assert that to the best of our knowledge and belief, the financial report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and 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, 2010 are fairly presented in conformity with GAAP. The independent auditors report is presented in the financial section of this report.

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

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

Equal Opportunity Employer

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 an approximate daytime population of 63,000. Dalton is a community rich in heritage and history.

The City operates under a Council-Administration form of government. The City Council is comprised of the Mayor and a four member council, who enact laws, determines policies and adopts 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 Combined Financial Statements of the City include all government activities, organizations, and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board. 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. Included in these services are traditional city functions such as police and fire protection, court system, highway and street maintenance, sanitation, recreational facilities, golf course, airport, senior center, utilities, trade center (a joint venture), and 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.

The Dalton Building Authority meets the guidelines of GASB Statement No. 14 and is included as a component unit in the City of Dalton's CAFR. City Council appoints all Board members and City Council has the ability to impose its will.

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 and personal services 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 houses the two largest carpet producers in the world (Shaw Industries and Mohawk Industries). Dalton produces 70% of the 90% of the US carpet market supplied by Georgia mills. Dalton's infrastructure, economies of scale, and manufacturing base has afforded industry to resist global off-shoring and 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. In addition to Dalton's industrial base, the economy also consists of an expanding college, excellent medical facilities, and a growing retail base.

According to the Georgia Department of Labor, over 63,000 people are employed in the Dalton Metropolitan Statistical Area (MSA). Of those employed, 40% generally work in the more than 400 manufacturing

carpet/textile and carpet/textile related industries. Other commercial sectors such as health care, education, retail, and business and professional services augment the remainder of the workforce. As with the State of Georgia and the national economy, Dalton began to experience the downturn in growth of business, jobs, and development in 2008. Dalton continues to feel the impact of the national economic recession. Unemployment fell slightly from 12.8 % at the end of 2009 to 12.6% at the end of 2010 which remains higher than the state or national average.

New tourism events created in 2010 generated visibility and economic impact for Dalton as evidenced by a 9% increase in sales tax collections and a 16% increase in hotel-motel room rental revenue. Events included the Georgia Cup Criterium bicycle race, a half marathon with over 1,000 registrants, the Taste of Summer educational trade show for the service industry and the Train Day Celebration that highlighted our newly renovated Freight Depot that houses Dalton's Convention and Visitor's Bureau.

Planning for the Future

Looking to the future, Dalton is focusing on its strengths. Dalton-Whitfield County has the second largest manufacturing base in Georgia, a large skilled work force, is conveniently located off of I-75, and maintains a low cost of doing business. The area also provides beautiful landscapes, an expanding college campus, and excellent health care facilities.

Diversification and quality of life continues to be on the forefront of planning for the future. The Dalton-Whitfield Economic Development Authority (DWEDA) in conjunction with the Chamber of Commerce continues its comprehensive Rolling Out the Red Carpet for Business campaign that will assist Dalton in standing out in the competitive marketplace site-selection. Through DWEDA, economic incentives are offered to eligible industry locating in Dalton. The year 2010 saw the first implementation of a 20% Freeport Tax Exemption to assist local industry. The City's 2010 maintenance and operations millage rate was reduced .1 mills. This is the third consecutive M&O millage rate reduction with a cumulative reduction of .731 mills.

In an effort to increase the quality of life and attract young professionals, the City is addressing the recreational and leisure aspect of the community. The City was awarded a $500,000 grant from the Georgia Department of Transportation to begin construction of a greenway that will connect and enhance the City's natural resources which includes a river, mountain, and lake within walking distance to downtown. The City was also awarded a $100,000 grant from the Georgia Department of Natural Resources to create pedestrian enhancements on Mt. Rachel which overlooks downtown. In addition, the City has been allotted Community Development Block Grant funds in the amount of $200,000 to create a park area in the Crown Mill Village which will also connect to the greenway. To assist in this endeavor, the City will utilize resources from the University of Georgia, Savannah College of Art and Design, and Dalton State College through the Archway Partnership and internship programs.

In May of 2011, Dalton co-sponsored the National Manufacturing Summit which focused on the need to strengthen and increase the manufacturing sector in America. The summit was about sharing a collected vision of "We can make it in America". The summit featured top business and political leaders such as keynote speaker T. Boone Pickens and Georgia Representative Tom Graves.

Other events slated in 2011 include the first National Collegiate Wrestling Duals Championship which includes colleges as far away as Texas, California, and Michigan. Dalton will see the return of the Georgia Cup with the following scheduled races: a sprint, criterium, time trail, and road race. Several events are scheduled in celebration of the Civil War Sesquicentennial (150). Dalton has also been awarded the venue for the 2012 Georgia Police and Fire Games, Joint Georgia Firefighters Association convention, and the Georgia Fire Chiefs Association convention.

The City is constructing a new 44,000 square ft. Community Center which will be completed in fall of 2011. Bonds were issued in the amount of $5.6 million to fund the project along with $1.5 million of fund balance.

The Center will house a health clinic, WIC clinic, and provide such recreational activities as basketball, football, soccer, splash pad, exercise areas, and walking track.

Relevant Financial Policies

Despite the economic turndown, the City continues to exceed the minimum general fund unrestricted fund balance requirement of 25% of operating expenditures. This has been achieved by the City's commitment to reduce spending over the past three years. In 2010, the City eliminated the OPEB contribution and will not include the contribution in the 2011 budget. At the end of 2009 the City's general fund unrestricted fund balance was at 64%. 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, 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 Officers 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, 2009. 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 was made possible by the dedicated service of the Department of Finance staff. We would also like to express our gratitude and appreciation to the staff of Estes & Williams, Certified Public Accountants, for their technical guidance and assistance to make this a quality report.

We would also like to thank the City Council for their continued support and management of the City's finances.

Respectfully submitted,

J. Tyson Ross,
City Administrator

Cindy Jackson

Cindy Jackson, CPA
Director of Finance

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, 2009

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, 2010

David Pennington
Mayor

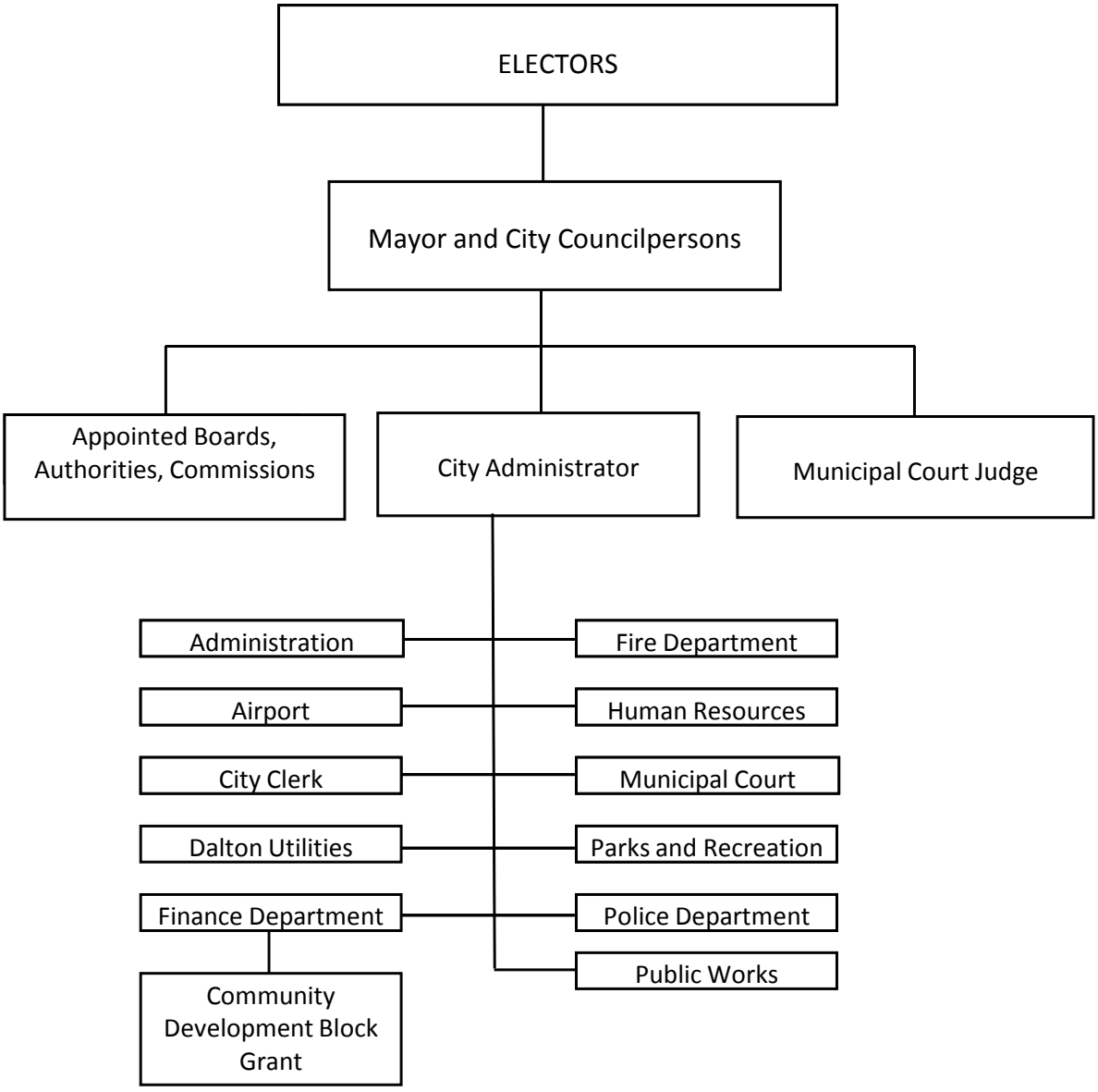
City Council

Denise Wood, Ward 1
J. Richard Lowrey, Ward 2
George Sadosuk, Ward 3
Gary Crews, Ward 4

City Administration

Ty Ross	City Administrator
Cindy Jackson	Finance Director
Bernadette Chattam	City Clerk
Don Cope	Dalton Utilities
Bruce Satterfield	Fire Chief
Greg Batts	Human Resource Director
Ron Nix	Parks & Recreation Director
Jason Parker	Police Chief
Benny Dunn	Public Works Director

City of Dalton, Georgia
Organizational Chart
December 31, 2010



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, 2010, 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 97%, 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, 2010, 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 27, 2011, 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.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages on pages 3 through 15 and 80 through 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 them.

Estes & Williams

Dalton, Georgia
June 27, 2011

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2010
(Unaudited)

The City of Dalton's management is pleased to provide this narrative overview and analysis of the financial activities of the City for the calendar year ended December 31, 2010. 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 $856.4 million (net assets) for the calendar year reported. This represents an increase of $25.9 million from the prior year.

- Total net assets are comprised of the following:

  (1) Capital assets, net of related debt of $718.4 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 $96.4 million are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net assets of $41.6 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 $25 million this year. Compared to the prior year ending fund balance of $19.9 million, the fund balance increased by $5.1 million during the current year.

- At the end of the current calendar year, unassigned fund balance for the General Fund was $17.6 million, or 71% of total General Fund expenditures.

- The business-type activities enterprise funds reported total ending net assets of $771.8 million as of December 31, 2010. This reflects an increase of $25.3 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. 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 (Reporting the City as a Whole)

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

The City's government-wide financial statements include the Statement of Net Assets and the Statement of Activities. The statement of net assets 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. The City reports all if its assets when it acquires ownership and reports all liabilities when they are incurred. 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 Statement of Activities reports the revenues and expenses of the City. This statement is prepared using the accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. All current year revenues and expenses are included regardless of when cash is received or paid. The difference is described as the change in net assets. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

The City of Dalton divides the Statement of Net Assets and the Statement of Activities into three types of activities:

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

The government-wide financial statements are presented on pages 16 through 18 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 track specific resources and expenditures, either for management purposes or because of legal mandates. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The City's funds are divided into three categories:

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

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

  The basic governmental fund financial statements are presented on pages 19 through 23 of this report.

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

- **Proprietary Funds** – These funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City proprietary funds are classified as enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization for electric, gas, water, and 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. Internal service funds are an accounting device used to account for services provided and billed on an internal basis. The City utilizes internal service funds for health insurance and workers compensation. The internal service funds are reported as governmental activities on the government-wide statement.

  The basic enterprise fund financial statements are presented on pages 24 through 30 of this report.

- Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The City's fiduciary funds consist of a pension trust fund, 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 31 and 32 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 33 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 76 and 77 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 78.

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 $856 million. The following table provides a summary of the City's net assets.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Current assets	$ 29,144,578	$ 24,808,747	$ 56,379,863	$ 55,434,010	$ 85,524,441	$ 80,242,757
Capital assets	72,027,160	71,098,381	701,625,503	688,014,335	773,652,663	759,112,716
Other long-term assets	219,291	73,221	97,285,259	104,911,478	97,504,550	104,984,699
Total assets	101,391,029	95,980,349	855,290,625	848,359,823	956,681,654	944,340,172
Liabilities:						
Current liabilities	5,466,461	5,183,346	41,917,822	37,106,534	47,384,283	42,289,880
Long-term liabilities	10,100,610	5,885,601	42,782,557	65,658,985	52,883,167	71,544,586
Total liabilities	15,567,071	11,068,947	84,700,379	102,765,519	100,267,450	113,834,466
Net assets:						
Invested in capital assets, net of debt	69,252,168	68,155,502	649,134,503	612,348,335	718,386,671	680,503,837
Restricted	5,617,799	2,637,360	90,783,000	96,992,000	96,400,799	99,629,360
Unrestricted	10,953,991	14,118,540	30,672,743	36,253,969	41,626,734	50,372,509
Total net assets	$ 85,823,958	$ 84,911,402	$ 770,590,246	$ 745,594,304	$ 856,414,204	$ 830,505,706

As a whole, the City of Dalton's net assets increased $25.9 million during 2010. The business-type activities net assets increased $25 million while the governmental activities net assets increased $913,556. The increase in business-type activities of 3% is due primarily to the increase in net utility plant of $12 million coupled with a reduction in long-term debt of $25 million and a decrease of $8.1 million due to a reduction in the Renewals and Extensions fund. The governmental activities increase of 1% is attributable to projects funded by unrestricted cash and issuance of bonds. Total spent for buildings, land and infrastructure totaled $5.5 million. Bonded debt was issued in the amount of $5.6 million.

Net assets invested in capital assets, net of related debt is the largest segment of net assets at $718.4 million (83.9%) and reflects the City's investments in capital assets net of any debt associated with those assets. Capital assets include plants, machinery, equipment, land, buildings and infrastructure. Restricted assets total $96.4 million (11.3%) of total net assets and represent the portion of net assets that are restricted for use by externally imposed constraints or constraints imposed by law in regards to use.

The unrestricted portion of the City's net assets totals $41.6 million (4.9%). Unrestricted net assets are the portion of net assets that is available for spending. This amount does not take into consideration any unfunded liabilities such as pension and other post employment benefits.

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

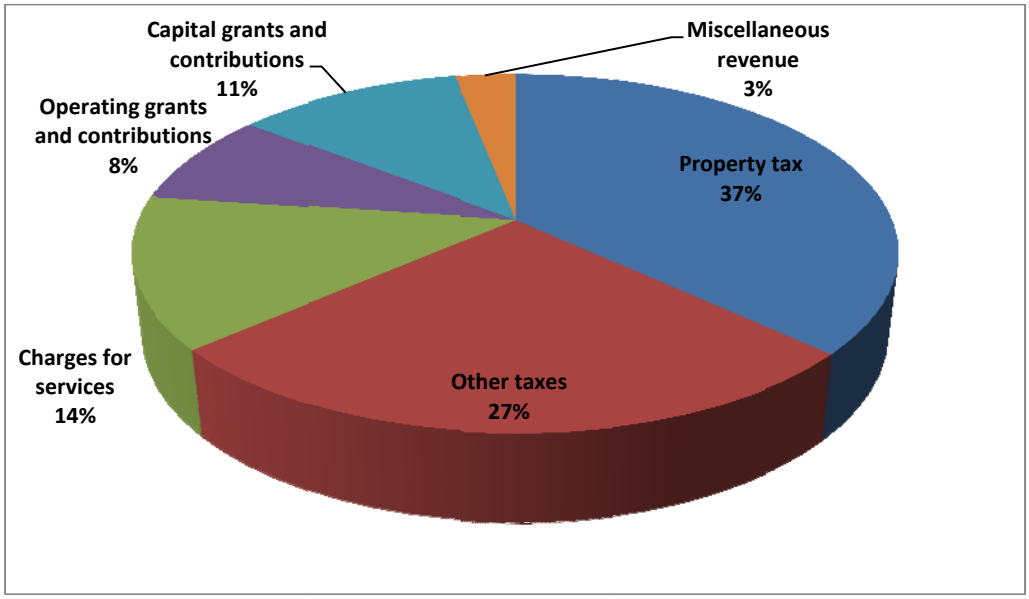
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program:						
Charges for services	$ 3,370,543	$ 4,048,153	$ 190,447,126	$ 172,856,351	$ 193,817,669	$ 176,904,504
Operating grants	2,065,115	1,782,722	-	-	2,065,115	1,782,722
Capital grants	2,801,087	2,301,508	-	332,856	2,801,087	2,634,364
General:						
Taxes	15,646,323	17,012,661	-	-	15,646,323	17,012,661
Investment earnings	122,113	149,895	7,389,350	(4,056,322)	7,511,463	(3,906,427)
Other	629,066	373,429	1,801,747	682,000	2,430,813	1,055,429
Total revenues	24,634,247	25,668,368	199,638,223	169,814,885	224,272,470	195,483,253
Program Expenses:						
General government	2,612,956	2,530,960	-	-	2,612,956	2,530,960
Judicial	647,196	683,158	-	-	647,196	683,158
Public safety	14,539,913	14,587,205	-	-	14,539,913	14,587,205
Public works	9,265,438	7,934,126	-	-	9,265,438	7,934,126
Health and welfare	611,320	895,475	-	-	611,320	895,475
Culture and recreation	4,301,151	4,149,087	-	-	4,301,151	4,149,087
Housing and development	596,388	756,136	-	-	596,388	756,136
Interest	325,111	178,413	-	-	325,111	178,413
Utilities	-	-	163,231,883	161,418,124	163,231,883	161,418,124
Trade Center	-	-	745,787	749,552	745,787	749,552
Landfill	-	-	64,727	223,566	64,727	223,566
Golf course	-	-	939,516	888,328	939,516	888,328
Airport	-	-	482,586	459,636	482,586	459,636
Total expenses	32,899,473	31,714,560	165,464,499	163,739,206	198,363,972	195,453,766
Excess (deficiency)	(8,265,226)	(6,046,192)	34,173,724	6,075,679	25,908,498	29,487
Transfers	9,177,782	(677,381)	(9,177,782)	677,381	-	-
Change in net assets	912,556	(6,723,573)	24,995,942	6,753,060	25,908,498	29,487
Beginning net assets	84,911,402	91,634,975	745,594,304	738,841,244	830,505,706	830,476,219
Ending net assets	$ 85,823,958	$ 84,911,402	$ 770,590,246	$ 745,594,304	$ 856,414,204	$ 830,505,706

The City's total revenues increased $28.8 million (14.7%) and the total cost of services and programs provided increased $2.9 million (1.5%).

