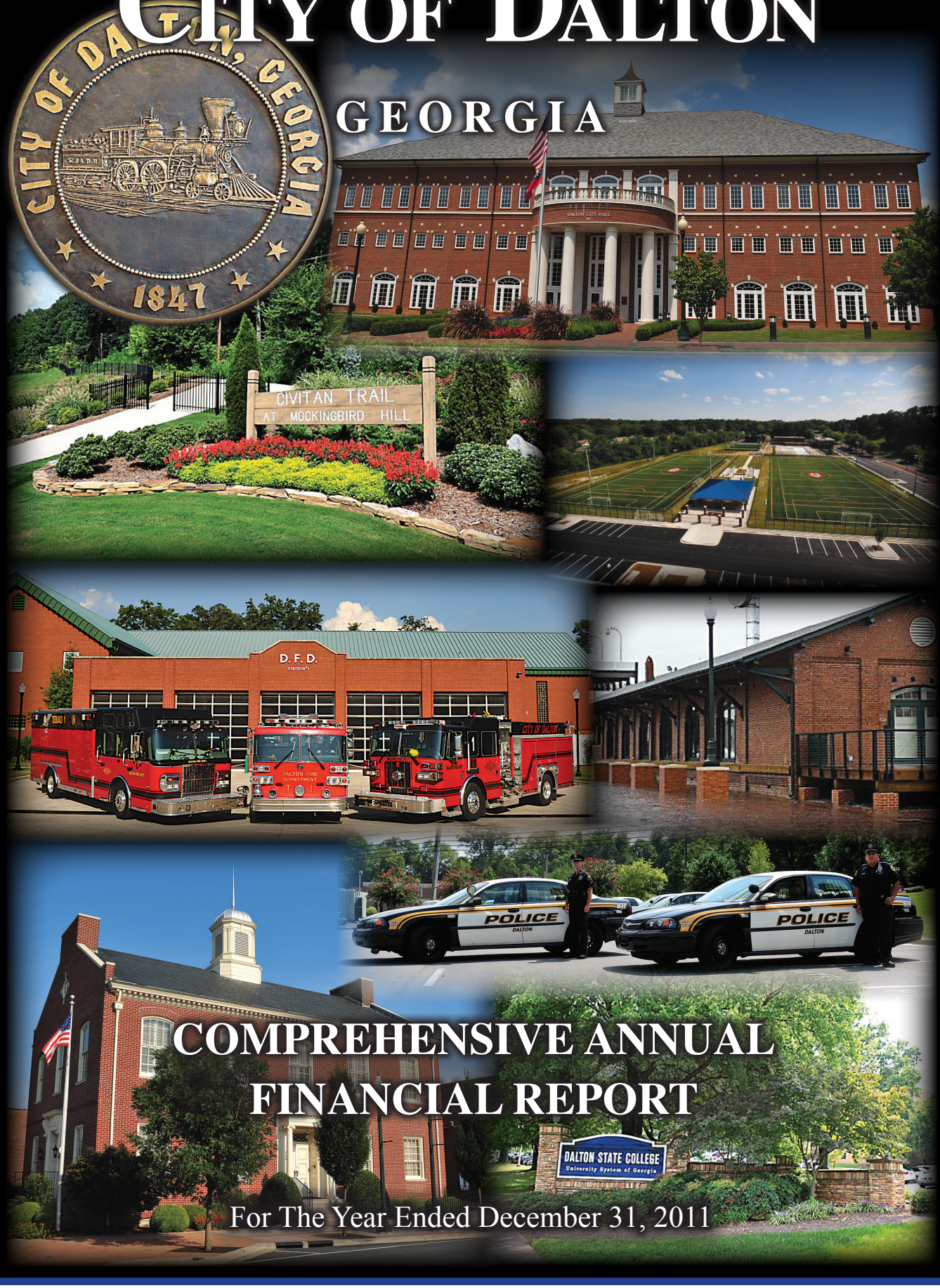
CITY OF DALTON

GEORGIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2011

City of Dalton, Georgia
Comprehensive Annual Financial Report
For The Year Ended December 31, 2011

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June 8, 2012

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, 2011 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, 2011 are fairly presented in conformity with GAAP. The independent auditors report is presented in the financial section of this report.