Governmental Activities

The following chart depicts revenues of the governmental activities for the year ended December 31, 2010:

Revenues by Source – Governmental Activities



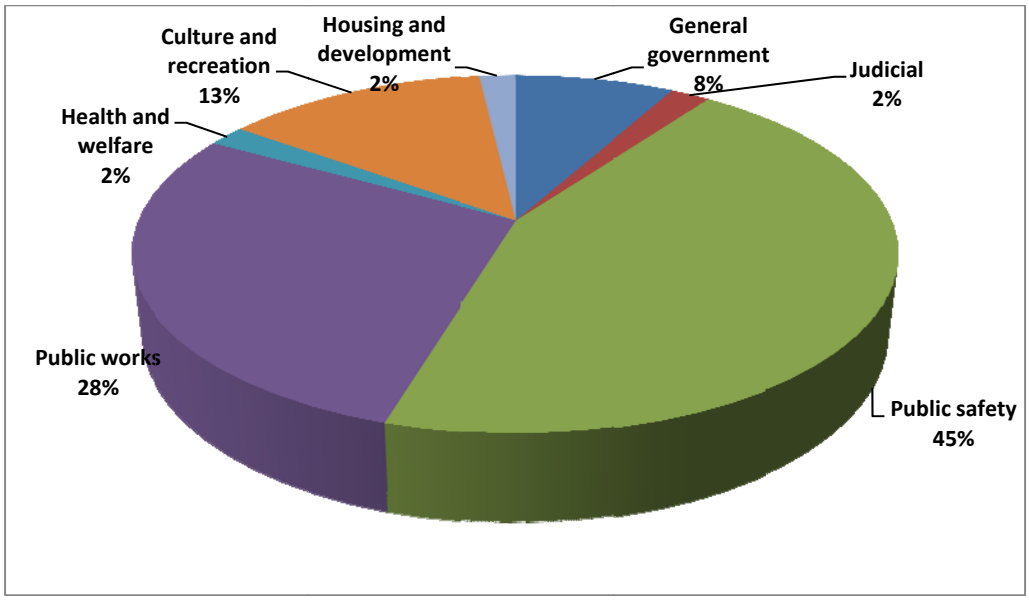
As indicated by the revenue chart, taxes were the largest revenue source for governmental activites followed by other taxes such as sales tax, insurance premium tax and alcohol beverage tax. The City's governmental activities total revenues decreased $1 million (4%).

Revenue:

- Property tax decreased $1.6 million due to a 3.3% reduction in the millage rate, implementation of a 20% Freeport exemption and a 6.4% decrease in assessed property values.
- Sales tax increased $211,000 due to tourism events.
- Hotel – motel taxes increased $170,000 due to an increased focus on tourism and a 1% increase in the tax rate beginning in August.
- Occupation taxes decreased $95,000 due to a reduction in tax for companies that maintained the prior year employment level or added employees, and a high unemployment rate as a result of the economic downturn.
- Fines and forfeitures decreased $312,000 due to reduction in citations issued and the collectiblity of outstanding fines.
- Operating grants increased $500,000 due primarily to the issuance of Recovery Zone Bonds through the American Recovery and Reinvestment Act of 2009. Under this act the federal government will reimburse 45% of the interest paid to bond holders.

The following chart depicts expenses of the governmental activities for the year ended December 31, 2010:

Expenses by Function – Governmental Activities



As indicated by the expense chart, the largest use of City resources was providing public safety services such as fire and police followed by public works. The City's governmental activities total expenses increased $1.2 million.

Expenses:

- Public works increased $1.3 million due to resurfacing and striping roads, general infrastructure repairs, and a lighting project.
- Health and welfare decreased $284,155 due to onetime project funded in 2009 with LOST funds for a local adult day care.
- Culture and recreation increased $152,064. This increase is due to projects funded by CDBG to not for profits for cultural and recreational purposes.
- Housing and development decreased $159,748. This decrease is due to the elimination of the building inspection department. The building inspection activities were assumed by Whitfield County Government.
- Interest expense increased $146,698 due to the capital lease agreement with the Dalton Building Authority for issuance of Building Authority bonds for the City recreation projects.

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	$ 2,612,956	$ 1,559,768
Judicial	647,196	(418,866)
Public safety	14,539,913	13,785,278
Public works	9,265,438	6,776,172
Health and welfare	611,320	235,413
Culture and recreation	4,301,151	2,875,859
Housing and development	596,388	184,814
Interest	325,111	(335,710)
Total	$ 32,899,473	$ 24,662,728

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 $713,821 represents amounts transferred from other entities to fund principal and interest payments on debt. Of that revenue, $593,600 was used to retire debt principal.

Business-type Activities

The City's business-type activities total revenues increased $29.8 million (14.9%) and expenses increased $1.7 million (1.1%).

Revenues:

- The Increase in charges for services of $17.5 million is attributable to the City's utility as follows:
  - $10 million increase in the electric sector due to increased consumption of 4% and a rate increase of 4%.
  - $3.2 million increase in natural gas sector due to increased market based index prices, increase fixed rates, and more favorable weather.
  - $1.9 million increase in the water sector due to 8% rate increase offset by a 2.4% decrease in consumption. The consumption decrease is a result of reduced demand from the industrial base due to the economic downturn coupled with water consumption.
  - $1.7 million increase in the wastewater sector due to a 6.5% rate increase partly offset by decreased consumption of 3.5% for all customer classes.
  - $.7 million increase in the information technology sector due to a rate increase for basic cable television and basic internet services, partly offset by decrease in market penetration.
- The increase in investment earnings of $11.4 million is due primarily to the net increase in fair value of investments and derivatives held by the City's utility.
- The increase in other revenue of $1.2 million is due primarily to the increase in the allowance for debt funds used during construction due to the construction of the new Vogtle nuclear units in the amount of $1.1 million.

Expenses:

- The City's utility department production expenses increased $4.7 million due to increased fuel costs from its jointly owned electric generating facilities.
- Purchased electricity increased $2.9 million due to a 13% unit cost increase of KWH purchases from Southern Company under the Dalton Utilities' Requirements Service Agreement.
- Purchased natural gas expense decreased $1.9 million due to decrease in consumption of transportation gas, offset by the increase in the average monthly index cost of natural gas.
- Distribution expenses decreased $.2 million due to decreased purchased water expense as a result of economic conditions and water conservation.
- Depreciation expenses decreased $4.1 million due to a new depreciation study implemented in 2010.

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 $25 million. Of this year-end total, $330,797 will be used to retire debt and $5.3 million will be used to satisfy other restricted purposes.

The total ending fund balances of governmental funds reflect an increase of $5.1 million (25.7%) from the prior year. The general fund reported an increase in fund balance of $2.1 million (12.2%) and other the governmental funds reported an increase in fund balances of $3.0 million (118.9%).

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 2010, the fund balance of the General Fund was $19.5 million. Unassigned fund balance represents 70.7% of General Fund expenditures, an increase from the prior year, which was at 66.2% of total expenditures.

General Fund revenues of $19.7 million and expenditures of $24.3 million were both slightly under budget by $156,000 and $261,000 respectively. Other financing sources and uses category was over budget by $42,000.

The General Fund's ending fund balance increased $2.1 million and is primarily attributable to a onetime cash transfer of $1.5 million from the City's joint landfill, the elimination of the 2010 OPEB funding of $690,000, and an increase in the pension contribution rate for the defined benefit plan at a cost of $242,000. The City also cut capital spending from the previous year by $460,000.

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 96.2% 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 six budget amendments that resulted in budgeted revenues being increased $736,235, budgeted expenditures being decreased $365,641, and other financing sources (uses) increased $1,855,310. The following addresses the major differences between the original adopted and final adjusted budget:

Revenue:

- Increase of $231,500 for increase of delinquent tax collections over projected.
- Increase of $270,880 for federal and state grants obtained during the year to fund capital and operational expenditures for various departments.
- Increase of $175,000 for donation of land.

Expenditures:

- Decrease of $690,000 in departmental expenditures for elimination of OPEB funding.
- Increase of $200,000 for merit raises.
- Increase of $242,000 for increase in pension contribution rate.

Other Financing Sources (Uses):

- Increase landfill transfer - in of $1.5 million from jointly owned landfill.
- Increase utility transfer - in of $102,000 based on gross receipts.
- Increase hotel – motel tax transfer - in of $102,000 due to 1% rate increase.
- Increase Trade Center transfer – out $176,095 for operational shortfall of $115,000 and capital expenses of $61,095.

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, 2010 was $72.0 million and $701.6 million, respectively. The book value of net investment in governmental activities capital assets increased by $928,779. The book value of net investment increased by $13.6 million for business-type activities. Capital asset activity for the City as a whole increased by $14.5 million. 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	
	2010	2009	2010	2009	2010	2008
Non-depreciable assets:						
Land	$ 14,872,191	$ 13,776,340	$ 1,803,080	$ 1,783,917	$ 16,675,271	$ 15,560,257
Construction in progress	3,938,442	771,590	43,134,999	19,170,162	47,073,441	19,941,752
Total non-depreciable	18,810,633	14,547,930	44,938,079	20,954,079	63,748,712	35,502,009
Depreciable assets:						
Land improvements	22,450,206	21,689,543	7,763,564	7,763,564	30,213,770	29,453,107
Buildings and improvements	24,370,896	24,385,535	3,966,512	3,966,512	28,337,408	28,352,047
Machinery, equipment, and furniture	17,110,430	16,823,066	2,105,870	2,142,712	19,216,300	18,965,778
Intangibles	1,054,698	1,054,698	-	-	1,054,698	1,054,698
Utility plant	-	-	1,018,022,000	1,004,419,000	1,018,022,000	1,004,419,000
Infrastructure	104,614,470	105,186,395	-	-	104,614,470	105,186,395
Total depreciable assets	169,600,700	169,139,237	1,031,857,946	1,018,291,788	1,201,458,646	1,187,431,025
Less accumulated depreciation	116,384,173	112,588,786	390,085,522	363,975,532	506,469,695	476,564,318
Book value - depreciable assets	53,216,527	56,550,451	641,772,424	654,316,256	694,988,951	710,866,707
Percentage depreciated	68.6%	66.6%	37.8%	35.7%	42.2%	40.1%
Nuclear fuel, at amortized cost	-	-	14,915,000	12,744,000	14,915,000	12,744,000
Book value - all assets	$ 72,027,160	$ 71,098,381	$ 701,625,503	$ 688,014,335	$ 773,652,663	$ 759,112,716

Long – Term Debt

At the end of the calendar year, the City had total capital leases, revenue bonds and notes outstanding of $37.7 million. This is a decrease of $19.8 million from the prior year. The City entered into a lease agreement with the Dalton Building Authority to issue Recovery Zone Bonds in the amount of $5.6 million. These funds will be used to construct the City recreation projects. This transaction is accounted for as a capital lease. The City's utility defeased a portion of the 1999 Series bonds in December of 2010. Refer to Note 3-H beginning on page 55 for additional information regarding the City's long-term debt.

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Capital leases payable	$ 6,585,000	$ 1,940,000	$ -	$ -	$ 6,585,000	$ 1,940,000
Revenue bonds	-	-	29,973,000	54,593,000	29,973,000	54,593,000
Notes	1,185,079	998,326	-	-	1,185,079	998,326
Total	$ 7,770,079	$ 2,938,326	$ 29,973,000	$ 54,593,000	$ 37,743,079	$ 57,531,326

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Dalton's unemployment rate of 12.6% continues to exceed the state and national rates. 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 decreased 8.9% in 2010. Of this decrease, 2.5% is attributable to the 20% Freeport Tax Exemption implemented in 2010. For the 2011 budget, the City anticipates a 10% reduction in assessed taxable value due to the large number of foreclosures. In 2010, the millage rate was reduced 3.3% making it the third consecutive millage rate reduction.

The 2011 General Fund budget reflects an 11.2% decrease in revenues when compared to 2010 actual. The majority of the decrease is attributable to an anticipated decrease in property taxes of $1.6 million. Budgeted expenditures for 2011 reflect a 5.6% reduction when compared to actual 2010 expenditures. The City's adopted 2011 General Fund operating budget anticipates revenues exceeding expenditures and other financing sources (uses) by $65,725.

Other factors considered when preparing the 2011 budget included:

- The City received a 5% reduction in health insurance premiums.
- The OPEB costs will be funded on the pay-as-you-go basis.
- The City anticipates the defined contribution employer match to increase from 18.8% to 19.0%.
- Departmental capital requests for equipment and machinery was not considered for budgeting purposes. These requests will be reviewed on an as needed basis and will be taken from budget surplus or fund balance as needed.
- The City continues to evaluate the level of services desired by citizens and how to provide those services as economically as possible. The City and County formed a Charter Commission during the first half of 2011 to evaluate the City and County operations for possible consolidation.

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, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Assets				
Current Assets				
Cash and cash equivalents	$ 3,961,498	$ 1,898,379	$ 5,859,877	$ 6,464,645
Investments	14,279,382	100,000	14,379,382	-
Receivables:				
Accounts	1,061,904	12,741,600	13,803,504	-
Taxes	2,624,823	-	2,624,823	-
Intergovernmental	7,111,063	-	7,111,063	-
Capital leases	-	-	-	7,645,000
Unbilled revenues	-	5,557,000	5,557,000	-
Accrued interest	-	892,000	892,000	-
Derivative	-	100,000	100,000	-
Fuel stocks	-	2,874,000	2,874,000	-
Inventory	82,523	9,666,884	9,749,407	-
Prepaid items and deposits	23,385	544,000	567,385	-
Restricted funds	-	2,801,000	2,801,000	-
Restricted combined utilities sinking fund	-	19,205,000	19,205,000	-
Total Current Assets	29,144,578	56,379,863	85,524,441	14,109,645
Noncurrent Assets				
Nondepreciable capital assets	18,810,633	44,938,079	63,748,712	-
Depreciable capital assets, net	53,216,527	656,687,424	709,903,951	-
Restricted combined renewals and extensions fund	-	16,903,000	16,903,000	-
Restricted nuclear decommissioning	-	51,823,000	51,823,000	-
Regulatory asset	-	8,963,000	8,963,000	-
Derivatives (interest rate swap)	-	51,000	51,000	-
Deferred charges	186,724	33,000	219,724	-
Capital leases receivable	-	-	-	15,855,000
Investment in joint ventures	32,567	19,512,259	19,544,826	-
Total Noncurrent Assets	72,246,451	798,910,762	871,157,213	15,855,000
Total Assets	101,391,029	855,290,625	956,681,654	29,964,645

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Assets
December 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	1,477,640	18,369,449	19,847,089	6,464,645
Internal balances	(1,312,320)	1,312,320	-	-
Accrued interest payable	161,146	1,095,000	1,256,146	-
Claims payable	1,099,412	-	1,099,412	-
Unearned revenue	1,487,321	6,868	1,494,189	-
Compensated absences payable	985,228	37,185	1,022,413	-
Notes payable	358,034	-	358,034	-
Revenue bonds payable	-	18,105,000	18,105,000	6,435,000
General obligation bonds payable	-	-	-	985,000
Recovery zone economic development bonds payable	-	-	-	225,000
Capital leases payable	1,210,000	-	1,210,000	-
Customer deposits	-	2,992,000	2,992,000	-
Total Current Liabilities	5,466,461	41,917,822	47,384,283	14,109,645
Long-Term Liabilities				
Deferred credit - TVA right of use	-	417,000	417,000	-
Derivatives	-	1,200,000	1,200,000	-
Asset retirement obligations	-	29,186,000	29,186,000	-
Compensated absences payable (less current portion)	2,955,684	111,557	3,067,241	-
Notes payable	827,045	-	827,045	-
Revenue bonds payable (less current portion)	-	11,868,000	11,868,000	8,480,000
Recovery zone bonds payable (less current portion)	-	-	-	5,375,000
QZAB bonds payable (less current portion)	-	-	-	2,000,000
Capital leases payable (less current portion)	5,375,000	-	5,375,000	-
Net pension obligation	213,881	-	213,881	-
Net OPEB obligation	729,000	-	729,000	-
Total Long-Term Liabilities	10,100,610	42,782,557	52,883,167	15,855,000
Total Liabilities	15,567,071	84,700,379	100,267,450	29,964,645
Net Assets				
Invested in capital assets, net of related debt	69,252,168	649,134,503	718,386,671	-
Restricted for:				
Debt service	330,797	19,205,000	19,535,797	-
Capital projects	4,969,509	16,903,000	21,872,509	-
Public safety	196,612	-	196,612	-
Culture and recreation	(3,647)	-	(3,647)	-
Development	32,569	-	32,569	-
Cemetery chapel renovations	91,959	-	91,959	-
Customer deposit fund, nuclear decommissioning, restricted cash, & natural gas derivative	-	54,675,000	54,675,000	-
Unrestricted	10,953,991	30,672,743	41,626,734	-
Total Net Assets	$ 85,823,958	$ 770,590,246	$ 856,414,204	$ -

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Activities
For the Year Ended December 31, 2010

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	Component Unit: Building Authority
Primary Government								
General government	$ 2,612,956	$ 964,306	$ 88,882	$ -	$ (1,559,768)	$ -	$ (1,559,768)	$ -
Judicial	647,196	1,066,062	-	-	418,866	-	418,866	-
Public safety	14,539,913	632,724	12,130	109,781	(13,785,278)	-	(13,785,278)	-
Public works	9,265,438	100,749	610,933	1,777,584	(6,776,172)	-	(6,776,172)	-
Health and welfare	611,320	68,581	307,326	-	(235,413)	-	(235,413)	-
Culture and recreation	4,301,151	322,813	188,757	913,722	(2,875,859)	-	(2,875,859)	-
Housing and development	596,388	215,308	196,266	-	(184,814)	-	(184,814)	-
Interest on long-term debt	325,111	-	660,821	-	335,710	-	335,710	-
Total Governmental Activities	32,899,473	3,370,543	2,065,115	2,801,087	(24,662,728)	-	(24,662,728)	-
Business-Type Activities:								
WLSF:								
Electric system	85,200,911	106,911,000	-	-	-	21,710,089	21,710,089	-
Gas system	20,770,369	21,001,000	-	-	-	230,631	230,631	-
Water system	18,527,773	20,170,000	-	-	-	1,642,227	1,642,227	-
Sewer system	20,783,836	22,134,000	-	-	-	1,350,164	1,350,164	-
Information technology systen	17,948,994	19,314,000	-	-	-	1,365,006	1,365,006	-
Landfill	64,727	-	-	-	-	(64,727)	(64,727)	-
Trade Center	745,787	-	-	-	-	(745,787)	(745,787)	-
Municipal golf course	939,516	825,777	-	-	-	(113,739)	(113,739)	-
Municipal airport	482,586	91,349	-	-	-	(391,237)	(391,237)	-
Total Business-Type Activities	165,464,499	190,447,126	-	-	-	24,982,627	24,982,627	-
Total - Primary Government	$ 198,363,972	$ 193,817,669	$ 2,065,115	$ 2,801,087	(24,662,728)	24,982,627	319,899	-
General Revenues								
Property taxes levied for:								
General purposes					9,006,423	-	9,006,423	-
Debt service					33,115	-	33,115	-
Recreation					58,150	-	58,150	-
Selective taxes					5,686,337	-	5,686,337	-
Hotel/motel taxes					862,298	-	862,298	-
Investment earnings					122,113	7,389,350	7,511,463	-
Donations - unrestricted					192,349	-	192,349	-
Miscellaneous					436,717	1,801,747	2,238,464	-
Total General Revenues					16,397,502	9,191,097	25,588,599	-
Transfers					9,177,782	(9,177,782)	-	-
Total General Revenues and Transfers					25,575,284	13,315	25,588,599	-
Change in Net Assets					912,556	24,995,942	25,908,498	-
Net Assets Beginning of Year					84,911,402	745,594,304	830,505,706	-
Net Assets End of Year					$ 85,823,958	$ 770,590,246	$ 856,414,204	$ -

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

City of Dalton, Georgia
Balance Sheet
Governmental Funds
December 31, 2010

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 3,178,203	$ 261,054	$ 3,439,257
Investments	13,445,454	277,546	13,723,000
Receivables:			
Accounts	977,368	84,536	1,061,904
Taxes	2,557,219	67,604	2,624,823
Intergovernmental - local	1,416,059	5,654,125	7,070,184
Intergovernmental - state and federal	21,334	19,545	40,879
Interfund	169,618	16,672	186,290
Inventory, at cost	78,876	3,647	82,523
Prepaid items	18,135	5,250	23,385
Total Assets	$ 21,862,266	$ 6,389,979	$ 28,252,245
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 550,729	$ 547,626	$ 1,098,355
Accrued expenditures	332,344	28,547	360,891
Accrued interest payable	-	161,146	161,146
Interfund payable	36,853	95,067	131,920
Deferred revenue	1,431,898	55,423	1,487,321
Total Liabilities	2,351,824	887,809	3,239,633
Fund Balances			
Nonspendable	97,011	8,897	105,908
Restricted for:			
Public safety	-	196,612	196,612
Culture and recreation	-	(3,647)	(3,647)
Housing and development	-	2	2
Debt service	-	330,797	330,797
Capital projects	-	4,969,509	4,969,509
Cemetery chapel	91,959	-	91,959
Unrestricted:			
Committed (capital projects)	1,690,964	-	1,690,964
Assigned (airport)	61,825	-	61,825
Unassigned	17,568,683	-	17,568,683
Total Fund Balances	19,510,442	5,502,170	25,012,612
Total Liabilities and Fund Balances	$ 21,862,266	$ 6,389,979	$ 28,252,245