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

Profile of the City of Dalton

Founded in 1837 as the village of Cross Plains, the City of Dalton is the county seat for Whitfield County. The town officially became Dalton on December 29, 1847. Located in Northwest Georgia at the foothills of the Appalachian Mountains, Dalton is blessed with natural beauty and a mild climate. Dalton is strategically located just off Interstate 75 and is eighty-five miles north of Atlanta and twenty-eight miles south of Chattanooga, Tennessee. Dalton is within a day's drive of half the United States population which makes it a great location for distribution. Dalton is also served by two major railroads, CSX and Norfolk Southern. Dalton occupies 20 square miles and is a community rich in heritage and history. According to the 2010 U.S. Census, Dalton has a population of 33,343, while Whitfield County's population is 102,599. Estimated daytime population for the City of Dalton is considerably higher, with approximately 63,000 people either living or employed within the City during workday hours.

Equal Opportunity Employer

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, determine policies and adopt the annual budget. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to annex property into the City limits. The financial statements of the City include all government activities, organizations, and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board. Based on these criteria no other governmental organizations are included in this report.

The Dalton Building Authority meets the guidelines of GASB Statement No. 14, as amended by GASB Statement 61, 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 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 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 65% of the 90% of the US carpet market supplied by Georgia mills. Dalton's infrastructure, economies of scale, and manufacturing base has assisted the industry in resisting global off-shoring. Dalton continues to represent one of the last manufacturing, distribution, and marketing centers in the United States. Dalton has earned this distinction because of the community's willingness to provide the infrastructure and services needed for industry to prosper. 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, 30% work in the more than 300 manufacturing textile and textile related industries. Other commercial sectors such as health care, education, retail, and business and professional services augment the remainder of the workforce.

Dalton's unemployment rate continues to exceed the state and national averages. At the close of 2011, Dalton' unemployment rate was 12.1% while the state and national averages were 9.8% and 8.9% respectively. This is to be expected due to the concentration of textile and textile related industry and the slow recovery of the housing industry.

According to the Dalton-Whitfield Joint Development Authority (DWJDA), they have assisted new and existing businesses in adding 400 new jobs and retaining 55 jobs. These include the opening of Kohl's Department Store and expansion of industry from companies such as Engineered Floors, Mohawk Industries, International Polymerics, and Puma Polymers. For the period of 2009 – 2011, DWJDA reported 1,170 new jobs added and $192 million in new capital investment for the Dalton-Whitfield area. Other retail and hospitality venues that opened in Dalton were Jo-Ann's Fabrics, Panda-Express, and Holiday Inn Express.

The City increased the hotel-motel excise tax rate from 6% to 7% and dedicated the additional 1% to the Dalton-Whitfield Convention and Visitors Bureau to promote tourism in our area. Consequently, the hotel-motel industry reported a 14% increase in room rental revenue during 2011. Dalton was host to several events during 2011 which include National Collegiate Wrestling Association Tournament, American Legion State Convention, Softball Players Association Tournament, and the Georgia State Special Olympics.

Major Initiatives and Planning for the Future

Dalton leadership continues to focus on maintaining an economic base, diversification of industry, and increasing the quality of life through health, recreational, and leisure aspects of the community.

DWJDA in conjunction with the Chamber of Commerce continues its comprehensive "rolling out the Red Carpet for Business" campaign to showcase Dalton in the competitive marketplace as a site-selection for new business. Through DWJDA, economic incentives are offered to eligible businesses locating in Dalton. Such incentives are bolstered by the City's commitment to lowering the tax burden on industrial, commercial, and individual residents. The City's 2011 millage rate was reduced for the fourth consecutive year with a cumulative reduction of .941 mills (property taxed at 100% of assessed value), which is equivalent to a 25% reduction.

The City completed the construction of a new 44,000 square ft. Community Center which opened in early 2012. This facility houses a Women, Infants, and Children program clinic, basketball courts, football/soccer fields, splash pad, meeting rooms, exercise facility, and walking track. This project was funded with $1.1M from Community Development Block Grant funds, $3.9M from Recovery Zone Economic Development Bonds, and fund balance of $3.1M. Since the January grand opening, the Center has served 36,000 people. In conjunction with this signature project, the City is also building and/or replacing five artificial sports-turf game fields which were all manufactured in Dalton.