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, 2010

Total Governmental Fund Balances		$ 25,012,612
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	188,411,333	
Less accumulated depreciation	(116,384,173)	72,027,160
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	(111,740)	
Interfund payables	111,740	-
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.		186,724
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	(1,185,079)	
Bonds payable	(6,585,000)	
Compensated absences	(3,940,912)	(11,710,991)
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		32,567
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.		(39,183)
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.		(213,881)
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.		(729,000)
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.		1,257,950
Net Assets of Governmental Activities		$ 85,823,958

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, 2010

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 14,679,275	$ 967,048	$ 15,646,323
Licenses and permits	964,306	-	964,306
Intergovernmental	1,126,853	3,739,349	4,866,202
Charges for services	1,249,847	322,813	1,572,660
Fines and forfeitures	481,729	24,381	506,110
Investment earnings	83,158	34,399	117,557
Miscellaneous	924,727	18,331	943,058
Total Revenues	19,509,895	5,106,321	24,616,216
Expenditures			
Current:			
General government	1,933,712	88,882	2,022,594
Judicial	654,770	-	654,770
Public safety	13,677,999	54,563	13,732,562
Public works	6,582,524	837,450	7,419,974
Health and welfare	474,556	133,426	607,982
Culture and recreation	250,810	2,796,600	3,047,410
Housing and development	494,241	95,501	589,742
Capital Outlay			
General government	242,888	8,086	250,974
Judicial	20,302	-	20,302
Public safety	64,041	-	64,041
Public works	251,096	381,908	633,004
Culture and recreation	188,532	3,803,964	3,992,496
Debt Service:			
Principal retirement	-	1,298,247	1,298,247
Interest and fiscal charges	-	477,827	477,827
Total Expenditures	24,835,471	9,976,454	34,811,925
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,325,576)	(4,870,133)	(10,195,709)
Other Financing Sources (Uses)			
Proceeds from issuance of debt	-	6,130,000	6,130,000
Transfers in	11,264,298	3,966,430	15,230,728
Transfers out	(3,815,052)	(2,237,894)	(6,052,946)
Total Other Financing Sources (Uses)	7,449,246	7,858,536	15,307,782
Net Change in Fund Balances	2,123,670	2,988,403	5,112,073
Fund Balances Beginning of Year	17,386,772	2,513,767	19,900,539
Fund Balances End of Year	$ 19,510,442	$ 5,502,170	$ 25,012,612

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, 2010

Net Changes in Fund Balances - Total Governmental Funds		$ 5,112,073
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	(4,030,871)	
Capital outlay	5,496,643	1,465,772
Write off of capital assets not reported at the fund level		(536,993)
Elimination of transfers between governmental funds:		
Transfers in	(4,828,728)	
Transfers out	4,828,728	-
Premiums, discounts, bond issuance costs and bond refunding deferrals are reported in governmental funds but capitalized and amortized in the statement of net assets:		
Capitalized discounts and issuance costs during 2010	181,916	
Amortization expense for 2010	(29,200)	152,716
Issuance of debt through notes payable or bonds is an other financing source in the governmental funds, but is capitalized and reduced annually by debt payments in the statement of net assets.		(6,130,000)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		343,247
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.		955,000
Compensated absences reported in the statement of activities don't require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Net change in accrued liability		(211,111)
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	164,396	(6,646)
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.		(310,813)
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	(208,002)	
Decrease in net OPEB obligation	287,313	79,311
Change in Net Assets of Governmental Activities		$ 912,556

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, 2010

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	$ 14,388,700	$ 14,620,200	$ 14,679,275	$ 59,075
Licenses and permits	1,055,000	1,056,000	964,306	(91,694)
Intergovernmental	810,750	1,127,715	1,126,853	(862)
Charges for services	1,244,800	1,257,350	1,249,847	(7,503)
Fines and forfeitures	950,000	950,000	481,729	(468,271)
Investment earnings	201,000	99,800	83,158	(16,642)
Miscellaneous	279,600	555,020	924,727	369,707
Total Revenues	18,929,850	19,666,085	19,509,895	(156,190)
Expenditures				
Current:				
General government	1,944,810	1,996,655	1,933,712	62,943
Judicial	796,295	729,623	654,770	74,853
Public safety	13,974,460	13,745,175	13,677,999	67,176
Public works	6,804,075	6,582,557	6,582,524	33
Health and welfare	478,705	516,344	474,556	41,788
Culture and recreation	243,810	250,810	250,810	-
Housing and development	452,860	508,210	494,241	13,969
Total Current	24,695,015	24,329,374	24,068,612	260,762
Capital Outlay				
General government	75,000	245,305	242,888	2,417
Judicial	-	20,302	20,302	-
Public safety	50,000	64,045	64,041	4
Public works	-	251,108	251,096	12
Health and welfare	6,000	5,146	-	5,146
Culture and recreation	-	188,555	188,532	23
Total Capital Outlay	131,000	774,461	766,859	7,602
Total Expenditures	24,826,015	25,103,835	24,835,471	268,364
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,896,165)	(5,437,750)	(5,325,576)	112,174
Other Financing Sources (Uses)				
Transfers in	9,456,000	11,500,035	11,264,298	(235,737)
Transfers out	(3,904,140)	(4,092,865)	(3,815,052)	277,813
Total Other Financing Sources (Uses)	5,551,860	7,407,170	7,449,246	42,076
Net Change in Fund Balances	$ (344,305)	$ 1,969,420	2,123,670	$ 154,250
Fund Balances Beginning of Year			17,386,772	
Fund Balances End of Year			$ 19,510,442	

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Assets
Proprietary Funds
December 31, 2010

	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	$ 1,843,000	$ 55,379	$ 1,898,379	$ 522,241
Investments	100,000	-	100,000	556,382
Accounts receivable	12,741,000	600	12,741,600	-
Interfund receivable	-	20,181	20,181	-
Unbilled revenues	5,557,000	-	5,557,000	-
Accrued interest	892,000	-	892,000	-
Derivative	100,000	-	100,000	-
Fuel stocks	2,874,000	-	2,874,000	-
Inventory	9,658,000	8,884	9,666,884	-
Prepaid expenses and deposits	544,000	-	544,000	-
Restricted customer deposit fund	2,801,000	-	2,801,000	-
Restricted combined utilities sinking fund	19,205,000	-	19,205,000	-
Total Current Assets	56,315,000	85,044	56,400,044	1,078,623
Noncurrent Assets:				
Land	-	1,803,079	1,803,079	-
Construction in progress	43,135,000	-	43,135,000	-
Depreciable capital assets, net	648,232,000	8,455,424	656,687,424	-
Restricted combined renewals and extensions fund	16,903,000	-	16,903,000	-
Restricted nuclear decommissioning	51,823,000	-	51,823,000	-
Regulatory asset	8,963,000	-	8,963,000	-
Derivatives (interest rate swap)	51,000	-	51,000	-
Debt expense, net	33,000	-	33,000	-
Investment in joint ventures	-	19,512,259	19,512,259	-
Total Noncurrent Assets	769,140,000	29,770,762	798,910,762	-
Total Assets	$ 825,455,000	$ 29,855,806	$ 855,310,806	$ 1,078,623

(continued)

City of Dalton, Georgia
Statement of Net Assets
Proprietary Funds
December 31, 2010

	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	$ 18,105,000	$ -	$ 18,105,000	$ -
Accrued interest on long-term debt	1,095,000	-	1,095,000	-
Accounts payable and accrued expenses	18,347,000	22,449	18,369,449	18,394
Unearned revenue	-	6,868	6,868	-
Interfund payable	-	74,551	74,551	-
Claims payable	-	-	-	1,099,412
Compensated absences	-	37,185	37,185	-
Customer deposits	2,992,000	-	2,992,000	-
Total Current Liabilities	40,539,000	141,053	40,680,053	1,117,806
Long-Term Liabilities:				
Deferred credit - TVA right of use	417,000	-	417,000	-
Long-term debt	11,868,000	-	11,868,000	-
Asset retirement obligations	29,186,000	-	29,186,000	-
Compensated absences	-	111,557	111,557	-
Total Long-Term Liabilities	42,671,000	111,557	42,782,557	-
Total Liabilities	83,210,000	252,610	83,462,610	1,117,806
Net Assets				
Invested in capital assets, net of related debt	638,876,000	10,258,503	649,134,503	-
Restricted for:				
Debt service	19,205,000	-	19,205,000	-
Capital projects	16,903,000	-	16,903,000	-
Customer deposit fund, nuclear decommissioning, restricted cash, and natural gas derivative	54,675,000	-	54,675,000	-
Unrestricted	12,586,000	19,344,693	31,930,693	(39,183)
Total Net Assets	$ 742,245,000	$ 29,603,196	$ 771,848,196	$ (39,183)

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, 2010

Total Statement of Net Assets - Proprietary Funds Net Assets	$ 771,848,196
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.	(1,257,950)
Net Assets of Business-Type Activities	$ 770,590,246

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, 2010

	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	$ 189,530,000	$ 739,584	$ 190,269,584	$ 74,646
Merchandise sales	-	47,987	47,987	-
Tournaments	-	75,231	75,231	-
Concessions	-	52,322	52,322	-
Miscellaneous	-	2,002	2,002	-
Total Operating Revenues	189,530,000	917,126	190,447,126	74,646
Operating Expenses				
Cost of sales and services	131,975,000	347,840	132,322,840	322,603
Personal services and benefits	-	562,488	562,488	-
Depreciation	28,906,000	504,668	29,410,668	-
Claims	-	-	-	386,401
Total Operating Expenses	160,881,000	1,414,996	162,295,996	709,004
Operating Income (Loss)	28,649,000	(497,870)	28,151,130	(634,358)
Non-Operating Revenues (Expenses)				
Interest income	2,758,000	350	2,758,350	4,556
Net increase (decrease) in fair value of investments	4,631,000	-	4,631,000	-
Allowance for debt funds used during construction	1,618,000	-	1,618,000	-
Miscellaneous income (expense)	169,000	-	169,000	-
Interest expense	(2,039,000)	-	(2,039,000)	-
Gain on sale of assets	-	14,747	14,747	-
Income from joint ventures	-	(810,514)	(810,514)	-
Total Non-Operating Revenues (Expenses)	7,137,000	(795,417)	6,341,583	4,556
Income Before Contributions and Transfers	35,786,000	(1,293,287)	34,492,713	(629,802)
Transfers in (out)	(8,902,000)	(275,782)	(9,177,782)	-
Change in Net Assets	26,884,000	(1,569,069)	25,314,931	(629,802)
Net Assets Beginning of Year	715,361,000	31,172,265	746,533,265	590,619
Net Assets End of Year	$ 742,245,000	$ 29,603,196	$ 771,848,196	$ (39,183)

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, 2010

Changes in Fund Net Assets - Total Business-Type Activities	$ 25,314,931
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.	(318,989)
Change in Net Assets of Business-Type Activities	$ 24,995,942

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010

	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	$ 185,196,000	$ 935,334	$ 186,131,334	$ -
Cash received from overparity in transmission facilities	2,828,000	-	2,828,000	-
Cash received from interfund services provided	-	-	-	799,550
Cash payments to employees for services	(20,493,000)	(683,872)	(21,176,872)	-
Cash payments for goods, services, claims, and fees	(99,776,000)	(317,281)	(100,093,281)	(613,064)
Net Cash Provided by (Used in) Operating Activities	67,755,000	(65,819)	67,689,181	186,486
Cash Flows from Investing Activities				
Interest on investments	2,866,000	350	2,866,350	4,556
Sales and maturity of investment securities	72,228,000	-	72,228,000	578,492
Purchases of investment securities	(61,921,000)	-	(61,921,000)	-
Net Cash Provided by (Used in) Investing Activities	13,173,000	350	13,173,350	583,048
Cash Flows from Noncapital Financing Activities				
Interfund loan from General Fund	-	56,900	56,900	-
Transfers out	(8,902,000)	-	(8,902,000)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	(8,902,000)	56,900	(8,845,100)	-
Cash Flows from Capital and Related Financing Activities				
Principal and interest paid on long-term debt	(25,912,000)	-	(25,912,000)	-
Cash received from other funds	-	(51,982)	(51,982)	-
Cash received from grantors for acquisition of capital assets	-	14,915	14,915	-
Acquisition of capital assets	(46,106,000)	(18,836)	(46,124,836)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(72,018,000)	(55,903)	(72,073,903)	-
Net Increase (Decrease) in Cash and Cash Equivalents	8,000	(64,472)	(56,472)	769,534
Cash and Cash Equivalents Beginning of Year	1,835,000	119,851	1,954,851	477,611
Cash and Cash Equivalents End of Year	$ 1,843,000	$ 55,379	$ 1,898,379	$ 1,247,145

(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, 2010

	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)	$ 28,649,000	$ (497,870)	$ 28,151,130	$ (634,358)
Adjustments:				
Depreciation	28,906,000	504,668	29,410,668	-
Amortization	3,299,000	-	3,299,000	-
Miscellaneous income and expense	169,000	-	169,000	-
(Increase) Decrease in Assets:				
Accounts receivable	(1,506,000)	17,143	(1,488,857)	-
Interfund receivable	-	-	-	-
Fuel stocks	1,124,000	-	1,124,000	-
Inventory	(104,000)	2,617	(101,383)	-
Increase (Decrease) in Liabilities:				
Accounts payable	6,582,000	(11,286)	6,570,714	5,807
Interfund payable	-	(3,267)	(3,267)	(18,003)
Unearned revenue	-	1,065	1,065	-
Accrued wages	-	(32,355)	(32,355)	-
Other	636,000	(46,534)	589,466	-
Claims payable	-	-	-	108,136
Net Cash Provided by (Used in) Operating Activities	$ 67,755,000	$ (65,819)	$ 67,689,181	$ (538,418)
Noncash Investing, Capital, and Financing Activities				
Net increase in fair value of investments	$ 4,591,000	$ -	$ 4,591,000	$ -
Accrued property additions at year end	$ 2,521,000	$ -	$ 2,521,000	$ -

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Assets
Fiduciary Funds
December 31, 2010

	Pension Trust Fund	OPEB Trust Fund	Municipal Court Agency Fund
Assets			
Cash and cash equivalents	$ 27,403	$ -	$ 231,141
Investments, at fair value:			
Georgia Municipal Employees Benefit System OPEB Trust Fund	-	4,363,734	-
MetLife large cap index equity fund	21,228,395	-	-
MetLife small cap index equity fund	6,790,148	-	-
MetLife fixed income guaranteed account	32,393,154	-	-
Contributions receivable	232,689	-	-
Total Assets	60,671,789	4,363,734	231,141
Liabilities			
Current Liabilities:			
Accounts payable	43,640	-	18,490
Other liabilities	-	-	212,651
Total Current Liabilities	43,640	-	231,141
Net Assets			
Held in trust for pension and other post employment benefits	$ 60,628,149	$ 4,363,734	$ -

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, 2010

	Pension Trust Fund	OPEB Trust Fund
Additions		
Contributions:		
Employer	$ 3,657,993	$ 563,856
Plan members	1,017,955	143,368
Total contributions	4,675,948	707,224
Investment income:		
Interest and dividends	437,627	100,253
Net increase (decrease) in fair value of investments	5,888,532	460,298
Total investment income	6,326,159	560,551
Less: investment expense	125,496	10,032
Net investment earnings	6,200,663	550,519
Total Additions (Reductions)	10,876,611	1,257,743
Deductions		
Administrative expenses	50,068	-
Premium payments	-	697,374
Benefit payments	5,720,758	9,850
Total Deductions	5,770,826	707,224
Change in Net Assets	5,105,785	550,519
Net Assets Beginning of Year	55,522,364	3,813,215
Net Assets End of Year	$ 60,628,149	$ 4,363,734

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2010

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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.

The City of Dalton Building Authority ("Building Authority") is a legally separate entity and has been included as a discretely presented component unit in the accompanying financial statements. It is reported as a separate column in the government-wide statements to emphasize that it is legally separate from the City. The City appoints the members of the five person board and all debt issuances must first be approved by the City Council. Financial information of the Building Authority can be obtained from the City of Dalton Finance Department. Separate financial statements for the Building Authority are not prepared.

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

The Downtown Dalton Development Authority ("DDDA") is a related organization which has not been included in the reporting entity. The Authority provides centralized leadership for communication on downtown issues. The 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.

1-A Reporting Entity (continued)

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

The City participates with Whitfield County in the Northwest Georgia Trade and Convention Center Authority ("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, 2010, 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 utilizes the NWGRC for projects such as performing planning and administrative services. During its year ended December 31, 2010, the City paid $33,625 in dues to the NWGRC. Membership in a NWGRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-39 which provides for the organizational structure of the NWGRC in Georgia. The NWGRC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the NWGRC. Separately issued financial statements may be obtained from the 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.

1-B Basis of Presentation (continued)

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

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.

1-B Basis of Presentation (continued)

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.

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.

1-C Measurement Focus (continued)

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the 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.

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

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

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

WLSF Commission - The WLSF Commission follows accounting principles generally accepted in the United States of America and governmental accounting and financial reporting standards issued by GASB and also conforms to the provisions of 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.

1-D Basis of Accounting (continued)

The WLSF Commission's accounts are maintained separately for each system generally in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission for the electric and natural gas sectors (with the exception of its 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.

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 $5,557,000 for the year ended December 31, 2010. 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 $556,000 for the year ended December 31, 2010. 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 2010, total MWhs sold back to Southern Power Company totaled 165,000, with proceeds of $6,642,000, 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

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, 2010 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.

1-E-7 Capital Assets (continued)

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

	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 certain capital leases with the City of Dalton Building Authority, a component unit, as disclosed in Note 3-H, as of December 31, 2010.

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 2010. 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 $3,235,000 during 2010.

1-E-7 Capital Assets (continued)

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 2.8% in 2010, and is based on the following remaining useful lives:

Electric system	29-59 years
Natural gas system	33-45 years
Water system	45-60 years
Sewer system	40-50 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%

At December 31, 2010, the portion of total work in progress related to Vogtle Units 3 and 4 was $41 million. See Note 4-B for additional information about the Vogtle nuclear development projects.

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.

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, 2010, 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, 2010 was $85.1 million. The parity income for the year ended December 31, 2010 totaled $2.8 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.

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, 2010, the average AFUDC rate was 5.34%.

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 two major customers during the year ended December 31, 2010 totaled approximately 18% and 11% of total electricity sales, respectively. No other customer accounted for more than ten percent of the WLSF Commission's sales during 2010.

The DWRSWMA's fee revenue to two major customers during the year ended December 31, 2010 totaled approximately 17% and 10% of total fee revenue, respectively. No other customers accounted for more than ten percent of the DWRSWMA's fee revenue during 2010.

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 2009 amounts have been reclassified to conform to the 2010 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, 2010.

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 $14,279,382. The pool's weighted average maturity is 41 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	$ 21,228,395	Not Rated
MetLife Small Cap Index Fund	6,790,148	Not Rated
MetLife Guaranteed Adjusted Index Value Account	32,393,154	Not Rated
Total Pension Trust Fund Investments	$ 60,411,697	
Georgia Municipal Employees Benefit System OPEB Trust Account	$ 4,363,734	Not Rated
Total OPEB Trust Fund Investments	$ 4,363,734	

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.

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	$ 1,525,000	$ 1,525,000	$ -	$ -	$ -
Treasury Bills	Not Rated	7,491,000	7,491,000	-	-	-
Federal Home Loan Mortgage Corporation	AAA/Aaa	5,484,000	-	5,484,000	-	-
Federal National Mortgage Association	AAA/Aaa	486,000	-	486,000	-	-
Federal Farm Credit Banks	AAA/Aaa	14,495,000	-	6,077,000	3,492,000	4,926,000
Federal Home Loan Banks	AAA/Aaa	9,713,000	-	1,355,000	4,589,000	3,769,000
Freddie Mac UNNT	AAA/Aaa	2,004,000	-	-	2,004,000	-
Coupons (U.S. Strip)	AAA/Aaa	9,335,000	-	4,976,000	4,359,000	-
Coupons (Resolution Fund Corporation)	AAA/Aaa	22,519,000	-	-	3,642,000	18,877,000
Bond repurchase agreements (1)	Not Rated	17,680,000	17,680,000	-	-	-
Total		$ 90,732,000	$ 26,696,000	$ 18,378,000	$ 18,086,000	$ 27,572,000

(1) Collateral for these repurchase agreements is held by a third party custodian.