The Crown Mill Village redevelopment initiative is underway with the start of the Greenway Project. This project is being funded primarily with a Georgia Department of Transportation Enhancement grant award of $500,000. The greenway will connect and enhance the City's natural resources which include a river, mountain, and lake within walking distance to downtown. A Georgia Department of Natural Resources Grant in the amount of $100,000 was obtained to fund a recreational trail on Mt. Rachel which overlooks the downtown area. In addition, the City was awarded $200,000 of Community Development Block Grant funds to create a park area in the Crown Mill Village which will also connect to the greenway. To assist in this endeavor, the City continues to utilize resources from the University of Georgia Archway Partnership.

Relevant Financial Policies

In accordance with GASB 54 requirements, the City adopted the new Fund Balance Reporting policy. This policy was effective June 30, 2011, but was early implemented by the City in 2010. The objective of this policy is to improve the usefulness and understandability of governmental fund balance, as well as improve the comparability of governmental fund financial statements. This policy applies to all governmental funds and states that fund balance shall be composed of nonspendable, restricted, committed, assigned, and unassigned amounts as defined in the standard.

The City continues to maintain a healthy fund balance and exceed the minimum general fund unrestricted fund balance requirement of 25% of operating expenditures. At the end of 2011 the City's general fund unrestricted fund balance was at 71% of general fund expenditures. The general fund unrestricted fund balance is intended to 1) meet future capital needs, 2) offset significant economic downturns and revision in general government activity, 3) provide sufficient working capital, 4) provide sufficient cash flow for current financial needs, and 5) provide for emergency situations.

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 (CAFR) for the fiscal year ended December 31, 2010. This is the tenth consecutive year that the government has received this prestigious award. 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, 2010

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.