3-B Receivables

Receivables at December 31, 2010 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, 2010 consists of uncollected property taxes levied during the year ended December 31, 2010 and prior years. A 1% allowance for uncollectible taxes has been considered in reporting taxes receivable. The amount of taxes uncollected sixty days subsequent to year end for all tax years has been included in taxes receivable, and corresponding deferred revenue has been recorded. Taxes receivable are summarized below.

Tax year 2010	$	2,262,987
Tax year 2009		203,140
Tax year 2008		102,619
Tax year 2007		48,696
Tax year 2006		6,118
Tax year 2005		4,440
Tax year 2004		12,311
Tax year 2003		7,460
Tax year 2002		3,565
Tax years 2001 and prior		-
Total taxes receivable		2,651,336
Allowance for uncollectivle taxes		(26,513)
Reported property tax receivable	$	2,624,823
Taxes uncollected 60 days subsequent to year end, net of allowance, reported as deferred revenue	$	1,344,749

3-D Capital Assets

Governmental capital asset activity for the year ended December 31, 2010, was as follows:

	Adjusted Balance 12/31/2009	Additions	Disposals and Reclassifications	Adjusted Balance 12/31/2010
Capital assets not being depreciated:				
Land	$ 13,776,340	$ 1,095,851	$ -	$ 14,872,191
Construction in progress	771,590	2,834,451	332,401	3,938,442
Total capital assets not being depreciated	14,547,930	3,930,302	332,401	18,810,633
Other capital assets:				
Land improvements	21,689,543	521,139	239,524	22,450,206
Buildings	22,426,720	585,861	(600,500)	22,412,081
Building improvements	1,958,815	-	-	1,958,815
Vehicles	4,833,639	115,868	(115,750)	4,833,757
Machinery	9,638,206	251,819	(26,000)	9,864,025
Equipment	2,054,529	91,654	89,773	2,235,956
Furniture & fixtures	296,692	-	(120,000)	176,692
Intangibles	1,054,698	-	-	1,054,698
Bridge and bridge culvert	8,752,560	-	-	8,752,560
Streets and streetscape	96,169,617	-	(571,925)	95,597,692
Mast arm lighting	264,218	-	-	264,218
Total other capital assets	169,139,237	1,566,341	(1,104,878)	169,600,700
Total cost	183,687,167	5,496,643	(772,477)	188,411,333
Accumulated depreciation:				
Construction in progress	-	-	9,343	9,343
Land improvements	9,455,491	1,044,198	-	10,499,689
Buildings	5,785,224	459,705	(84,070)	6,160,859
Building improvements	588,484	61,685	-	650,169
Vehicles	4,105,361	268,300	(115,750)	4,257,911
Machinery	7,099,047	523,109	(24,833)	7,597,323
Equipment	1,560,173	165,317	13,169	1,738,659
Furniture & fixtures	69,697	27,779	(24,000)	73,476
Intangibles	324,510	181,845	-	506,355
Bridge and bridge culvert	5,268,412	175,051	-	5,443,463
Streets and streetscape	78,252,830	1,110,671	(9,343)	79,354,158
Mast arm lighting	79,557	13,211	-	92,768
Total accumulated depreciation	112,588,786	4,030,871	(235,484)	116,384,173
Governmental activities capital assets, net	$ 71,098,381	$ 1,465,772	$ (536,993)	$ 72,027,160

3-D Capital Assets (continued)

Governmental activities depreciation expense

General government	$ 286,396
Judicial	1,410
Public safety	737,755
Public works	1,831,672
Culture and recreation	1,173,638
Total governmental activities depreciation expense	$ 4,030,871

Business-type capital asset activity for the year ended December 31, 2010, was as follows:

	Adjusted Balance 12/31/2009	Additions	Disposals and Reclassifications	Adjusted Balance 12/31/2010
Capital assets not being depreciated:				
Land	$ 1,783,917	$ -	$ 19,163	$ 1,803,080
Construction in progress	19,170,162	23,984,000	(19,163)	43,134,999
Total capital assets not being depreciated	20,954,079	23,984,000	-	44,938,079
Other capital assets:				
Land improvements	7,763,564	-	-	7,763,564
Buildings	3,900,858	-	-	3,900,858
Building improvements	65,654	-	-	65,654
Vehicles	123,575	-	(48,516)	75,059
Machinery	184,895	-	(7,162)	177,733
Equipment	1,834,242	18,836	-	1,853,078
Utility plant	1,004,419,000	15,794,000	(2,191,000)	1,018,022,000
Total other capital assets	1,018,291,788	15,812,836	(2,246,678)	1,031,857,946
Total cost	1,039,245,867	39,796,836	(2,246,678)	1,076,796,025
Accumulated depreciation:				
Land improvements	2,465,152	293,043	-	2,758,195
Buildings	1,469,376	84,140	-	1,553,516
Building improvements	57,509	5,733	-	63,242
Vehicles	123,575	-	(48,516)	75,059
Machinery	167,683	3,535	(7,162)	164,056
Equipment	648,237	118,217	-	766,454
Utility plant	359,044,000	25,661,000	-	384,705,000
Total accumulated depreciation	363,975,532	26,165,668	(55,678)	390,085,522
Nuclear fuel, at amortized cost	12,744,000	2,171,000	-	14,915,000
Business-type activities capital assets, net	$ 688,014,335	$ 15,802,168	$ (2,191,000)	$ 701,625,503

3-E Interfund Balances and Transfers

Interfund balances at December 31, 2010 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, 2010 consisted of the following:

	Payable from:			
Payable to:	General Fund	Non-major governmental funds	Non-major enterprise funds	Total
General Fund	$ -	$ 95,067	$ 74,551	$ 169,618
Non-major governmental funds	16,672	-	-	16,672
Non-major enterprise funds	20,181	-	-	20,181
Total	$ 36,853	$ 95,067	$ 74,551	$ 206,471

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, 2010 consisted of the following:

	Transfer from:				
Transfer to:	General Fund	WLSF Commission Fund	Non-major governmental funds	Non-major enterprise funds	Total
General Fund	$ -	$ 8,902,000	$ 862,298	$ 1,500,000	$ 11,264,298
Non-major governmental funds	3,216,757	-	749,673	-	3,966,430
Non-major enterprise funds	598,295	-	625,923	-	1,224,218
Total	$ 3,815,052	$ 8,902,000	$ 2,237,894	$ 1,500,000	$ 16,454,946

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 2010 was approximately $24,000. The annual minimum lease payments under operating leases as of December 31, 2010 are as follows:

2012	$	19,914
2013		9,931
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.

On April 8, 2010, the City executed a note with the Dalton Housing Authority for the purpose of purchasing property to be used for the Dalton Community Center. The agreement requires that the Housing Authority's annual pilot payment of $101,712 be reduced by $53,000 per year for ten years, through 2019.

Note payable debt service requirements to maturity are as follows:

	Principal	Interest	Total
2011	$ 358,034	$ 29,740	$ 387,774
2012	373,574	14,200	387,774
2013	135,471	1,030	136,501
2014	53,000	-	53,000
2015	53,000	-	53,000
2016	53,000	-	53,000
2017	53,000	-	53,000
2018	53,000	-	53,000
2019	53,000	-	53,000
	$ 1,185,079	$ 44,970	$ 1,230,049

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. As these bonds are issued in the name of the City of Dalton Building Authority, they are reflected as a capital lease payable on the government-wide financial statements.

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

Bond debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Federal Subsidy	Total
2011	$ 1,210,000	$ 322,292	$ (127,301)	$ 1,404,991
2012	225,000	279,742	(125,884)	378,858
2013	230,000	275,017	(123,758)	381,259
2014	235,000	268,577	(120,860)	382,717
2015	235,000	260,587	(117,264)	378,323
2016	240,000	251,657	(113,246)	378,411
2017	250,000	241,337	(108,602)	382,735
2018	255,000	230,087	(103,539)	381,548
2019	260,000	217,592	(97,916)	379,676
2020 and thereafter	3,445,000	1,325,355	(596,412)	4,173,943
	$ 6,585,000	$ 3,672,243	$ (1,634,782)	$ 8,622,461

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 $189,530,000. Of that amount, $167,388,000 is used as security for the revenue bonds.

At December 31, 2010, 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 $48,000	$ 29,973,000
Less: current maturities/sinking fund redemptions	(18,105,000)
	$ 11,868,000

3-H Long-Term Debt (continued)

In December 2010, the WLSF Commission defeased a portion of the 1999Series bonds in the amount of $7,355,000 for the 6% bonds maturing January 1, 2012, by placing principal and related interest of $0.4 million on deposit with a trustee. The defeasance will be executed in July 2011. The transaction was account for as an in-substance defeasance, as if the debt has been retired. The Commission incurred a loss on redemption of $0.4 million, which has been deferred as a regulatory asset and will be expensed over a one-year period.

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
2011	$ 18,105,000	$ 2,191,000	$ 20,296,000
2012	11,868,000	702,000	12,570,000
	$ 29,973,000	$ 2,893,000	$ 32,866,000

Changes in Long-term Liabilities - The City's long-term obligations consisted of the following at December 31, 2010:

	Outstanding 12/31/2009	Additions	Reductions	Outstanding 12/31/2010	Amounts Due in One Year
Governmental activities:					
Capital leases payable	$ 1,940,000	$ 5,600,000	$ (955,000)	$ 6,585,000	$ 1,210,000
Notes payable	998,247	530,000	(343,168)	1,185,079	358,034
Compensated absences	3,729,801	1,597,874	(1,386,763)	3,940,912	985,228
Total governmental activities	$ 6,668,048	$ 7,727,874	$ (2,684,931)	$ 11,710,991	$ 2,553,262
Business-type activities					
Deferred credit - TVA right of use	$ 467,000	$ -	$ (50,000)	$ 417,000	$ 50,000
Asset retirement obligations	27,603,000	1,583,000	-	29,186,000	-
Revenue bonds	54,593,000	-	(24,620,000)	29,973,000	18,105,000
Compensated absences	195,276	66,291	(112,825)	148,742	37,185
Total business-type activities	$ 82,858,276	$ 1,649,291	$ (24,782,825)	$ 59,724,742	$ 18,192,185

Fair Values – The Commissions' financial instruments for which the carrying amounts did not approximate fair value at December 31, 2010 were as follows:

	Carrying Amount	Fair Value
Long-term debt at December 31, 2010	$ 29,973,000	$ 30,520,000

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.

3-H Long-Term Debt (continued)

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. All derivative financial instruments are recognized as either assets or liabilities and are measured at fair value and are marked to market through current period income.

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 0.34 on December 31, 2010 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 .26063% as of December 31, 2010.

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 $122,000 for the year ended December 31, 2010. The amount of change in fair market value of the Swap Agreement was a decrease of $63,000 as of December 31, 2010, 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 $51,000 on the Combining Schedule of Net Assets – Water, Light, and Sinking Commission Fund as of December 31, 2010. The Swap Agreement is to continue until its termination date of January 1, 2012.

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 Commission recorded net gains on derivatives for natural gas, which includes realized and unrealized gains and losses of $40,000 for the year ended December 31, 2010, 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.

3-H Long-Term Debt (continued)

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, through 2009, the Commission accrued 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 the jointly owned 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.

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.

3-I Pensions (continued)

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		382
Average age		46 years
Average service		15.88 years
Average annual compensation	$	56,182
Inactive Participants:		
Number of retirees (and beneficiaries)		306
Number of Participants with Vested Benefits		9

Funding Policy - In accordance with the most recent actuarial report as of January 1, 2011, the Pension Plan's funding policy for employers should be increased from 18.1% (at the last valuation date of January 1, 2010) to 18.8% 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 2010, 2009, and 2008 were $3,866,060, $3,572,850, and $2,833,927, respectively. Of the required employer contributions, the percentage contributed for the plan years 2010, 2009, and 2008, were 95%, 90%, and 93%.

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.

3-I Pensions (continued)

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, 2011
Derivation of Annual Pension Cost	
Annual required contribution	$ 4,034,768
Interest on net pension obligation	16,041
Amortization of net pension obligation	(18,393)
Annual pension cost	$ 4,032,416
Derivation of Net Pension Obligation	
Annual pension cost of plan for prior plan year	$ 3,865,995
Actual contributions to plan for prior plan year	(3,657,993)
Increase (decrease) in net pension obligation	208,002
Net pension obligation as of January 1, 2010	5,879
Net pension obligation as of January 1, 2011	$ 213,881
Basis of Valuation	
Current valuation date	January 1, 2011
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
Amortization method	Level % of future compensation
Amortization period	15 years; open

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
2011	$ 4,032,416	*	*	*
2010	3,865,995	3,657,993	95%	5,879
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, 2010:

Active participants	616
Average age	41.7
Average service	10.81
Inactive participants (retirees & spouses)	118
Average age	57.76

Funding Policy - The City had an actuarial valuation performed as of January 1, 2010. Prior to 2010, the Mayor and Council elected to fund the annual required contribution at 110% in order to assure coverage of the ongoing costs and a twenty-seven year amortization of the unfunded actuarial accrued liability. For the plan year 2010 and forward, the Mayor and Council will determine the funding level on an annual basis. Eligible retirees and dependents are required to share in the cost of health insurance coverage. Annual contribution rates for 2010 and 2009 are as follows:

Coverage	Retirees	
	2010	2009
Employee	$ 780	$ 780
Employee + 1	2,580	2,580
Family	3,600	3,600

The Plan's annual required employer contributions for the plan years 2010, 2009 and 2008 were $1,302,000, $1,838,000 and $1,812,600, respectively. Employer contributions for the plan years 2010, 2009, and 2008 were $563,866, $1,822,300 and $1,971,700 respectively, equal to 43%, 99%, and 109% of the annual required contribution for each year.

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
1/1/10	$3,813,200	$ 14,237,100	$ 10,423,900	26.8%	$ 25,166,142	41.4%
1/1/08	-	14,401,400	14,401,400	0.0%	29,210,495	49.3%
7/1/06	-	15,746,100	15,746,100	0.0%	29,181,022	54.0%

Schedule of Net OPEB Obligation (NOO)

Plan Year	NOO at Prior Fiscal Year	Annual Required Contribution	Interest on Existing NOO	ARC Adjustment	Annual OPEB Cost	Actual Contributions	NOO at Fiscal Year End
2010	$ 866,700	$ 1,302,000	$ 67,200	$ (74,700)	$ 1,294,500	$ 563,866	$1,597,334
2009	854,200	1,838,000	68,300	(71,600)	1,834,700	1,822,300	866,700
2008	1,016,300	1,812,600	81,300	(84,300)	1,809,600	1,971,700	854,200

Basis of Valuation	
Current valuation date	January 1, 2010
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, closed, 29 years
Remaining amortization period	27 years
Asset valuation method	Market value
Investment rate of return	7.75%
Inflation rate	2.50%
Medical cost trend rate	8.5% graded to 5% over 8 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
2010	$ 1,294,500	$ 563,866	44%
2009	1,834,800	1,822,300	99%
2008	1,809,616	1,971,700	109%
2007	1,702,729	686,416	40%

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 2010, employee contributions totaled $227,593 and employer contributions totaled $156,374.

3-L Net Assets

Net assets on the government-wide statement of net assets as of December 31, 2010 are as follows:

Investments in capital assets, net of related debt:	Governmental Activities	Business-type Activities	Total
Cost of captial assets	$ 188,411,333	$ 1,091,711,025	$ 1,280,122,358
Less: accumulated depreciation	116,384,173	390,085,522	506,469,695
Book value	72,027,160	701,625,503	773,652,663
Less: capital related debt and accrued interest	7,931,225	31,068,000	38,999,225
Less: asset retirement obligations	-	29,186,000	29,186,000
Less: derivatives	-	1,200,000	1,200,000
Add: regulatory asset	-	8,963,000	8,963,000
Add: bond issuance and refunding amounts	186,724	-	186,724
Add: unspent bond proceeds included above	4,969,509	-	4,969,509
Investments in captial assets, net of related debt	$ 69,252,168	$ 649,134,503	$ 718,386,671

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, 2010, interutility sales were as follows:

Electric	$ 4,777,000
Natural gas	12,000
Water	169,000
Sewer	112,000
Information Technology	2,493,000
Total	$ 7,563,000

Note 4 - Other Notes

4-A Hotel/Motel Lodging Tax

For the period of January 1, 2010 through August 31, 2010, the City levied a 6% hotel/motel tax in accordance with the provisions of O.C.G.A. 48-13-51(a)(3.1). For September 1, 2010 forward, the City levied a 7% hotel/motel tax in accordance with the provisions of O.C.G.A. 48-13-51(b). A summary of the transactions is as follows:

Hotel/Motel tax revenue	$ 862,298
Expenditures for promotion of tourism and support:	
Northwest Georgia Trade and Convention Center	$ 598,295
Dalton Area Convention and Visitors Bureau	214,741
Dalton-Whitfield Joint Development Authority	15,775
Various tourism product developments	378,463
Total expenditures	$ 1,207,274
Percentage of expenditures to revenue	140.01%

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 after 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, 2010. The private insurance carriers estimated claims incurred but not paid at December 31, 2010 were $1,099,412. 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, 2010, 2009, and 2008 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:				
2008	$ 1,299,752	$ 738,566	$ (773,274)	$ 1,265,044
2009	1,265,044	701,338	(975,106)	991,276
2010	991,276	738,308	(630,172)	1,099,412
Health Insurance:				
2008	946,981	4,758,954	(5,053,835)	652,100
2009	652,100	-	(652,100)	-
2010	-	79,188	(79,188)	-

The workers' compensation and health insurance internal service funds had a net increase in net assets in 2010. 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	$ (347,042)
Judicial	-
Public safety	13,516
Public works	4,424
Culture & recreation	(33,925)
Housing and development	-
Total Governmental Activities	(363,027)
Business-Type Activities	
Municipal Golf Course	(7,106)
WLSF	(311,882)
Total Business-Type Activities	(318,988)
	$ (682,015)

Of the total allocation to the governmental activities public works function, $47,544 of 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 $1,873,128 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

Capital Expenditures - The WLSF Commission currently estimates capital additions to be approximately $41.8 million, $58.0 million, $63.5 million, $70.1 million, and $51.5 million in 2011, 2012, 2013, 2014, and 2015, 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.

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)

Use of Interstate Natural Gas Pipeline Capacity – In 2010, the Commission became aware of an apparent violation of Federal Energy Regulatory Commission ("FERC") rules under the natural Gas Act for interstate pipeline capacity use and the "shipper-must-have-title" requirements and related prohibition of buy/sell transactions. The Commission self-reported the violation to the FERC in May 2011, and has refunded immaterial amounts to its customers as of December 31, 2010 as a result of the apparent violation. Under FERC guidelines, the FERC has the authority to levy penalties for violations of FERC regulations such as these. The amount of penalties, if any, that may be assessed against the Commission cannot be determined at this time; however, such penalties, if assessed, could be material to the financial statements. Management believes that such violations were inadvertent and is contending vigorously that its self report be resolved by settlement agreement with the FERC with no further disgorgement, penalty, or other monetary or nonmonetary obligation. The ultimate outcome of this matter cannot be determined at this time.

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, 2010 are as follows:

Year Ending December 31,	Commitments	
	Natural Gas	Electricity
2011	$ 346,000	$ 14,736,000
2012	346,000	14,736,000
2013	346,000	15,264,000
2014	346,000	15,264,000
2015 and thereafter	1,730,000	43,621,000
	$ 3,114,000	$ 103,621,000

Vogtle Units 3 & 4 Nuclear Development – 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. 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. Through December 31, 2010, the Commission has spent $40.6 million on the new nuclear units under construction, all of which is included in "construction in progress" in the financial statements.

On August 26, 2009, the Nuclear Regulatory Commission ("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 (collectively, "Owners") 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 ("COL") 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.

In April 2008, GPC, acting as agent for the Owners, and a consortium consisting of Westinghouse Electric Company LLC ("Westinghouse") and Stone & Webster, Inc. (collectively, "Consortium") entered into an engineering procurement and construction agreement to design, engineer, procure, construct, and test two AP1000 nuclear units with electric generating capacity of approximately 1,100 MWs each and related facilities, structures, and improvements at Plant Vogtle ("Vogtle 3 & 4 Agreement").

4-C Commitments and Contingent Liabilities (continued)

The Vogtle 3 & 4 Agreement is an arrangement whereby the Consortium supplies and constructs the entire facility with the exception of certain items provided by the Owners. Under the terms of the Vogtle 3 & 4 Agreement, the Owners agreed to pay a purchase price that will be subject to certain price escalations and adjustments, including fixed escalation amounts and certain index-based adjustments, as well as adjustments for change orders, and performance bonuses for early completion and unit performance. Each Owner is severally (and not jointly) liable for its proportionate share, based on its ownership interest, of all amounts owed to the Consortium under the Vogtle 3 & 4 Agreement. The WLSF Commission's share is 1.6%.

The Owners may terminate the Vogtle 3 & 4 Agreement at any time for their convenience, provided that the Owners will be required to pay certain termination costs and, at certain stages of the work, cancellation fees to the Consortium. The Consortium may terminate the Vogtle 3 & 4 Agreement under certain circumstances, including delays in the receipt of the COL, or delivery of full notice to proceed, certain Owner suspension or delays of work, action by a governmental authority to permanently stop work, certain breaches of the Vogtle 3 & 4 Agreement by the Owners, Owner insolvency, and certain events.

In December 2010, Westinghouse submitted an AP1000 Design Certification Amendment ("DCA") to the NRC. On February 10, 2011, the NRC announced that it was seeking public comment on a proposed rule to approve the DCA and amend the certified AP1000 reactor design for use in the United States. The Advisory Committee on Reactor Safeguards also issued a letter on January 24, 2011, endorsing the issuance of the COL for Plant Vogtle Units 3 & 4. In addition, on March 25, 2011, the NRC submitted to the Environmental Protection Agency ("EPA") the final environmental impact statement for Plant Vogtle Units 3 & 4. The Owners currently expect to receive the COL for Plant Vogtle Units 3 & 4 from the NCR in late 2011 based on the NRC's February 16, 2011 release of its COL schedule framework.

On March 11, 2011, a major earthquake and tsunami struck Japan and caused substantial damage to the nuclear generating units at the Fukushima Daiichi generating plant. According to published reports, the owner of these units is continuing work to stabilize these units following a loss of operation of the cooling systems for the units. While the Owners will continue to monitor this developing situation, they have not identified any immediate impact to the licensing and construction of Plant Vogtle Units 3 & 4 or the operation of the existing nuclear units.

The events in Japan have created uncertainties that may affect transportation, price of fuels, availability of equipment from Japanese manufacturers, and future costs for operating nuclear plants. Specifically, the NRC plans to perform additional operational and safety reviews of nuclear facilities in the United States, which could potentially impact future operations and capital requirements.

There are other pending technical and procedural challenges to the construction and licensing of Plant Vogtle Units 3 & 4. Similar additional challenges at the state and federal level are expected as construction proceeds.

The ultimate outcome of these matters cannot be determined at this time.

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 12, 2011.

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	$ 820,000	$ 1,976,000	2,160,000	1,490,000	1,240,000	7,686,000
	820,000	1,976,000	5,380,000	3,700,000	3,005,000	14,881,000
Percentage of total landfill capacity used as of December 31, 2010	100.0%	100.0%	100.0%	43.4%	48.9%	
	820,000	1,976,000	5,380,000	1,605,000	1,469,000	11,250,000
Land acquisition	50,000	-	-	-	-	50,000
Accrual at 12/31/10	$ 870,000	$ 1,976,000	$ 5,380,000	$ 1,605,000	$ 1,469,000	$ 11,300,000

The Authority will record the remaining estimated cost of closure and post-closure care costs of $3,581,000 as the remaining capacity is filled. Estimated remaining landfill life is more than 30 years. The above estimates are based on what it would cost to perform all closure and post-closure care in 2010. 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 2010, the Dalton-Whitfield Regional Solid Waste Management Authority was in compliance for closure and post-closure care financial assurance requirements as of December 31, 2010.

4-D Joint Ventures (continued)

Condensed audited financial statements for the DWRSWMA at December 31, 2010 are as follows:

Assets		
Current assets	$	15,724,724
Capital assets-net		22,422,879
Total assets	$	38,147,603
Liabilities and Net Assets		
Current liabilities	$	641,004
Non-current liabilities		11,805,624
Net assets		25,700,975
Total liabilities and net assets	$	38,147,603
Statement of Revenues and Expenses		
Operating revenues	$	5,398,220
Operating expenses		(4,351,437)
Depreciation		(1,411,342)
Operating Income		(364,559)
Non-operating revenues (expenses)		(2,764,896)
Increase (decrease) in net assets	$	(3,129,455)
Beginning net assets		28,830,430
Ending net assets	$	25,700,975

4-D Joint Ventures (continued)

The City participates with Whitfield County in the Northwest Georgia Trade and Convention Center Authority. All budgetary and financial records are maintained by the City of Dalton. The Northwest Georgia Trade and Convention Center Authority issues separate audited financial statements dated January 31, 2011.

The City and Whitfield County share equally in 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. 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 an expense on the Statement of Activities.

Condensed audited financial statements for the Northwest Georgia Trade and Convention Center Authority at December 31, 2010 are as follows:

Assets	
Current assets	$ 260,396
Capital assets-net	10,346,256
Total assets	$ 10,606,652
Liabilities and Net Assets	
Current liabilities	$ 286,953
Net assets	10,319,699
Total liabilities and net assets	$ 10,606,652
Statement of Revenues and Expenses	
Operating revenues	$ 1,177,276
Operating expenses	(2,221,421)
Depreciation	(447,951)
Operating Income	(1,492,096)
Non-operating revenues (expenses)	604
Transfers in	1,196,507
Increase (decrease) in net assets	(294,985)
Beginning net assets	10,614,684
Ending net assets	$ 10,319,699

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 dated February 10, 2011.

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 and a large donation from a local advised fund. The City's transfer to this entity is shown as an expenditure of the General Fund, and the City's equity interest in this joint venture is shown as an investment in a joint venture for governmental activities in the Government-wide Statement of Net 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, 2010 are as follows:

Assets		
Current assets	$	388,464
Capital assets-net		6,006
Total assets	$	394,470
Liabilities and Net Assets		
Current liabilities	$	329,337
Net assets		65,133
Total liabilities and net assets	$	394,470
Statement of Activities		
Operating revenues	$	505,000
Transfers in		320,900
Economic development		(786,675)
Increase (decrease) in net assets		39,225
Beginning net assets		25,908
Ending net assets	$	65,133

4-E Component Unit

The City of Dalton Building Authority ("Building Authority") is a legally separate entity and has been included as a discretely presented component unit in the accompanying financial statements. It is reported as a separate column in the government-wide statements to emphasize that it is legally separate from the City. The City of Dalton Board of Education and the City of Dalton, Georgia each have outstanding debt in the Building Authority's name, as discussed in Note 4-F. All debt proceeds and payments related to Building Authority issued debt flow through the Building Authority. The entity does not report any revenues or expenses as the result of its operations, as the entity is primarily a conduit for the respective governmental entities. Transfers in and out for payments of interest and principal on outstanding debt totaled $8,129,594 for the year ended December 31, 2010. Further, as discussed in Note 3-H, new debt proceeds of $5,600,000 were transferred in and a portion was transferred out to the City of Dalton. The remaining balance is held in the Building Authority's cash account and is reported as a receivable or payable in the financials.

4-F Debt Contingency

The City of Dalton Building Authority issued qualified zone academy bonds dated May 1, 2003 in the amount of $2,000,000 to finance capital improvements within the City of Dalton Public School System. The amount of the bonds outstanding as of December 31, 2010 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, 2010 is $2,865,000.

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, 2010 is $6,140,000.

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, 2010 is $5,910,000.

PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

City of Dalton, Georgia
Pension Trust Fund
Schedule of Employer Contributions
December 31, 2010

Year Beginning January 1,	Annual Required Contribution	Percentage Contributed
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%
2010	3,866,060	95%

City of Dalton, Georgia
Pension Trust Fund
Schedule of Funding Progress
December 31, 2010

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
1/1/2001	$ 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%
1/1/2011	60,628,149	94,177,910	33,549,761	64.4%	21,461,361	156.3%

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, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 208,702	$ 52,352	$ -	$ 261,054
Investments	3,804	273,742	-	277,546
Receivables:				
Accounts	84,536	-	-	84,536
Taxes	54,646	12,958	-	67,604
Intergovernmental-local	2,648	162,287	5,489,190	5,654,125
Intergovernmental - state and federal	19,545	-	-	19,545
Interfund	16,672	-	-	16,672
Inventory, at cost	3,647	-	-	3,647
Prepaid expenditures	5,250	-	-	5,250
Total Assets	$ 399,450	$ 501,339	$ 5,489,190	$ 6,389,979
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 27,945	$ -	$ 519,681	$ 547,626
Accrued expenditures	28,547	-	-	28,547
Accrued interest payable	-	161,146	-	161,146
Interfund payable	95,067	-	-	95,067
Deferred revenue	46,027	9,396	-	55,423
Total Liabilities	197,586	170,542	519,681	887,809
Fund Balances				
Nonspendable	8,897	-	-	8,897
Restricted for:				
Public safety	196,612	-	-	196,612
Culture and recreation	(3,647)	-	-	(3,647)
Housing and development	2	-	-	2
Debt service	-	330,797	-	330,797
Capital projects	-	-	4,969,509	4,969,509
Total Fund Balances	201,864	330,797	4,969,509	5,502,170
Total Liabilities and Fund Balances	$ 399,450	$ 501,339	$ 5,489,190	$ 6,389,979

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, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Taxes:				
Real and personal property tax	$ 58,150	$ 33,115	$ -	$ 91,265
Vehicle tax	186	13,299	-	13,485
Hotel/motel tax	862,298	-	-	862,298
Intergovernmental	1,252,848	713,821	1,772,680	3,739,349
Charges for services	322,813	-	-	322,813
Fines and forfeitures	24,381	-	-	24,381
Investment earnings	1,331	23,774	9,294	34,399
Miscellaneous	14,238	4,093	-	18,331
Total Revenues	2,536,245	788,102	1,781,974	5,106,321
Expenditures				
Current:				
General government	88,882	-	-	88,882
Public safety	54,563	-	-	54,563
Public works	-	-	837,450	837,450
Health and welfare	133,426	-	-	133,426
Culture and recreation	2,796,600	-	-	2,796,600
Housing and development	95,501	-	-	95,501
Capital Outlay				
General government	-	-	8,086	8,086
Public works	-	-	381,908	381,908
Culture and recreation	460,087	-	3,343,877	3,803,964
Debt Service:				
Principal retirement	-	1,298,247	-	1,298,247
Interest and fiscal charges	-	295,811	182,016	477,827
Total Expenditures	3,629,059	1,594,058	4,753,337	9,976,454
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,092,814)	(805,956)	(2,971,363)	(4,870,133)
Other Financing Sources (Uses)				
Proceeds from issuance of debt	-	-	6,130,000	6,130,000
Transfers in	1,905,973	249,585	1,810,872	3,966,430
Transfers out	(2,237,894)	-	-	(2,237,894)
Total Other Financing Sources (Uses)	(331,921)	249,585	7,940,872	7,858,536
Net Change in Fund Balances	(1,424,735)	(556,371)	4,969,509	2,988,403
Fund Balances Beginning of Year	1,626,599	887,168	-	2,513,767
Fund Balances End of Year	$ 201,864	$ 330,797	$ 4,969,509	$ 5,502,170

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, 2010

	2010	2009
Assets		
Cash and cash equivalents	$ 3,178,203	$ 3,458,034
Investments	13,445,454	9,227,470
Receivables:		
Accounts	977,368	674,608
Taxes	2,557,219	6,322,207
Intergovernmental-state and federal	21,334	22,270
Intergovernmental-local	1,416,059	1,053,369
Interfund	169,618	155,874
Inventory	78,876	111,992
Prepaid items	18,135	26,540
Total Assets	$ 21,862,266	$ 21,052,364
Liabilities and Fund Balances		
Liabilities		
Accounts payable	550,729	664,454
Accrued expenditures	332,344	1,662,770
Interfund payable	36,853	-
Deferred revenue	1,431,898	1,338,368
Total Liabilities	2,351,824	3,665,592
Fund Balances		
Nonspendable	97,011	138,532
Restricted - cemetery chapel	91,959	102,316
Unrestricted		
Committed (capital projects)	1,690,964	-
Assigned (airport)	61,825	-
Unassigned	17,568,683	17,145,924
Total Fund Balances	19,510,442	17,386,772
Total Liabilities and Fund Balances	$ 21,862,266	$ 21,052,364

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Taxes					
Real and personal property tax	$ 9,055,700	$ 9,285,700	$ 9,006,423	$ (279,277)	$ 9,937,794
Vehicle tax	502,000	502,000	393,222	(108,778)	433,280
Sales tax	2,310,000	2,310,000	2,542,491	232,491	2,331,331
Insurance premium tax	1,350,000	1,350,000	1,502,553	152,553	1,547,528
Recording intangibles	31,000	32,500	47,340	14,840	39,744
Franchise tax	448,000	448,000	496,207	48,207	493,121
Real estate transfer tax	8,000	8,000	9,858	1,858	9,698
Beer tax	496,000	496,000	479,805	(16,195)	499,365
Wine tax	64,000	64,000	68,872	4,872	67,174
Liquor tax	72,000	72,000	76,519	4,519	71,748
Mixed drink tax	52,000	52,000	55,985	3,985	50,632
Total taxes	14,388,700	14,620,200	14,679,275	59,075	15,481,415
Licenses and permits:					
Alcoholic beverage licenses	220,000	220,000	218,333	(1,667)	217,812
Occupation taxes	835,000	835,000	744,573	(90,427)	841,193
Building permits	-	-	-	-	93,534
Other permits	-	1,000	1,400	400	200
Total licenses and permits	1,055,000	1,056,000	964,306	(91,694)	1,152,739
Intergovernmental:					
Whitfield County	683,350	780,285	780,177	(108)	846,697
Housing Authority	101,700	50,850	48,712	(2,138)	101,712
Federal grants and contracts	25,700	132,845	132,148	(697)	372,212
State grants and contracts	-	163,735	165,816	2,081	162,051
Total intergovernmental	810,750	1,127,715	1,126,853	(862)	1,482,672
Charges for services:					
Senior center	100,800	106,350	68,581	(37,769)	54,500
Garbage and recycling revenue	14,000	14,000	4,690	(9,310)	10,299
Public works fees	53,000	60,000	59,919	(81)	58,093
Municipal court and probation fees	1,005,000	1,005,000	1,066,062	61,062	1,098,525
Public safety fees	40,000	40,000	36,655	(3,345)	42,093
Cemetery fees	32,000	32,000	13,940	(18,060)	38,290
Total charges for services	1,244,800	1,257,350	1,249,847	(7,503)	1,301,800
Fines and forfeitures	950,000	950,000	481,729	(468,271)	794,156
Investment earnings	201,000	99,800	83,158	(16,642)	124,151

(Continued)

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Miscellaneous:					
Penalties and fines	50,000	116,500	121,896	5,396	101,367
Rental income	67,500	75,000	74,044	(956)	103,288
Donations	2,200	188,700	192,349	3,649	90,309
Sale of property	5,000	9,000	9,923	923	5,377
Reimbursements	128,500	139,270	489,693	350,423	90,912
Miscellaneous	26,400	26,550	36,822	10,272	42,095
Total miscellaneous	279,600	555,020	924,727	369,707	433,348
Total revenues	$ 18,929,850	$ 19,666,085	$ 19,509,895	$ (156,190)	$ 20,770,281

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Current:					
General Government:					
Legislative					
Personal services and benefits	$ 44,595	$ 49,335	$ 49,261	$ 74	$ 45,771
Other	66,295	66,105	66,055	50	62,468
Total	110,890	115,440	115,316	124	108,239
Administrative					
Personal services and benefits	157,955	173,730	166,432	7,298	172,730
Other	327,285	339,585	325,290	14,295	321,605
Total	485,240	513,315	491,722	21,593	494,335
City Clerk					
Personal services and benefits	189,250	193,155	192,995	160	187,334
Other	56,040	50,390	41,674	8,716	52,061
Total	245,290	243,545	234,669	8,876	239,395
Finance					
Personal services and benefits	283,920	283,630	276,649	6,981	264,259
Other	310,915	313,115	310,713	2,402	320,545
Total	594,835	596,745	587,362	9,383	584,804
Human Resources					
Personal services and benefits	223,610	223,255	223,158	97	226,918
Other	128,840	141,390	125,467	15,923	74,394
Total	352,450	364,645	348,625	16,020	301,312
Technology					
Personal services and benefits	62,797	63,392	63,358	34	62,580
Other	93,308	85,793	78,912	6,881	111,775
Capital outlay	-	56,500	56,275	225	-
Total	156,105	205,685	198,545	7,140	174,355

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Infrastructure					
Other	-	13,780	13,748	32	9,275
Capital outlay	75,000	188,805	186,613	2,192	783,736
Total	75,000	202,585	200,361	2,224	793,011
Total General Government	2,019,810	2,241,960	2,176,600	65,360	2,695,451
Judicial:					
Municipal Court					
Personal services and benefits	497,610	448,090	433,158	14,932	467,786
Other	298,685	281,533	221,612	59,921	230,568
Capital outlay	-	20,302	20,302	-	-
Total	796,295	749,925	675,072	74,853	698,354
Total Judicial	796,295	749,925	675,072	74,853	698,354
Public Safety:					
Fire Department					
Personal services and benefits	6,027,165	6,013,925	6,013,082	843	6,150,906
Other	762,015	790,765	789,897	868	750,979
Capital outlay	50,000	-	-	-	114,847
Total	6,839,180	6,804,690	6,802,979	1,711	7,016,732
Police Department					
Personal services and benefits	6,164,585	5,850,181	5,830,056	20,125	6,004,325
Other	1,020,695	1,090,304	1,044,964	45,340	1,179,276
Capital outlay	-	64,045	64,041	4	66,255
Total	7,185,280	7,004,530	6,939,061	65,469	7,249,856
Total Public Safety	14,024,460	13,809,220	13,742,040	67,180	14,266,588
Public Works:					
Public Works					
Personal services and benefits	3,966,315	3,791,865	3,790,103	1,762	3,931,733
Other	2,304,410	2,317,607	2,317,183	424	2,140,848
Capital outlay	-	251,108	251,096	12	33,094
Total	6,270,725	6,360,580	6,358,382	2,198	6,105,675

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Infrastructure					
Other	533,350	473,085	475,238	(2,153)	77,251
Total	533,350	473,085	475,238	(2,153)	77,251
Total Public Works	6,804,075	6,833,665	6,833,620	45	6,182,926
Health and Welfare:					
Senior Center					
Personal services and benefits	252,385	259,525	259,350	175	261,165
Other	196,320	204,489	162,878	41,611	148,053
Capital outlay	6,000	5,146	-	5,146	-
Total	454,705	469,160	422,228	46,932	409,218
Special Projects					
Other	30,000	42,000	42,000	-	48,600
Total	30,000	42,000	42,000	-	48,600
Infrastructure					
Other	-	10,330	10,328	2	290,984
Total	-	10,330	10,328	2	290,984
Total Health and Welfare	484,705	521,490	474,556	46,934	748,802
Culture and Recreation:					
Special Projects					
Other	243,810	250,810	250,810	-	243,810
Total	243,810	250,810	250,810	-	243,810
Infrastructure					
Capital outlay	-	188,555	188,532	23	228,616
Total	-	188,555	188,532	23	228,616
Total Culture and Recreation	243,810	439,365	439,342	23	472,426
Housing and Development:					
Building Inspector					
Personal services and benefits	-	-	-	-	249,454
Other	-	-	-	-	38,539
Total	-	-	-	-	287,993

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Special Projects					
Other	452,860	508,210	494,241	13,969	331,110
Total	452,860	508,210	494,241	13,969	331,110
Total Housing and Development	452,860	508,210	494,241	13,969	619,103
Total expenditures	$ 24,826,015	$ 25,103,835	$ 24,835,471	$ 268,364	$ 25,683,650