Linda C. Davidson

President

Jeffrey L. Esser

Executive Director

City of Dalton, Georgia
City Officials and Administration
December 31, 2011

David Pennington
Mayor

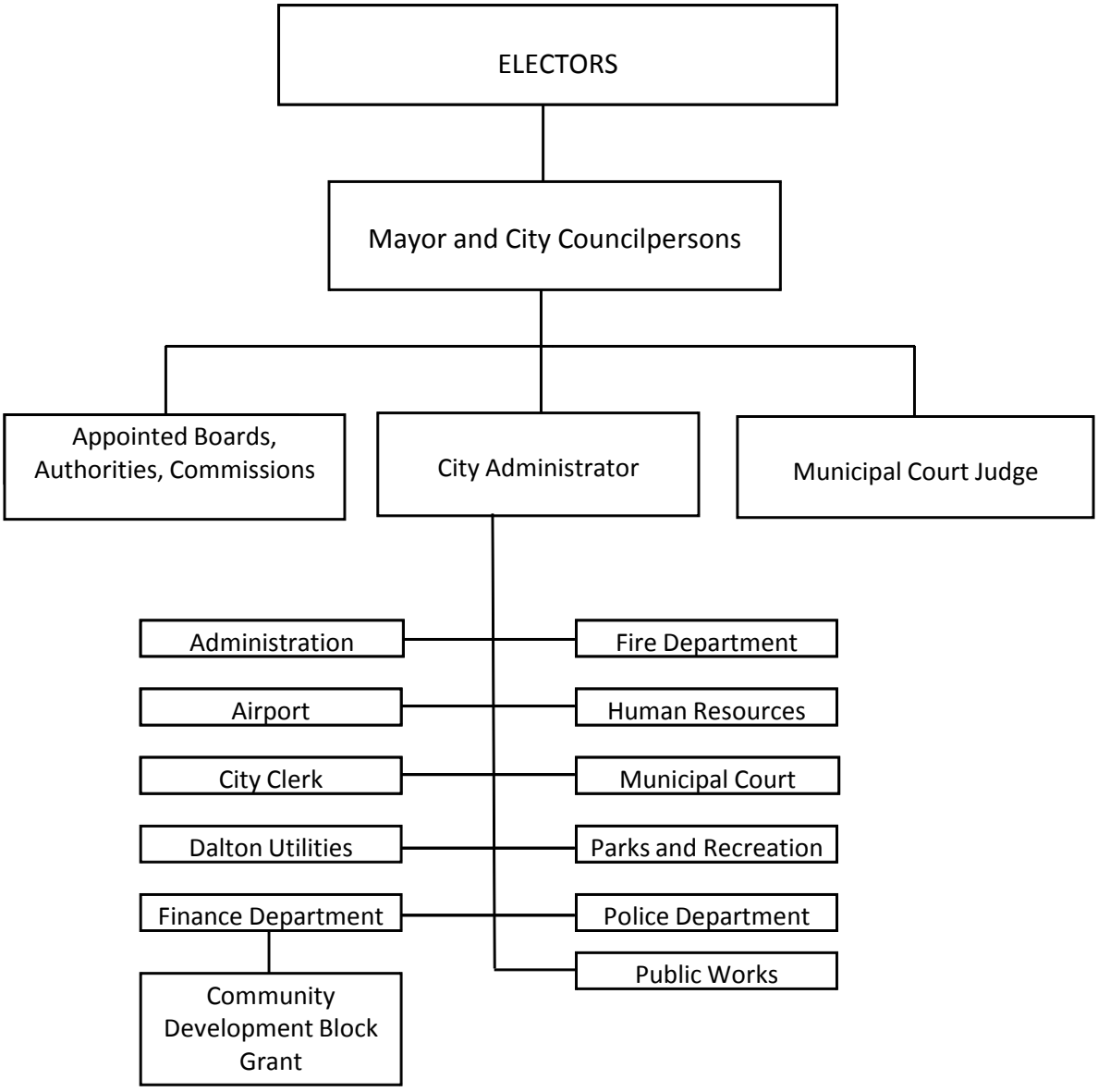
City Council

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
Steve Card	Parks & Recreation Director
Jason Parker	Police Chief
Benny Dunn	Public Works Director

City of Dalton, Georgia
Organizational Chart
December 31, 2011



ESTES & WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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, 2011, 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 the 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, 2011, and the respective changes in financial position, and, where applicable, cash flows 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 8, 2012, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 combining and individual nonmajor fund financial statements 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 8, 2012

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(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, 2011. 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 $875.5 million (net assets) for the calendar year reported. This represents an increase of $19.0 million from the prior year.

- Total net assets are comprised of the following:

  (1) Capital assets, net of related debt of $749.7 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 $78.5 million are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net assets of $47.3 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 $20.5 million this year. Compared to the prior year ending fund balance of $25.0 million, the fund balance decreased by $4.5 million during the current year.

- At the end of the current calendar year, unassigned fund balance for the General Fund was $16.9 million, or 62.2% of total General Fund expenditures.

- The business-type activities enterprise funds reported total ending net assets of $790.2 million as of December 31, 2011. This reflects an increase of $18.4 million from the prior year. The transfer to the City of $9.8 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 City's share of the net income or cost 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.

  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, and are presented as a part of the basic financial statements. 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.

  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 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. The municipal court agency fund is custodial in nature, and the balances are reported in the statement of fiduciary net assets.

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 required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. 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 $875.5 million. The following table provides a summary of the City's net assets.

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current assets	$ 24,396,948	$ 29,144,578	$ 49,180,703	$ 56,379,863	$ 73,577,651	$ 85,524,441
Capital assets	76,143,254	72,027,160	715,058,721	701,625,503	791,201,975	773,652,663
Other long-term assets	273,214	219,291	91,033,845	97,285,259	91,307,059	97,504,550
Total assets	100,813,416	101,391,029	855,273,269	855,290,625	956,086,685	956,681,654
Liabilities:						
Current liabilities	3,980,204	5,466,461	33,256,840	41,917,822	37,237,044	47,384,283
Long-term liabilities	10,471,696	10,100,610	32,920,648	42,782,557	43,392,344	52,883,167
Total liabilities	14,451,900	15,567,071	66,177,488	84,700,379	80,629,388	100,267,450
Net assets:						
Invested in capital assets, net of debt	70,314,771	69,252,168	679,345,721	649,134,503	749,660,492	718,386,671
Restricted	577,427	5,617,799	77,948,000	90,783,000	78,525,427	96,400,799
Unrestricted	15,469,318	10,953,991	31,802,060	30,672,743	47,271,378	41,626,734
Total net assets	$ 86,361,516	$ 85,823,958	$ 789,095,781	$ 770,590,246	$ 875,457,297	$ 856,414,204