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Police Department					
Administration					
Personal services and benefits	$ 487,885	$ 317,281	$ 315,352	1,929	$ 425,803
Other	321,695	267,054	254,107	12,947	302,353
Total	809,580	584,335	569,459	14,876	728,156
Patrol					
Personal services and benefits	3,694,595	3,593,595	3,585,684	7,911	3,691,202
Other	408,700	534,100	513,261	20,839	554,687
Capital outlay	-	44,620	44,620	-	66,255
Total	4,103,295	4,172,315	4,143,565	28,750	4,312,144
Criminal Investigation Division					
Personal services and benefits	1,122,030	1,089,230	1,081,092	8,138	981,496
Other	107,420	111,420	106,154	5,266	123,536
Capital outlay	-	19,425	19,421	4	-
Total	1,229,450	1,220,075	1,206,667	13,408	1,105,032
Support Services					
Personal services and benefits	860,075	850,075	847,928	2,147	905,824
Other	182,880	177,730	171,442	6,288	198,700
Total	1,042,955	1,027,805	1,019,370	8,435	1,104,524
Total Police Department	$ 7,185,280	$ 7,004,530	$ 6,939,061	$ 65,469	$ 7,249,856

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Public Works Department					
Administration					
Personal services and benefits	$ 761,625	$ 457,080	$ 455,940	$ 1,140	$ 661,770
Other	623,310	660,410	660,250	160	620,860
Total	1,384,935	1,117,490	1,116,190	1,300	1,282,630
Street					
Personal services and benefits	541,080	589,580	589,562	18	580,066
Other	455,730	305,964	305,863	101	325,987
Capital outlay	-	242,608	242,596	12	6,267
Total	996,810	1,138,152	1,138,021	131	912,320
Sanitation					
Personal services and benefits	1,580,885	1,638,995	1,638,842	153	1,611,784
Other	297,015	268,428	268,422	6	308,696
Total	1,877,900	1,907,423	1,907,264	159	1,920,480
Shop					
Personal services and benefits	422,985	427,615	427,449	166	418,722
Other	596,880	724,639	724,559	80	573,898
Capital outlay	-	8,500	8,500	-	6,267
Total	1,019,865	1,160,754	1,160,508	246	998,887
Traffic engineer					
Personal services and benefits	333,060	354,120	353,995	125	334,044
Other	101,270	141,420	141,368	52	89,355
Total	434,330	495,540	495,363	177	423,399
Landscaping					
Personal services and benefits	326,680	324,475	324,315	160	325,347
Other	230,205	216,746	216,721	25	222,052
Capital outlay	-	-	-	-	20,560
Total	556,885	541,221	541,036	185	567,959
Total Public Works	$ 6,270,725	$ 6,360,580	$ 6,358,382	$ 2,198	$ 6,105,675

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Municipal Court					
Administration					
Personal services and benefits	$ 317,360	$ 281,980	$ 274,269	$ 7,711	$ 310,352
Other	243,155	226,053	188,143	37,910	188,935
Capital outlay	-	20,302	20,302	-	-
Total	560,515	528,335	482,714	45,621	499,287
Probation					
Personal services and benefits	180,250	166,110	158,889	7,221	157,434
Other	55,530	55,480	33,469	22,011	41,633
Total	235,780	221,590	192,358	29,232	199,067
Total Municipal Court	$ 796,295	$ 749,925	$ 675,072	$ 74,853	$ 698,354

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	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	$ 9,346	$ -	$ 199,354	$ 1	$ 1	$ 208,702
Investments	3,804	-	-	-	-	3,804
Receivables:						
Accounts	1,592	82,094	-	-	850	84,536
Taxes	54,646	-	-	-	-	54,646
Intergovernmental - local	2,648	-	-	-	-	2,648
Intergovernmental - federal	-	-	-	2,445	17,100	19,545
Interfund	16,672	-	-	-	-	16,672
Inventory, at cost	3,647	-	-	-	-	3,647
Prepaid expenditures	-	-	5,250	-	-	5,250
Total Assets	$ 92,355	$ 82,094	$ 204,604	$ 2,446	$ 17,951	$ 399,450
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 26,067	$ -	$ 1,378	-	500	$ 27,945
Accrued expenditures	28,547	-	-	-	-	28,547
Interfund payable	-	82,094	1,364	2,445	9,164	95,067
Deferred revenue	37,741	-	-	-	8,286	46,027
Total Liabilities	92,355	82,094	2,742	2,445	17,950	197,586
Fund Balances						
Nonspendable	3,647	-	5,250	-	-	8,897
Restricted for:						
Public safety	-	-	196,612	-	-	196,612
Culture and recreation	(3,647)	-	-	-	-	(3,647)
Housing and development	-	-	-	1	1	2
Total Fund Balances	-	-	201,862	1	1	201,864
Total Liabilities and Fund Balances	$ 92,355	$ 82,094	$ 204,604	$ 2,446	$ 17,951	$ 399,450

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, 2010

	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	$ 58,150	$ -	$ -	$ -	$ -	$ 58,150
Vehicle taxes	186	-	-	-	-	186
Hotel/motel taxes	-	862,298	-	-	-	862,298
Intergovernmental	-	-	4,756	1,153,538	94,554	1,252,848
Charges for services	322,813	-	-	-	-	322,813
Fines & forfeitures	-	-	24,381	-	-	24,381
Investment earnings	320	-	1,011	-	-	1,331
Miscellaneous	12,812	-	1,426	-	-	14,238
Total Revenues	394,281	862,298	31,574	1,153,538	94,554	2,536,245
Expenditures						
Current:						
General government	-	-	-	88,882	-	88,882
Public safety	-	-	54,563	-	-	54,563
Health and welfare	-	-	-	133,426	-	133,426
Culture and recreation	2,615,043	-	-	181,557	-	2,796,600
Housing and development	-	-	-	-	95,501	95,501
Total Current	2,615,043	-	54,563	403,865	95,501	3,168,972
Capital Outlay:						
Culture and recreation	460,087	-	-	-	-	460,087
Total Capital Outlay	460,087	-	-	-	-	460,087
Total Expenditures	3,075,130	-	54,563	403,865	95,501	3,629,059
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,680,849)	862,298	(22,989)	749,673	(947)	(1,092,814)
Other Financing Sources (Uses)						
Transfers in (out)	1,279,103	(862,298)	-	(749,673)	947	(331,921)
Net Change in Fund Balances	(1,401,746)	-	(22,989)	-	-	(1,424,735)
Fund Balances Beginning of Year	1,401,746	-	224,851	1	1	1,626,599
Fund Balances End of Year	$ -	$ -	$ 201,862	$ 1	$ 1	$ 201,864

City of Dalton, Georgia
Recreation Commission Fund
Comparative Balance Sheet
December 31, 2010 and 2009

	2010	2009
Assets		
Cash	$ 9,346	$ 84,950
Investments	3,804	770,023
Receivables:		
Accounts	1,592	1,835
Taxes	54,646	111,356
Intergovernmental - local	2,648	1,614
Interfund	16,672	681,693
Inventory, at cost	3,647	3,824
Prepaid expenditures	-	608
Total Assets	$ 92,355	$ 1,655,903
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 26,067	$ 18,204
Interfund payable	-	5,807
Accrued expenditures	28,547	124,594
Deferred revenue	37,741	105,552
Total Liabilities	92,355	254,157
Fund Balances		
Nonspendable	3,647	4,432
Restricted - culture and recreation	(3,647)	1,397,314
Total Fund Balances	-	1,401,746
Total Liabilities and Fund Balances	$ 92,355	$ 1,655,903

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Recreation Commission Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Taxes:					
Real and personal property tax	$ 100,000	$ 60,050	$ 58,150	$ (1,900)	$ 465,090
Vehicle tax	-	200	186	(14)	2,173
Charges for services	419,950	419,950	322,813	(97,137)	331,423
Investment earnings	2,000	1,000	320	(680)	10,969
Miscellaneous	5,000	12,750	12,812	62	29,372
Total Revenues	526,950	493,950	394,281	(99,669)	839,027
Expenditures					
Current:					
Culture and Recreation:					
Administrative	379,285	364,003	347,532	16,471	362,861
Recreation division	1,152,905	1,103,322	1,018,060	85,262	1,027,098
Parks division	1,438,185	1,320,810	1,249,451	71,359	1,350,500
Total Current	2,970,375	2,788,135	2,615,043	173,092	2,740,459
Capital Outlay:					
Culture and Recreation:					
Parks division	100,000	461,900	460,087	1,813	47,942
Total Capital Outlay	100,000	461,900	460,087	1,813	47,942
Total Expenditures	3,070,375	3,250,035	3,075,130	174,905	2,788,401
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,543,425)	(2,756,085)	(2,680,849)	75,236	(1,949,374)
Other Financing Sources (Uses)					
Transfers in	1,640,865	1,941,495	1,905,026	36,469	-
Transfers out	(50,000)	(50,000)	(625,923)	575,923	(164,762)
Total Other Financing Sources (Uses)	1,590,865	1,891,495	1,279,103	612,392	(164,762)
Net Change in Fund Balances	$ (952,560)	$ (864,590)	(1,401,746)	$ 687,628	(2,114,136)
Fund Balances Beginning of Year			1,401,746		3,515,882
Fund Balances End of Year			$ -		$ 1,401,746

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Recreation Commission Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Current:					
Culture and Recreation:					
Administrative Division					
Personal services and benefits	$ 278,275	$ 287,255	$ 278,809	$ 8,446	$ 278,783
Other	101,010	76,748	68,723	8,025	84,078
Total	379,285	364,003	347,532	16,471	362,861
Recreation Division					
Personal services and benefits	720,695	706,975	679,359	27,616	683,219
Other	432,210	396,347	338,701	57,646	343,879
Total	1,152,905	1,103,322	1,018,060	85,262	1,027,098
Parks Division					
Personal services and benefits	825,590	771,365	720,372	50,993	803,450
Other	612,595	549,445	529,079	20,366	547,050
Capital outlay	100,000	461,900	460,087	1,813	47,942
Total	1,538,185	1,782,710	1,709,538	73,172	1,398,442
Total expenditures	$ 3,070,375	$ 3,250,035	$ 3,075,130	$ 174,905	$ 2,788,401

City of Dalton, Georgia
Hotel/Motel Tax Fund
Comparative Balance Sheet
December 31, 2010 and 2009

	2010	2009
Assets		
Accounts receivable	$ 82,094	$ 63,977
Liabilities		
Interfund payable	$ 82,094	$ 63,977

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Hotel/Motel Tax Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Hotel/motel taxes	$ 650,000	$ 760,700	$ 862,298	$ 101,598	$ 692,065
Other Financing (Uses)					
Transfers out	(650,000)	(760,700)	(862,298)	(101,598)	(692,065)
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, 2010 and 2009

	2010	2009
Assets		
Cash	$ 199,354	$ 211,417
Prepaid expenditures	5,250	13,504
Total Assets	$ 204,604	$ 224,921
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 1,378	$ 70
Interfund payable	1,364	-
Total Liabilities	2,742	70
Fund Balances		
Nonspendable	5,250	13,504
Restricted - public safety	196,612	211,347
Total Fund Balances	201,862	224,851
Total Liabilities and Fund Balances	$ 204,604	$ 224,921

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Confiscated Assets Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental	$ 80,000	$ 78,550	$ 4,756	$ (73,794)	$ 83,894
Fines & forfeitures	40,000	40,000	24,381	(15,619)	46,095
Investment earnings	1,000	1,000	1,011	11	1,187
Miscellaneous	-	1,450	1,426	(24)	-
Total Revenues	121,000	121,000	31,574	(89,426)	131,176
Expenditures					
Current:					
Public Safety:					
Other	58,750	58,750	54,563	4,187	48,175
Total Current					
Capital Outlay:					
Public Safety:					
Capital outlay	-	-	-	-	11,732
Total Expenditures	58,750	58,750	54,563	4,187	59,907
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 62,250	$ 62,250	(22,989)	$ (85,239)	71,269
Fund Balances Beginning of Year			224,851		153,582
Fund Balances End of Year			$ 201,862		$ 224,851

City of Dalton, Georgia
Community Development Block Grant Fund
Comparative Balance Sheet
December 31, 2010 and 2009

	2010	2009
Assets		
Cash	$ 1	$ 1
Intergovernmental receivable - federal	2,445	55,948
Total Assets	$ 2,446	$ 55,949
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ 40
Interfund payable	2,445	55,908
Total Liabilities	2,445	55,948
Fund Balances		
Restricted - housing and development	1	1
Total Liabilities and Fund Balances	$ 2,446	$ 55,949

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CDBG Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental-federal	$ 945,000	$ 1,155,837	$ 1,153,538	$ (2,299)	$ 560,721
Total Revenues	945,000	1,155,837	1,153,538	(2,299)	560,721
Expenditures					
Current:					
General Government:					
Other	143,990	91,036	88,882	2,154	50,544
Health and Welfare:					
Other	133,685	133,577	133,426	151	142,424
Culture and Recreation:					
Other	181,580	181,560	181,557	3	4,503
Capital outlay	(178,655)	(136)	-	(136)	334,665
Housing and Development:					
Other	100,000	-	-	-	28,585
Total Expenditures	380,600	406,037	403,865	2,172	560,721
Excess (Deficiency) of Revenues Over (Under) Expenditures	564,400	749,800	749,673	(127)	-
Other Financing (Uses)					
Transfers out	(564,400)	(749,800)	(749,673)	127	-
Net Change in Fund Balances	$ -	$ -	-	$ -	-
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, 2010 and 2009

	2010	2009
Assets		
Cash	$ 1	$ 1
Receivables:		
Accounts	850	
Intergovernmental receivable - federal	17,100	8,560
Total Assets	$ 17,951	$ 8,561
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 500	$ 267
Interfund payable	9,164	8,293
Deferred revenue	8,286	-
Total Liabilities	17,950	8,560
Fund Balances		
Restricted - housing and development	1	1
Total Liabilities and Fund Balances	$ 17,951	$ 8,561

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CHIP Grant
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental	$ 293,690	$ 293,690	$ 94,554	$ (199,136)	$ 12,310
Total Revenues	293,690	293,690	94,554	(199,136)	12,310
Expenditures					
Current:					
Housing and Development:					
Other	307,690	307,690	95,501	212,189	12,997
Total Expenditures	307,690	307,690	95,501	212,189	12,997
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,000)	(14,000)	(947)	13,053	(687)
Other Financing Sources					
Transfers in	14,000	14,000	947	(13,053)	674
Net Change in Fund Balances	$ -	$ -	-	$ -	(13)
Fund Balances Beginning of Year			1		14
Fund Balances End of Year			$ 1		$ 1

City of Dalton, Georgia
Comparative Balance Sheet
Debt Service Fund
December 31, 2010 and 2009

	2010	2009
Assets		
Cash and cash equivalents	$ 52,352	$ 24,121
Investments	273,742	648,918
Receivables:		
Property taxes	12,958	223,912
Intergovernmental-local	162,287	75,203
Total Assets	$ 501,339	$ 972,154
Liabilities and Fund Balances		
Liabilities		
Accrued interest payable	$ 161,146	$ 38,561
Deferred revenue	9,396	46,425
Total Liabilities	170,542	84,986
Fund Balances		
Restricted - debt service	330,797	887,168
Total Liabilities and Fund Balances	$ 501,339	$ 972,154

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Taxes:					
Real and personal property tax	$ 40,000	$ 26,975	$ 33,115	$ 6,140	$ 356,958
Vehicle tax	1,500	12,000	13,299	1,299	14,960
Intergovernmental	650,975	703,975	713,821	9,846	650,721
Investment earnings	10,000	32,000	23,774	(8,226)	4,652
Miscellaneous	-	2,525	4,093	1,568	4,298
Total Revenues	702,475	777,475	788,102	10,627	1,031,589
Expenditures					
Debt Service:					
Principal retirement	1,425,250	1,298,250	1,298,247	3	1,196,099
Interest and fiscal charges	413,340	360,340	295,811	64,529	155,951
Total Expenditures	1,838,590	1,658,590	1,594,058	64,532	1,352,050
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,136,115)	(881,115)	(805,956)	75,159	(320,461)
Other Financing Sources (Uses)					
Transfers in	505,000	250,000	249,585	(415)	200,865
Net Change in Fund Balances	$ (631,115)	$ (631,115)	(556,371)	$ 74,744	(119,596)
Fund Balances Beginning of Year			887,168		1,006,764
Fund Balances End of Year			$ 330,797		$ 887,168

City of Dalton, Georgia
Capital Projects Fund
Comparative Balance Sheet
December 31, 2010 and 2009

	2010	2009
Assets		
Intergovernmental receivable - local	$ 5,489,190	$ -
Total Assets	$ 5,489,190	$ -
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 519,681	$ -
Total Liabilities	519,681	-
Fund Balances		
Restricted - capital projects	4,969,509	-
Total Liabilities and Fund Balances	$ 5,489,190	$ -

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Projects Fund
For the Year Ended December 31, 2010
(With Actual Amounts for the Year Ended December 31, 2009)

	2010				2009
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental	$ 3,881,650	$ 3,919,960	$ 1,772,680	$ (2,147,280)	$ 1,293,912
Investment earnings	25,000	25,000	9,294	(15,706)	-
Total Revenues	3,906,650	3,944,960	1,781,974	(2,162,986)	1,293,912
Expenditures					
Current:					
Public Works:					
Road projects	2,590,000	2,215,827	510,227	1,705,600	-
High mast lighting	-	523,803	327,223	196,580	-
Total Current	2,590,000	2,739,630	837,450	1,902,180	-
Capital Outlay:					
General Government:					
Old Post Office	10,000	10,000	8,086	1,914	-
Culture and Recreation:					
Community Center	5,735,650	5,827,890	2,924,048	2,903,842	164,762
James Brown Park	2,395,650	2,395,650	419,829	1,975,821	-
Public Works:					
Road projects	400,000	400,000	381,908	18,092	1,293,912
Streetscape	-	-	-	-	39,843
Total Capital Outlay	8,541,300	8,633,540	3,733,871	4,899,669	1,498,517
Debt Service:					
Issuance costs	135,000	181,940	182,016	(76)	-
Total Expenditures	11,266,300	11,555,110	4,753,337	6,801,773	1,498,517
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,359,650)	(7,610,150)	(2,971,363)	4,638,787	(204,605)
Other Financing Sources (Uses)					
Proceeds from issuance of debt	5,535,000	5,600,000	6,130,000	530,000	-
Transfers in	1,824,650	2,010,150	1,810,872	(199,278)	164,762
Total Other Financing Sources (Uses)	7,359,650	7,610,150	7,940,872	330,722	164,762
Net Change in Fund Balances	$ -	$ -	4,969,509	$ 4,969,509	(39,843)
Fund Balances Beginning of Year			-		39,843
Fund Balances End of Year			$ 4,969,509		$ -

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, 2010

	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	$ 55,379	$ -	$ -	$ -	$ 55,379
Receivables:					
Accounts	50	550	-	-	600
Interfund	-	20,181	-	-	20,181
Inventory	8,884	-	-	-	8,884
Total Current Assets	64,313	20,731	-	-	85,044
Noncurrent Assets:					
Capital Assets:					
Land	877,709	925,370	-	-	1,803,079
Depreciable capital assets, net	799,369	7,656,055	-	-	8,455,424
Other Assets:					
Investment in joint ventures	-	-	6,661,771	12,850,488	19,512,259
Total Noncurrent Assets	1,677,078	8,581,425	6,661,771	12,850,488	29,770,762
Total Assets	1,741,391	8,602,156	6,661,771	12,850,488	29,855,806
Liabilities					
Current Liabilities:					
Accounts payable	6,128	5,769	-	-	11,897
Accrued expenses	10,552	-	-	-	10,552
Unearned revenue	6,693	175	-	-	6,868
Interfund payable	74,551	-	-	-	74,551
Compensated absences payable	37,185	-	-	-	37,185
Total Current Liabilities	135,109	5,944	-	-	141,053
Long-Term Liabilities:					
Compensated absences payable, net of current portion	111,557	-	-	-	111,557
Total Long-Term Liabilities	111,557	-	-	-	111,557
Total Liabilities	246,666	5,944	-	-	252,610
Net Assets					
Invested in capital assets, net of related debt	1,677,078	8,581,425	-	-	10,258,503
Unrestricted	(182,353)	14,787	6,661,771	12,850,488	19,344,693
Total Net Assets	$ 1,494,725	$ 8,596,212	$ 6,661,771	$ 12,850,488	$ 29,603,196