As a whole, the City of Dalton's net assets increased $19.0 million during 2011. The business-type activities net assets increased $18.5 million while the governmental activities net assets increased $538,000. The increase in business-type activities of 2.4% is due primarily to an increase in depreciable capital assets for the WLSF Commission of $13.8 million coupled with a reduction in debt of $18.1 million, and offset by a decrease in net assets restricted for debt service of $7.0 million due to the reduction in debt and a decrease in net assets restricted for capital projects of $4.6 million primarily due to a reduction in the Renewals and Extensions fund. The governmental activities increase of .6% is attributable primarily to a reduction in debt of $1.5 million and an increase in pension and OPEB obligation of $923,000.

Net assets invested in capital assets, net of related debt is the largest segment of net assets at $749.7 million (85.6%) 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 $78.5 million (9.0%) 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 $47.3 million (5.4%). 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:

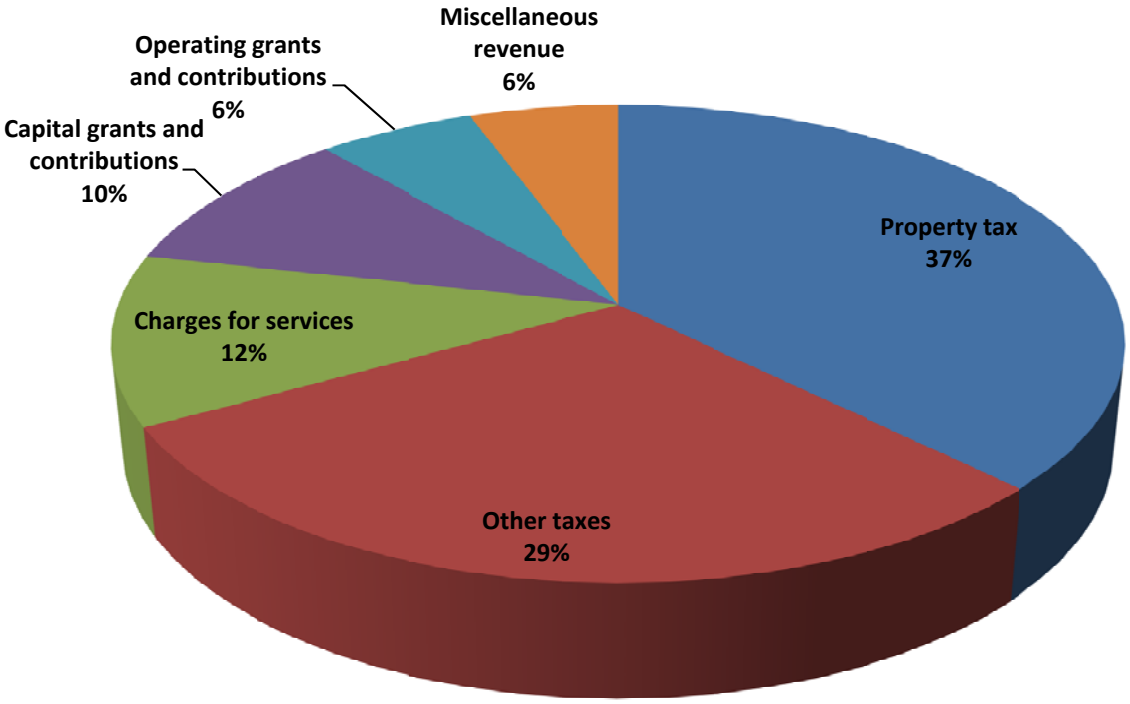
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program:						
Charges for services	$ 2,711,742	$ 3,370,543	$ 185,899,044	$ 190,447,126	$ 188,610,786	$ 193,817,669
Operating grants	1,383,138	2,065,115	-	-	1,383,138	2,065,115
Capital grants	2,353,880	2,801,087	-	-	2,353,880	2,801,087
General:						
Taxes	15,681,416	15,646,323	-	-	15,681,416	15,646,323
Investment earnings	227,288	122,113	3,945,453	7,389,350	4,172,741	7,511,463
Other	1,079,679	629,066	1,431,200	1,801,747	2,510,879	2,430,813
Total revenues	23,437,143	24,634,247	191,275,697	199,638,223	214,712,840	224,272,470
Program Expenses:						
General government	3,312,603	2,612,956	-	-	3,312,603	2,612,956
Judicial	488,815	647,196	-	-	488,815	647,196
Public safety	14,459,706	14,539,913	-	-	14,459,706	14,539,913
Public works	7,841,578	9,265,438	-	-	7,841,578	9,265,438
Health and welfare	634,598	611,320	-	-	634,598	611,320
Culture and recreation	4,641,686	4,301,151	-	-	4,641,686	4,301,151
Housing and development	312,225	596,388	-	-	312,225	596,388
Interest	354,337	325,111	-	-	354,337	325,111
Utilities	-	-	161,311,707	163,231,883	161,311,707	163,231,883
Trade Center	-	-	717,958	745,787	717,958	745,787
Landfill	-	-	302,599	64,727	302,599	64,727
Golf course	-	-	788,790	939,516	788,790	939,516
Airport	-	-	503,145	482,586	503,145	482,586
Total expenses	32,045,548	32,899,473	163,624,199	165,464,499	195,669,747	198,363,972
Excess (deficiency)	(8,608,405)	(8,265,226)	27,651,498	34,173,724	19,043,093	25,908,498
Transfers	9,145,963	9,177,782	(9,145,963)	(9,177,782)	-	-
Change in net assets	537,558	912,556	18,505,535	24,995,942	19,043,093	25,908,498
Beginning net assets	85,823,958	84,911,402	770,590,246	745,594,304	856,414,204	830,505,706
Ending net assets	$ 86,361,516	$ 85,823,958	$ 789,095,781	$ 770,590,246	$ 875,457,297	$ 856,414,204

The City's total revenues decreased $9.6 million (4.3%) and the total cost of services and programs provided decreased $2.7 million (1.4%).

Governmental Activities

The following chart depicts revenues of the governmental activities for the year ended December 31, 2011:

Revenues by Source – Governmental Activities



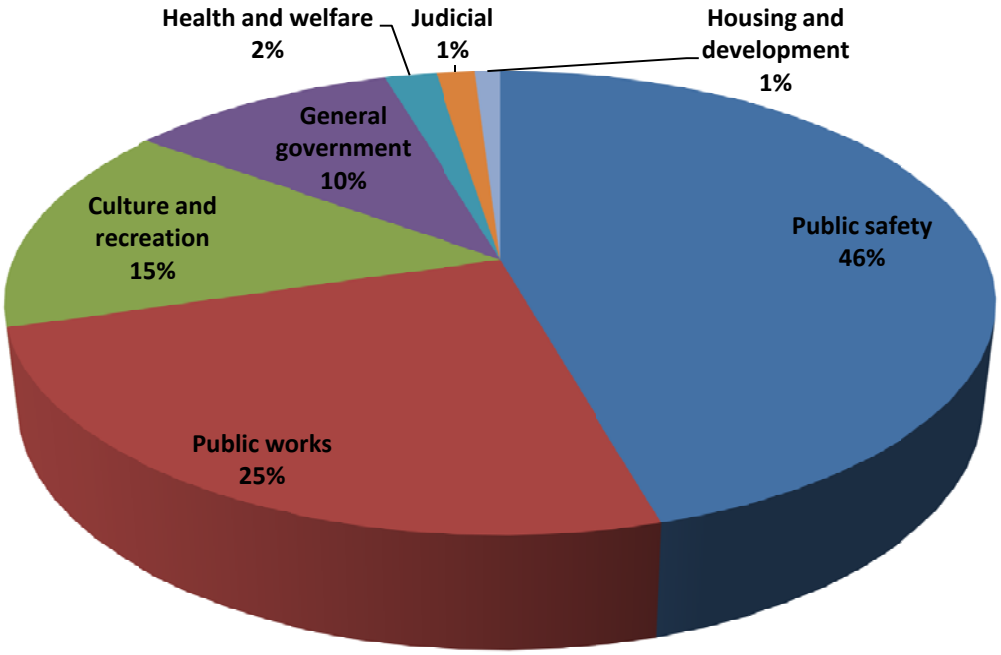
As indicated by the revenue chart, taxes were the largest revenue source for governmental activites, followed by other taxes, which includes sales tax, insurance premium tax, and alcohol beverage tax. The City's governmental activities total revenues decreased $1.2 million (4.9%).