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, 2010

	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	$ 648,235	$ 91,349	$ -	$ -	$ 739,584
Merchandise sales	47,987	-	-	-	47,987
Tournaments	75,231	-	-	-	75,231
Concessions	52,322	-	-	-	52,322
Miscellaneous	2,002	-	-	-	2,002
Total Operating Revenues	825,777	91,349	-	-	917,126
Operating Expenses					
Cost of sales and services	271,278	76,562	-	-	347,840
Personal services and benefits	562,488	-	-	-	562,488
Depreciation	98,644	406,024	-	-	504,668
Total Operating Expenses	932,410	482,586	-	-	1,414,996
Operating Income (Loss)	(106,633)	(391,237)	-	-	(497,870)
Non-Operating Revenues					
Investment earnings	350	-	-	-	350
Gain on sale of assets	14,747	-	-	-	14,747
Income (loss) from joint venture	-	-	(745,787)	(64,727)	(810,514)
Total Non-Operating Revenues	15,097	-	(745,787)	(64,727)	(795,417)
Income (Loss) Before Transfers In	(91,536)	(391,237)	(745,787)	(64,727)	(1,293,287)
Transfers in (out)	625,923	-	598,295	(1,500,000)	(275,782)
Net Change in Net Assets	534,387	(391,237)	(147,492)	(1,564,727)	(1,569,069)
Net Assets Beginning of Year	960,338	8,987,449	6,809,263	14,415,215	31,172,265
Net Assets End of Year	$ 1,494,725	$ 8,596,212	$ 6,661,771	$ 12,850,488	$ 29,603,196

City of Dalton, Georgia
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended December 31, 2010

	Municipal Golf Course	Municipal Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 826,617	$ 108,717	$ 935,334
Cash payments for personnel services	(683,872)	-	(683,872)
Cash payments for goods and services	(225,526)	(91,755)	(317,281)
Net Cash Provided by (Used in) Operating Activities	(82,781)	16,962	(65,819)
Cash Flows from Investing Activities			
Investment earnings	350	-	350
Cash Flows from Noncapital Financing Activities			
Transfer from Recreation and Health Insurance Funds for operations	56,900	-	56,900
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(18,836)	-	(18,836)
Interfund loan from Recreation and General Funds	18,836	-	18,836
Cash payments to Recreation and General Funds	(53,688)	(31,877)	(85,565)
Cash received from sale of capital assets	14,747	-	14,747
Cash received from outside grantors for acquisition of capital assets	-	14,915	14,915
Net Cash Provided by (Used in) Capital and Related Financing Activities	(38,941)	(16,962)	(55,903)
Net Increase (Decrease) in Cash and Cash Equivalents	(64,472)	-	(64,472)
Cash and Cash Equivalents Beginning of Year	119,851	-	119,851
Cash and Cash Equivalents End of Year	$ 55,379	$ -	$ 55,379
Reconciliation of Operating Income (Loss) to Net Cash (Used in) Operating Activities			
Operating (Loss)	$ (106,633)	$ (391,237)	$ (497,870)
Adjustments:			
Depreciation	98,644	406,024	504,668
(Increase) Decrease in Assets:			
Accounts receivable	(50)	17,193	17,143
Interfund receivable	-	-	-
Inventory	2,617	-	2,617
Increase (Decrease) in Liabilities:			
Accounts payable	3,907	(15,193)	(11,286)
Interfund payable (general fund)	(3,267)	-	(3,267)
Unearned revenue	890	175	1,065
Accrued expenses	(32,355)	-	(32,355)
Compensated absences payable	(46,534)	-	(46,534)
Net Cash Provided by (Used in) Operating Activities	$ (82,781)	$ 16,962	$ (65,819)

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, 2010

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Assets						
Current Assets:						
Cash and cash equivalents	$ 1,032,000	$ 203,000	$ 203,000	$ 221,000	$ 184,000	$ 1,843,000
Short-term investments	56,000	11,000	11,000	12,000	10,000	100,000
Accounts receivable, less doubtful accounts allowance	7,688,000	1,406,000	1,454,000	1,574,000	619,000	12,741,000
Unbilled revenues	2,834,000	908,000	1,105,000	710,000	-	5,557,000
Accrued interest receivable	414,000	21,000	217,000	219,000	21,000	892,000
Fuel stocks	2,061,000	813,000	-	-	-	2,874,000
Inventories	7,957,000	223,000	509,000	149,000	820,000	9,658,000
Prepaid expenses and deposits	351,000	70,000	41,000	45,000	37,000	544,000
Restricted customer deposit fund	1,737,000	364,000	336,000	364,000	-	2,801,000
Restricted combined utilities sinking fund	6,529,000	384,000	6,146,000	6,146,000	-	19,205,000
Total Current Assets	30,659,000	4,403,000	10,022,000	9,440,000	1,691,000	56,215,000
Noncurrent Assets:						
Long-term investments	56,000	11,000	11,000	12,000	10,000	100,000
Construction in progress	42,747,000	1,000	45,000	342,000	-	43,135,000
Depreciable capital assets, net	184,529,000	11,669,000	182,065,000	182,137,000	87,832,000	648,232,000
Restricted combined utilities renewals/extensions fund	6,085,000	338,000	3,888,000	4,226,000	2,366,000	16,903,000
Restricted nuclear decommissioning	51,823,000	-	-	-	-	51,823,000
Regulatory asset	2,903,000	13,000	114,000	122,000	5,811,000	8,963,000
Derivatives (interest rate swap agreements)	28,000	6,000	6,000	6,000	5,000	51,000
Debt expense, net	14,000	1,000	8,000	10,000	-	33,000
Total Noncurrent Assets	288,185,000	12,039,000	186,137,000	186,855,000	96,024,000	769,240,000
Total Assets	318,844,000	16,442,000	196,159,000	196,295,000	97,715,000	825,455,000

City of Dalton, Georgia
Combining Schedule of Net Assets
Water, Light, and Sinking Commission Fund
December 31, 2010

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Liabilities						
Current Liabilities:						
Current maturities of long-term debt	6,155,000	362,000	5,794,000	5,794,000	-	18,105,000
Accrued interest on long-term debt	373,000	22,000	350,000	350,000	-	1,095,000
Accounts payable and accrued expenses	8,365,000	3,760,000	1,059,000	1,395,000	3,768,000	18,347,000
Customer deposits	1,855,000	389,000	359,000	389,000	-	2,992,000
Total Current Liabilities	16,748,000	4,533,000	7,562,000	7,928,000	3,768,000	40,539,000
Long-Term Liabilities:						
Deferred credit - TVA right of use	-	-	-	417,000	-	417,000
Other deferred credits and liabilities	1,200,000	-	-	-	-	1,200,000
Long-term debt	4,037,000	237,000	3,797,000	3,797,000	-	11,868,000
Asset retirement obligations	29,186,000	-	-	-	-	29,186,000
Total Long-Term Liabilities	34,423,000	237,000	3,797,000	4,214,000	-	42,671,000
Total Liabilities	51,171,000	4,770,000	11,359,000	12,142,000	3,768,000	83,210,000
Net Assets						
Invested in capital assets, net of related debt	189,228,000	11,062,000	172,283,000	172,660,000	93,643,000	638,876,000
Restricted for:						
Debt service	6,529,000	384,000	6,146,000	6,146,000	-	19,205,000
Capital projects	6,085,000	338,000	3,888,000	4,226,000	2,366,000	16,903,000
Customer deposit fund, nuclear decommissioning, restricted cash, and natural gas derivative	53,588,000	370,000	342,000	370,000	5,000	54,675,000
Unrestricted	12,243,000	(482,000)	2,141,000	751,000	(2,067,000)	12,586,000
Total Net Assets	$ 267,673,000	$ 11,672,000	$ 184,800,000	$ 184,153,000	$ 93,947,000	$ 742,245,000

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, 2010

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Operating Revenues						
Electric	$ 104,083,000	$ -	$ -	$ -	$ -	$ 104,083,000
Parity income	2,828,000	-	-	-	-	2,828,000
Natural gas	-	21,001,000	-	-	-	21,001,000
Water	-	-	20,170,000	-	-	20,170,000
Sewer	-	-	-	22,134,000	-	22,134,000
Information technology	-	-	-	-	19,314,000	19,314,000
Total Operating Revenues	106,911,000	21,001,000	20,170,000	22,134,000	19,314,000	189,530,000
Operating Expenses						
Production	26,492,000	-	3,922,000	9,552,000	-	39,966,000
Purchased electricity	41,914,000	-	-	-	-	41,914,000
Purchased natural gas	-	16,465,000	-	-	-	16,465,000
Distribution	4,031,000	1,402,000	3,549,000	1,284,000	9,570,000	19,836,000
Depreciation and amortization	7,858,000	819,000	6,274,000	7,042,000	6,913,000	28,906,000
General administration	4,189,000	2,035,000	4,011,000	2,135,000	1,424,000	13,794,000
Total Operating Expenses	84,484,000	20,721,000	17,756,000	20,013,000	17,907,000	160,881,000
Operating Income (Loss)	22,427,000	280,000	2,414,000	2,121,000	1,407,000	28,649,000
Non-Operating Revenues (Expenses)						
Interest income	1,867,000	137,000	316,000	328,000	110,000	2,758,000
Net increase (decrease) in fair value of investments and derivatives	4,502,000	61,000	21,000	23,000	24,000	4,631,000
Allowance for debt funds used during construction	1,587,000	2,000	5,000	22,000	2,000	1,618,000
Miscellaneous income (expense)	95,000	18,000	19,000	20,000	17,000	169,000
Interest expense	(667,000)	(30,000)	(677,000)	(677,000)	12,000	(2,039,000)
Total Non-Operating Revenues (Expenses)	7,384,000	188,000	(316,000)	(284,000)	165,000	7,137,000
Income Before Contributions and Transfers	29,811,000	468,000	2,098,000	1,837,000	1,572,000	35,786,000
Contributions and Transfers						
Contributions and reallocations	5,836,000	(938,000)	557,000	3,094,000	(8,549,000)	-
Transfers out	(5,023,000)	(986,000)	(947,000)	(1,039,000)	(907,000)	(8,902,000)
Total Contributions and Transfers	813,000	(1,924,000)	(390,000)	2,055,000	(9,456,000)	(8,902,000)
Change in Net Assets	30,624,000	(1,456,000)	1,708,000	3,892,000	(7,884,000)	26,884,000
Net Assets Beginning of Year	237,049,000	13,128,000	183,092,000	180,261,000	101,831,000	715,361,000
Net Assets End of Year	$ 267,673,000	$ 11,672,000	$ 184,800,000	$ 184,153,000	$ 93,947,000	$ 742,245,000

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Net Assets
December 31, 2010 and 2009

	2010	2009
Assets		
Current Assets:		
Cash and cash equivalents	$ 55,379	$ 119,851
Accounts receivable	50	-
Inventory	8,884	11,501
Total Current Assets	64,313	131,352
Noncurrent Assets:		
Capital Assets:		
Land	877,709	877,709
Depreciable capital assets, net	799,369	879,177
Total Noncurrent Assets	1,677,078	1,756,886
Total Assets	1,741,391	1,888,238
Liabilities		
Current Liabilities:		
Accounts payable	6,128	2,221
Accrued expenses	10,552	42,907
Unearned revenue	6,693	5,803
Interfund payable	74,551	681,693
Compensated absences payable	37,185	29,291
Total Current Liabilities	135,109	761,915
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	111,557	165,985
Total Liabilities	246,666	927,900
Net Assets (Deficit)		
Invested in capital assets	1,677,078	1,756,886
Unrestricted	(182,353)	(796,548)
Total Net Assets (Deficit)	$ 1,494,725	$ 960,338

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, 2010 and 2009

	2010	2009
Operating Revenues		
Charges for services	$ 648,235	$ 634,775
Merchandise sales	47,987	43,443
Tournaments	75,231	61,569
Concessions	52,322	46,306
Miscellaneous	2,002	2,410
Total Operating Revenues	825,777	788,503
Operating Expenses		
Cost of sales and services	271,278	223,599
Personal services and benefits	562,488	591,907
Depreciation	98,644	87,372
Total Operating Expenses	932,410	902,878
Operating (Loss)	(106,633)	(114,375)
Non-Operating Revenues		
Interest	350	678
Gain on sale of assets	14,747	-
Total Non-Operating Revenues	15,097	678
Income (Loss) Before Transfers In	(91,536)	(113,697)
Transfers in	625,923	-
Change in Net Assets	534,387	(113,697)
Net Assets Beginning of Year	960,338	1,074,035
Net Assets End of Year	$ 1,494,725	$ 960,338

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Net Assets
December 31, 2010 and 2009

	2010	2009
Assets		
Current Assets:		
Receivables:		
Accounts	$ 550	$ 17,743
Interfund	20,181	-
Intergovernmental-state and federal	-	14,915
Total Current Assets	20,731	32,658
Noncurrent Assets:		
Capital Assets:		
Land	925,370	906,208
Depreciable capital assets, net	7,656,055	8,081,241
Total Noncurrent Assets	8,581,425	8,987,449
Total Assets	8,602,156	9,020,107
Liabilities		
Current Liabilities:		
Accounts payable	5,769	20,961
Interfund payable	-	11,697
Unearned revenue	175	-
Total Current Liabilities	5,944	32,658
Net Assets		
Invested in capital assets	8,581,425	8,987,449
Unrestricted	14,787	-
Total Net Assets	$ 8,596,212	$ 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, 2010 and 2009

	2010	2009
Operating Revenues		
Charges for services	$ 91,349	$ 90,848
Total Operating Revenues	91,349	90,848
Operating Expenses		
Cost of sales and services	76,562	67,740
Depreciation	406,024	391,896
Total Operating Expenses	482,586	459,636
Operating (Loss)	(391,237)	(368,788)
Nonoperating Revenues and (Expenses)		
Intergovernmental:		
Federal grants and contracts	-	198,665
State grants and contracts	-	15,191
Total Nonoperating Revenues and Expenses	-	213,856
Income (Loss) Before Transfers In	(391,237)	(154,932)
Transfers in	-	9,142,381
Change in Net Assets	(391,237)	8,987,449
Net Assets Beginning of Year	8,987,449	-
Net Assets End of Year	$ 8,596,212	$ 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, 2010

	Workers Compensation	Health Insurance	Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 519,495	$ 2,746	$ 522,241
Investments	556,382	-	556,382
Total Current Assets	1,075,877	2,746	1,078,623
Liabilities			
Current Liabilities:			
Accounts payable	18,374	20	18,394
Claims payable	1,099,412	-	1,099,412
Total Current Liabilities	1,117,786	20	1,117,806
Net Assets (Deficit)			
Unrestricted (Deficit)	(41,909)	2,726	(39,183)
Total Net Assets (Deficit)	$ (41,909)	$ 2,726	$ (39,183)

City of Dalton, Georgia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2010

	Workers Compensation	Health Insurance	Total
Operating Revenues			
Charges for services	$ 799,550	$ (724,904)	$ 74,646
Operating Expenses			
Claims	465,589	(79,188)	386,401
Premiums and administrative fees	295,647	26,956	322,603
Total Operating Expenses	761,236	(52,232)	709,004
Operating Income (Loss)	38,314	(672,672)	(634,358)
Non-Operating Revenues and Expenses			
Investment earnings	2,778	1,778	4,556
Total Non-Operating Revenues and Expenses	2,778	1,778	4,556
Change in Net Assets	41,092	(670,894)	(629,802)
Net Assets (Deficit) Beginning of Year	(83,001)	673,620	590,619
Net Assets (Deficit) End of Year	$ (41,909)	$ 2,726	$ (39,183)

City of Dalton, Georgia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2010

	Workers Compensation	Health Insurance	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from interfund services provided	$ 799,550	$ -	$ 799,550
Cash payments for claims and fees	(642,231)	29,167	(613,064)
Net Cash Provided by (Used in) Operating Activities	157,319	29,167	186,486
Cash Flows from Investing Activities			
Proceeds from sale of investments	228,350	350,142	578,492
Receipts from interest on investments	2,778	1,778	4,556
Net Cash Provided by (Used in) Investing Activities	231,128	351,920	583,048
Cash Flows from Capital and Related Financing Activities			
Cash refunded to other departments to close fund	-	(724,904)	(724,904)
Net Cash Provided by (Used in) Capital and Related Financing Activitie	-	(724,904)	(724,904)
Net Increase (Decrease) in Cash and Cash Equivalents	388,447	(343,817)	44,630
Cash and Cash Equivalents Beginning of Year	131,048	346,563	477,611
Cash and Cash Equivalents End of Year	$ 519,495	$ 2,746	$ 522,241
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	$ 38,314	$ (672,672)	$ (634,358)
Increase (Decrease) in Liabilities:			
Accounts payable	10,869	(5,062)	5,807
Interfund payable	-	(18,003)	(18,003)
Claims payable	108,136	-	108,136
Net Cash Provided by (Used in) Operating Activities	$ 157,319	$ (695,737)	$ (538,418)

City of Dalton, Georgia
Workers Compensation Fund
Comparative Statement of Net Assets
December 31, 2010 and 2009

	2010	2009
Assets		
Current Assets:		
Cash and cash equivalents	$ 519,495	$ 131,048
Investments	556,382	784,732
Total Current Assets	1,075,877	915,780
Liabilities		
Current Liabilities:		
Accounts payable	18,374	7,505
Claims payable	1,099,412	991,276
Total Current Liabilities	1,117,786	998,781
Net Assets (Deficit)		
Unrestricted (Deficit)	(41,909)	(83,001)
Total Net Assets (Deficit)	$ (41,909)	$ (83,001)

City of Dalton, Georgia
Workers Compensation Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
For The Years Ended December 31, 2010 and 2009

	2010	2009
Operating Revenues		
Charges for services	$ 799,550	$ 807,500
Operating Expenses		
Claims	465,589	23,546
Premiums and administrative fees	295,647	293,720
Total Operating Expenses	761,236	317,266
Operating Income (Loss)	38,314	490,234
Non-Operating Revenues and Expenses		
Investment earnings	2,778	4,687
Total Non-Operating Revenues and Expenses	2,778	4,687
Change in Net Assets	41,092	494,921
Net Assets (Deficit) Beginning of Year	(83,001)	(577,922)
Net Assets (Deficit) End of Year	$ (41,909)	$ (83,001)

City of Dalton, Georgia
Health Insurance Fund
Comparative Statement of Net Assets
December 31, 2010 and 2009

	2010	2009
Assets		
Current Assets:		
Cash and cash equivalents	$ 2,746	$ 346,563
Investments	-	350,142
Total Current Assets	2,746	696,705
Liabilities		
Current Liabilities:		
Accounts payable	20	5,082
Interfund payable	-	18,003
Total Current Liabilities	20	23,085
Net Assets (Deficit)		
Unrestricted (Deficit)	2,726	673,620
Total Net Assets (Deficit)	$ 2,726	$ 673,620

City of Dalton, Georgia
Health Insurance Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
For The Years Ended December 31, 2010 and 2009

	2010	2009
Operating Revenues		
Charges for services	$ (724,904)	$ 1,464,320
Operating Expenses		
Claims	(79,188)	(32,259)
Premiums and administrative fees	26,956	149,132
Total Operating Expenses	(52,232)	116,873
Operating (Loss)	(672,672)	1,347,447
Non-Operating Revenues (Expenses)		
Investment earnings	1,778	4,249
Change in Net Assets	(670,894)	1,351,696
Net Assets (Deficit) Beginning of Year	673,620	(678,076)
Net Assets (Deficit) End of Year	$ 2,726	$ 673,620

City of Dalton, Georgia
Municipal Court Agency Fund
Statement of Changes in Assets and Liabilities - Fiduciary Funds
For The Years Ended December 31, 2010 and 2009

	2009	Additions	Deductions	2010
Assets				
Cash and cash equivalents	$ 267,239	$ 2,292,898	$ (2,328,996)	$ 231,141
Liabilities				
Accounts payable	28,990	396,660	(407,160)	18,490
Interfund payable	-	2,130,620	(2,130,620)	-
Other liabilities	238,249	2,278,469	(2,304,067)	212,651
Total Liabilities	$ 267,239	$ 4,805,749	$ (4,841,847)	$ 231,141