Revenue:

- Property taxes decreased $335,000 due to a 3.3% reduction in the millage rate and a 1.3% decrease in assessed property values.
- Sales tax increased $59,000 due to an increase in tourism events.
- Hotel – motel tax increased $198,000 due to increased focus on tourism and a 1% increase in the tax rate beginning in August 2010.
- Probation fees declined $308,000 due to the outsourcing of probation services.
- Fines and forfeitures decreased $89,000 due to reduction in citations issued and collectibility of outstanding fines.
- Donations increased $392,000 due to a donation of real estate.
- Operating grants decreased $682,000 and capital grants decreased $447,000. This occurred primarily due to the use of accumulated CDBG funds for the Community Center in 2010 and completion of Georgia Department of Transportation funded projects in 2010.

The following chart depicts expenses of the governmental activities for the year ended December 31, 2011:

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 decreased $854,000.

Expenses:

- General government expenses increased $700,000 due primarily to the increase in the net OPEB obligation of $868,000.
- Judicial expenses decreased $158,000 due to outsourcing of the probation division.
- Public works expenses decreased $1.4 million due to reductions for street resurfacing, landfill fees, general infrastructure repairs, depreciation, and accumulated employee benefits.
- Culture and recreation expenses increased $341,000 due to the additional 1% hotel-motel tax slated for tourism and related events.

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	$ 3,312,603	$ 2,251,900
Judicial	488,815	(250,458)
Public safety	14,459,706	13,837,594
Public works	7,841,578	5,175,792
Health and welfare	634,598	366,453
Culture and recreation	4,641,686	4,380,300
Housing and development	312,225	118,630
Interest	354,337	(283,423)
Total	$ 32,045,548	$ 25,596,788

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 $690,760 represents amounts transferred from other entities to fund principal and interest payments on debt. Of that revenue, $614,520 was used to retire debt principal.

Business-type Activities

The City's business-type activities total revenues decreased $8.4 million (4.2%) and expenses decreased $1.8 million (1.1%).

Revenues:

- The decrease in charges for services of $4.5 million is attributable to the City's utility as follows:
  - $1.7 million decrease in the electric sector due to decreased consumption of 2.6% for all customer classes with the exception of the commercial customer class, which increased 3.3%.
  - $1.3 million decrease in natural gas sector due to decreased market based index prices coupled with decreased consumption of 10% due to a mild winter.
  - $131,000 decrease in the water sector due to decreased consumption of 3.2%, which is primarily due to continued reduced demand from industrial customers as a result of the economic climate and water conservation.
  - $1.3 million decrease in the wastewater sector due to decreased consumption of 9.4% for commercial customers and 3.8% for industrial customers.
  - $325,000 decrease in the information technology sector due to a slight reduction in customer base.
- The decrease in investment earnings of $3.4 million is the result of a reduced balance in the investment portfolio.
- Allowance for debt funds used during construction decreased $529,000 due to the early defeasance of the bond debt.

Expenses:

- The City's utility department production expenses increased $123,000 due to increased operating and maintenance costs from its jointly owned electric generating facilities.
- Purchased electricity increased $837,000 due to a 2.0% unit cost increase of KWH purchases from Southern Company under the Dalton Utilities' Requirements Service Agreement.
- Purchased natural gas expense decreased $2.7 million due to a decrease in consumption as a result of mild weather coupled with a decrease in the average monthly index cost of natural gas.
- Distribution expenses increased $1.7 million due to increased operating and maintenance expenses at the jointly owned electric generating facilities coupled with an increase in television content expenses and legal expense related to the resolution regarding use of interstate natural gas pipeline capacity.
- Depreciation expense decreased $607,000 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 $20.5 million. Of this year-end total, $7,000 will be used to retire debt and $649,000 will be used to satisfy other restricted purposes.