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	2010
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	$ 69,252,168
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	5,617,799
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	10,953,991
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	$ 85,823,958
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	$ 649,134,503
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	90,783,000
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	30,672,743
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	$ 770,590,246
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	$ 718,386,671
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	96,400,799
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	41,626,734
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	$ 856,414,204

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	2010
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	$ 2,612,956
Judicial	-	-	-	-	-	-	704,747	683,158	647,196
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	14,539,913
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	9,265,438
Health and welfare	-	-	-	-	-	-	679,018	895,475	611,320
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	4,301,151
Housing and development	-	-	-	-	72,898	152,264	1,279,210	756,136	596,388
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	325,111
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	32,899,473
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	85,200,911
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	20,770,369
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	18,527,773
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	20,783,836
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	17,948,994
Landfill	-	-	-	-	-	1,013,513	-	223,566	64,727
Trade Center	2,394,527	-	-	-	608,332	682,020	673,926	749,552	745,787
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	939,516
Municipal airport	-	-	-	-	-	-	-	459,636	482,586
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	165,464,499
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	$ 198,363,972

(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	2010
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	$ 964,306
Judicial	-	-	-	-	-	-	1,585,097	1,098,525	1,066,062
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	632,724
Public works	95,811	608,470	807,426	792,123	1,202,851	420,417	395,118	193,246	100,749
Health and welfare	-	-	-	-	-	-	207,792	54,500	68,581
Culture and recreation	253,961	358,366	422,379	718,029	683,328	781,469	485,980	361,532	322,813
Housing and development	-	-	-	-	-	-	-	-	215,308
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	2,065,115
Capital grants and contributions	168,441	-	-	-	-	1,619,714	1,600,048	2,301,508	2,801,087
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	8,236,745

(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	2010
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	106,911,000
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	21,001,000
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	20,170,000
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	22,134,000
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	19,314,000
Joint ventures - Landfill & Trade Center	882,365	-	-	-	439,970	-	207,977	-	-
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	825,777
Municipal airport	-	-	-	-	-	-	-	90,848	91,349
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	190,447,126
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	$ 198,683,871
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)	$ (24,662,728)
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	24,982,627
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)	$ 319,899

(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	2010
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	$ 9,006,423
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	33,115
Recreation	2,625,344	2,626,197	3,109,594	3,009,682	3,054,139	3,362,499	3,454,864	465,090	58,150
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	5,686,337
Hotel/motel taxes	787,040	697,346	714,403	706,542	742,003	771,984	714,896	692,065	862,298
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	122,113
Donations	-	-	2,071,485	352,089	107,309	2,000	604,488	90,309	192,349
Miscellaneous	1,002,309	689,676	560,596	808,255	453,877	985,769	557,910	283,120	436,717
Transfers	5,123,953	5,494,878	5,995,369	5,764,303	7,647,460	7,719,000	8,691,000	(677,381)	9,177,782
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	25,575,284
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)	7,389,350
Miscellaneous	1,056,000	1,796,000	1,814,000	1,265,000	1,381,000	690,000	496,000	682,000	1,801,747
Transfers	(5,123,953)	(6,000,000)	(5,995,369)	(5,764,303)	(7,647,460)	(7,719,000)	(8,691,000)	677,381	(9,177,782)
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)	13,315
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	$ 25,588,599
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)	$ 912,556
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	24,995,942
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)	$ 25,908,498

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Nonspendable	$ -	$ -	$ 5,000	$ -	$ -	$ 38,012	$ 27,658	$ 34,820	$ 138,532	$ 97,011
Restricted	-	-	-	-	-	105,500	105,500	105,500	102,316	91,959
Unassigned	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	17,568,683
Total general fund	$ 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	$ 17,757,653
Nonmajor governmental funds										
Nonspendable	$ 7,760	$ 7,785	$ 7,155	$ 6,991	$ 6,915	$ 5,599	$ 5,526	$ 15,837	$ 17,936	$ 8,897
Restricted	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	5,493,273
Unassigned	-	-	-	-	-	-	-	-	-	-
Total nonmajor governmental funds	$ 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	$ 5,502,170

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	$ 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	$ 15,646,323
Licenses and permits	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	964,306
Intergovernmental revenues	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	4,866,202
Charges for services	268,803	349,772	966,835	968,755	1,875,178	2,778,049	2,355,614	2,331,802	1,633,223	1,572,660
Fines and forfeitures	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	506,110
Investment income	1,728,609	1,695,094	1,340,431	309,415	368,735	521,582	686,626	371,002	140,959	117,557
Miscellaneous	634,630	1,002,309	689,677	2,632,081	1,160,344	561,186	987,769	1,437,982	682,326	943,058
Total Revenues	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	24,616,216
Expenditures										
General government	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	2,022,594
Judicial	-	-	-	-	-	-	-	686,788	698,354	654,770
Public safety	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	13,732,562
Public works	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	7,419,974
Health and welfare	-	-	-	-	-	-	-	595,669	891,226	607,982
Culture and recreation	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	3,047,410
Housing and development	-	-	-	-	-	86,070	142,500	1,163,681	926,360	589,742
Education	18,878,728	23,169,937	23,293,870	28,508,593	27,279,581	27,136,687	29,093,305	-	-	-
Capital Outlay	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	4,960,817
Debt Service:										
Principal retirement	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	1,298,247
Interest and fiscal charges	1,078,207	1,162,356	977,303	908,284	592,687	562,016	249,834	204,436	155,951	477,827
Total Expenditures	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	34,811,925
Excess of Revenues Over (Under) Expenditures	(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)	(10,195,709)

(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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other Financing Sources (Uses)										
Bonds issued	$ 15,152,859	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,130,000
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	8,768,382	7,610,823	11,545,920	10,117,273	8,355,113	11,127,203	9,306,268	9,996,811	9,947,366	15,230,728
Transfers out	(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)	(6,052,946)
Total other Financing Sources (Uses)	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	15,307,782
Net Change in Fund Balance	$ 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	$ 5,112,073
Debt Service as a % of noncapital expenditures	5.1%	8.1%	8.9%	8.0%	8.1%	9.0%	2.1%	4.4%	4.9%	6.3%

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

Fiscal Year	Real Property	Personal Property	Public Utilities	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
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
2010	2,179,604,008	1,404,109,825	35,274,050	263,376,173	3,355,611,710	2.875

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
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
2010	2.875	0.000	0.000	2.875	7.845	0.950	5.061	16.731

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)

	2010			2001		
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.	$ 491,333,830	1	14.6%	$ 437,775,922	1	16.7%
Beaulieu of America, Inc.	116,506,810	2	3.5%	201,879,659	2	7.7%
Mohawk Industries, Inc.	100,200,749	3	3.0%	165,633,929	3	6.3%
J & J Industries, Inc.	61,179,092	4	1.8%	56,312,329	4	2.1%
TANDUS Group (formerly Collins & Aikman)	52,157,220	5	1.6%	42,296,027	5	1.6%
CBL & Associates	31,401,488	6	0.9%	23,799,272	9	0.9%
Windstream Georgia, CC (formerly Alltel)	26,575,342	7	0.8%	34,387,825	6	1.3%
Lexmark Carpet Mills, Inc.	19,491,962	8	0.6%	-	NA	0.0%
The Peeples Group	18,224,908	9	0.5%	-	NA	0.0%
Indian Summer Carpet Mills, Inc.	17,858,622	10	0.5%	-	NA	0.0%
Synthetic Industries	-	NA	0.0%	33,237,320	7	1.3%
Mattel	-	NA	0.0%	24,341,495	8	0.9%
Dixie Group (Bretlin)	-	NA	0.0%	18,886,619	10	0.7%

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
2001	$ 29,723,027	$ 25,656,242	86.3%	$ 4,063,570	$ 29,719,812	100.0%
2002	32,097,049	27,203,122	84.8%	4,883,168	32,086,290	100.0%
2003	34,007,488	3,243,048	9.5%	30,740,999	33,984,047	99.9%
2004	36,284,746	30,593,267	84.3%	5,651,261	36,244,528	99.9%
2005	36,944,389	31,790,728	86.1%	5,139,204	36,929,932	100.0%
2006	39,066,393	32,976,187	84.4%	6,069,358	39,045,545	99.9%
2007	40,451,745	35,995,374	89.0%	4,315,786	40,311,160	99.7%
2008	10,717,290	4,315,761	40.3%	6,199,507	10,515,268	98.1%
2009	10,439,104	4,091,977	39.2%	6,025,247	10,117,224	96.9%
2010	9,208,612	6,935,407	75.3%	-	6,935,407	75.3%

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: Capital Leases	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	17.5%	4,685
2005	9,190,000	-	2,025,195	115,748,000	126,963,195	14.8%	4,033
2006	4,595,000	-	1,787,266	101,556,000	107,938,266	12.0%	3,358
2007	3,745,000	-	1,537,215	86,635,000	91,917,215	9.5%	2,782
2008	2,860,000	-	1,274,425	71,033,000	75,167,425	7.8%	2,250
2009	1,940,000	-	998,326	54,593,000	57,531,326	6.1%	1,712
2010	-	6,585,000	1,185,079	29,973,000	37,743,079	NA	1,132

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
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%	58
2010	-	0.0%	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, 2010
(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	$ 492,500	15.2%	$ 74,860
Dalton Public School System agreement with City - notes payable	283,232	100.0%	283,232
Dalton Public School System capital leases	1,543,232	100.0%	1,543,232
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%	14,915,000
Total overlapping debt			18,816,324
City direct debt			6,994,347
Total direct and overlapping debt			$ 25,810,671

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

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

	For the year ending December 31,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	$ 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	$ 361,898,788
Total net debt applicable to limit	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	23,169,203
Legal debt margin	$ 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	$ 338,729,585
Total net debt applicable to limit as a % of debt limit	7.8%	6.1%	3.7%	3.0%	7.8%	7.2%	9.6%	8.6%	6.3%	6.4%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	$ 3,355,611,710
Add: exempt real property	263,376,173
Total assessed value	3,618,987,883
	10.0%
Debt limit (10% of assessed value)	$ 361,898,788
Debt applicable to limit	
Total bonded debt	$ 53,473,000
Less: Utility revenue bonds	29,973,000
Amount available for repayment of general obligation bonds	330,797
Total debt applicable to limit	$ 23,169,203
Legal debt margin	$ 338,729,585

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
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
2010	167,388,000	120,981,000	46,407,000	18,105,000	3,127,000	2.2

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
2001	25,390	$ 644,677	$ 25,391	4.2%	5,463
2002	27,192	709,249	26,083	3.7%	5,659
2003	30,341	808,648	26,652	3.2%	5,704
2004	30,909	825,456	26,706	4.3%	6,207
2005	31,478	860,231	27,328	4.2%	6,306
2006	32,140	900,981	28,033	4.1%	6,448
2007	33,045	963,229	29,149	4.5%	6,583
2008	33,401	965,590	28,909	5.7%	6,694
2009	33,604	941,819	28,027	12.5%	6,815
2010	33,343	NA	NA	12.4%	6,972

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

NA Not yet available

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

	2010			2001		
Taxpayer	Employees (1)	Rank	Percentage of Total City Employees	Employees	Rank	Percentage of Total City Employees
Shaw Industries, Inc.	4,381	1	13.1%	NA	NA	NA
Mohawk Industries, Inc.	2,168	2	6.5%	NA	NA	NA
Hamilton Medical Center	1,836	3	5.5%	NA	NA	NA
Beaulieu of America, Inc.	1,686	4	5.0%	NA	NA	NA
Dalton Public School System	961	5	2.9%	NA	NA	NA
City of Dalton, Georgia	702	6	2.1%	NA	NA	NA
TANDUS Group (formerly Collins & Aikman)	610	7	1.8%	NA	NA	NA
J & J Industries, Inc.	551	8	1.6%	NA	NA	NA
Shiroki Georgia, LLC (formerly SWM Georgia, LLC)	310	9	0.9%	NA	NA	NA
Kroger	290	10	0.9%	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,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Administration and elected officials	9	9	11	12	13	11	15	14	13	16
Human Resources	2	2	2	3	4	4	4	4	3	3
City Clerk	6	6	6	3	2	2	4	4	4	4
Finance	-	-	-	5	5	5	4	5	4	4
Building Inspection	4	4	5	5	5	5	5	5	5	-
Municipal Court	9	9	9	5	11	9	9	10	9	8
Public Safety										
Police										
Officers	79	86	89	84	79	92	95	98	86	81
Civilians	11	9	10	10	20	11	11	12	14	15
Fire										
Firefighters and officers	75	81	90	87	83	89	89	91	87	85
Civilians	2	2	2	2	2	2	1	-	-	-
Streets and Sanitation										
Refuse collection	33	30	33	32	32	32	32	32	32	31
Streets	50	28	25	24	22	15	32	10	10	10
Other	40	65	59	55	57	54	31	23	23	23
DWRSWMA (Landfill)	38	39	44	39	43	38	38	38	38	38
WLSF (Dalton Utilities)	283	289	310	320	323	322	320	309	310	402
Culture and Recreation										
Recreation	35	31	34	34	37	38	37	37	24	25
Golf Course	11	10	11	11	11	11	11	11	9	9
Senior Center	4	3	3	2	3	4	4	4	5	5
Trade Center	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,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Building permits issued	296	490	360	582	505	459	424	298	160	-
Public Safety										
Police										
Physical arrests	3,538	3,852	3,759	4,024	3,926	4,080	8,048	2,852	2,647	3,221
Traffic citations and warnings	19,414	19,801	19,719	17,772	15,501	16,331	17,473	19,140	11,727	9,384
Fire										
Calls answered	1,206	1,201	1,228	1,396	1,439	1,608	1,460	1,323	1,323	1,517
Inspections conducted	985	1,056	1,073	897	677	478	275	170	616	469
Culture and Recreation										
Youth athletic enrollment	NA	NA	NA	NA	2,420	2,306	2,571	2,725	2,850	3,098
Adult athletic enrollment	NA	NA	NA	NA	2,534	2,510	2,380	2,390	2,390	2,441
Special events	NA	NA	NA	NA	9,511	9,830	9,860	10,500	12,000	20,000
Tournaments	NA	NA	NA	NA	2,355	10,856	16,664	17,200	16,000	18,225

(continued)

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

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

Function/Program	For the year ending December 31,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
WLSF (Dalton Utilities) (1) (2)										
Electric System										
Number of service connections	14,725	15,001	15,034	15,273	15,446	15,612	15,858	15,904	15,691	15,532
Daily average consumption	3,533	3,822	3,792	3,978	4,090	3,997	3,725	4,164	4,005	4,178
Maximum daily peak (MW's)	243	260	258	258	266	264	262	262	262	262
Natural Gas System										
Number of service connections	8,948	8,810	8,365	8,659	8,532	8,374	8,255	8,031	8,013	7,789
Daily average consumption	8,240	8,020	7,260	6,785	6,730	5,925	5,840	5,532	5,170	6,305
Maximum daily peak (Dkthms)	27,242	21,867	20,304	17,651	17,078	14,992	15,380	17,868	19,154	19,055
Sewer system										
Number of service connections	10,948	11,321	11,356	11,610	11,930	12,185	12,490	12,466	12,393	12,323
Daily average treatment	30.0	32.0	32.0	34.4	33.9	33.9	30.1	24.4	23.6	21.4
Maximum daily capacity (Mil/gallons)	45.0	45.0	45.0	40.1	40.1	40.1	40.1	66.6	66.6	66.6
Water system										
Number of service connections	31,038	31,431	32,894	33,853	34,717	35,218	35,513	32,457	35,790	35,559
Daily average consumption (Mil/gallons	36.0	38.0	38.0	37.0	38.4	37.9	32.1	23.8	21.3	21.1
Maximum daily capacity (Mil/gallons)	57.0	57.0	57.0	58.5	58.5	58.5	58.5	65.5	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	11,776

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

Function/Program	For the year ending December 31,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	49	53	58	58	58	58	58	58	57	58
Fire										
Number of stations	4	4	5	5	5	5	5	5	5	5
Streets and Sanitation										
Miles of streets	174	174	165	167	168	169	169	169	173	173
Streetlights	3,925	3,960	3,960	3,960	4,002	4,052	4,420	4,435	4,472	4,485
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	12
Park acreage	405	405	405	459	459	459	459	459	459	644
Golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	1
Tennis courts	16	16	16	16	14	14	18	18	16	22
WLSF (Dalton Utilities)										
Electric System										
Miles of distribution	189.8	189.8	195.2	195.2	195.2	195.2	196.7	197.1	199.1	204.2
Number of substations	8	8	8	8	8	9	9	9	9	9
Water system										
Miles of distribution	249	249	249	251	251	251	255	255	256	276
Sewer system										
Miles of sewer	221	240	240	260	260	260	284	278	284	298
Number of treatment plants	3	3	3	4	4	4	4	5	5	5
Water system										
Miles of water mains	1,050	1,100	1,250	1,415	1,390	1,390	1,291	1,288	1,285	1,259
Number of fire hydrants	850	900	990	3,326	4,297	4,297	4,950	5,299	5,190	5,230
Optilink (Telecom) System										
Miles of fiber optics	-	230.3	230.3	230.3	241.0	320.8	570.4	578.0	586.4	591.9

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, 2010. 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, 2010, in conformity with accounting principles generally accepted in the United States of America.

Estes & Williams

Dalton, Georgia
June 27, 2011

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City of Dalton, Georgia
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax
For the Year Ended December 31, 2010

Project Name	Original Estimated Project Cost	Revised Estimated SPLOST Funds	Prior Years	Current Years	Total	Estimated Percentage Complete
SPLOST 2008:						
Road Projects	$ 30,384,359	$ 11,710,215	$ 1,860,235	$ 1,022,793	$ 2,883,028	25%
Total	$ 30,384,359	$ 11,710,215	$ 1,860,235	$ 1,022,793	$ 2,883,028	

Note: Current year expenditures on this schedule, totaling $381,908, is less than total current year expenditures in the Capital Projects Fund (page 106), totaling $4,753,337. The difference is attributable to the Community Center project and other

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 97%, 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. FS10-1. 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 FS10-2.

We noted certain matters that we reported to management of the City of Dalton, Georgia, in a separate letter dated June 27, 2011.

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 27, 2011

ESTES & WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 City of Dalton, Georgia's (the "City")compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2010. The City'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's management. Our responsibility is to express an opinion on the City'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'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's compliance with those requirements.

In our opinion, the City, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

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'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'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 27, 2011

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2010

Summary of Audit Results

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

2. One significant deficiency was disclosed during the audit of the financial statements that is 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*. This deficiency is not considered to be material weaknesses.

3. One instance of noncompliance material to the financial statements of the City of Dalton, Georgia was 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, 2010

Findings – Financial Statement Audit

FS10-01	Condition:	Controls related to concession revenues and inventory at the Recreation Department are inadequate.
	Criteria:	Controls should be in place in order to sufficiently prevent, or detect and correct misstatements on a timely basis.
	Cause:	The department has not implemented controls sufficient to reduce the risk of asset misappropriation.
	Effect:	Concession revenues or inventory misappropriation may not be prevented or detected on a timely basis.
	Recommendation:	The department should implement controls to monitor inventories and to reconcile concession receipts to inventory consumption on a regular basis.
	Management Response:	We concur. We will discuss controls that could be implemented.
FS10-02	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, 2010

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Current Year Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Community Development Block Grants/Entitlement Grants	14.218	$ 1,108,534
Community Development Block Grants/Entitlement Grants - ARRA	14.253	45,004
Home Investment Partnerships Program	14.239	94,554
U.S. DEPARTMENT OF THE INTERIOR		
Historic Preservation Fund Grant-In-Aid	15.904	7,200
U.S. DEPARTMENT OF JUSTICE		
Bulletproof Vest Partnership Program	16.607	5,994
Edward Byrne Memorial Justice Assistance Grant Program	16.728	26,641
Edward Byrne Memorial Justice Assistance Grant Program - ARRA	16.804	77,146
U.S. DEPARTMENT OF TRANSPORTATION		
Highway Planning and Construction	20.205	4,904
Recreational Trails Program	20.219	10,263
Total		$ 1,380,240

City of Dalton, Georgia
Notes to Schedule of Expenditures of Federal Awards
December 31, 2010

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.