The total ending fund balances of governmental funds reflect a decrease of $4.5 million (18.0%) from the prior year. The general fund reported an increase in fund balance of $621,000 (3.2%) and other the governmental funds reported a decrease in fund balances of $5.1 million (93.1%).

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 2011, the fund balance of the General Fund was $20.1 million. Unassigned fund balance represents 62.2% of General Fund expenditures, and decrease from the prior year, which was at 70.7% of total expenditures.

General Fund revenues of $19.0 million and expenditures of $27.2 million were both under budget by $616,000 and $1.2 million, respectively. Other financing sources and uses were under budget by $1.3 million.

The General Fund's ending fund balance slight increase of $621,000 is attributable to the property tax collection rate and assessments being higher than budgeted, coupled with capital projects not being completed on schedule.

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 96.3% 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 original general fund budget was amended nine times, resulting in an increase to budgeted revenues of $1.4 million, an increase to budgeted expenditures of $2.2 million, and a decrease to other financing sources (uses) of $1.7 million. The following addresses the major differences between the original adopted and final adjusted budget:

Revenue:

- Increase of $54,000 for an increase in insurance premium tax received.
- Increase of $540,000 for federal and state grants awarded during the year to fund capital and operational expenditures for various departments.
- Increase of $546,000 for donated real estate.
- Increase of $326,500 for street work provided under the terms of an intergovernmental agreement.
- Increase of $61,000 for insurance proceeds from claims.
- Decrease of $344,000 to remove probation division fees due to outsourcing the probation function.

Expenditures:

- Increase of $1.5 million for various infrastructure projects and capital equipment items.
- Increase of $546,000 for donated real estate.
- Increase of $45,000 for a slight increase in the pension contribution rate.
- Increase of $270,000 for various operational items such as fuel, grounds maintenance, and utilities.
- Decrease of $156,000 to remove the remaining probation budget due to outsourcing the probation function

Other Financing Sources (Uses):

- Increase in the capital projects transfer out of $1.5 million for the renovation of a building.

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, 2011 was $76.1 million and $715.1 million, respectively. The book value of the net investment in governmental activities capital assets increased by $4.1 million. The book value of the net investment in business-type activities capital assets increased by $13.4 million. Capital asset activity for the City as a whole increased by $17.5 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	
	2011	2010	2011	2010	2011	2010
Non-depreciable assets:						
Land	$ 15,386,018	$ 14,872,191	$ 1,803,079	$ 1,803,079	$ 17,189,097	$ 16,675,270
Construction in progress	10,559,023	3,938,442	62,305,000	43,135,000	72,864,023	47,073,442
Total non-depreciable	25,945,041	18,810,633	64,108,079	44,938,079	90,053,120	63,748,712
Depreciable assets:						
Land improvements	22,450,206	22,450,206	7,763,564	7,763,564	30,213,770	30,213,770
Buildings and improvements	24,439,648	24,370,896	3,971,912	3,966,512	28,411,560	28,337,408
Machinery, equipment, and furniture	17,320,497	17,110,430	2,116,764	2,105,870	19,437,261	19,216,300
Intangibles	1,054,698	1,054,698	-	-	1,054,698	1,054,698
Utility plant	-	-	1,035,316,000	1,018,022,000	1,035,316,000	1,018,022,000
Infrastructure	105,127,750	104,614,470	-	-	105,127,750	104,614,470
Total depreciable assets	170,392,799	169,600,700	1,049,168,240	1,031,857,946	1,219,561,039	1,201,458,646
Less accumulated depreciation	120,194,586	116,384,173	415,346,598	390,085,522	535,541,184	506,469,695
Book value - depreciable assets	50,198,213	53,216,527	633,821,642	641,772,424	684,019,855	694,988,951
Percentage depreciated	70.5%	68.6%	39.6%	37.8%	43.9%	42.2%
Nuclear fuel, at amortized cost	-	-	17,129,000	14,915,000	17,129,000	14,915,000
Book value - all assets	$ 76,143,254	$ 72,027,160	$ 715,058,721	$ 701,625,503	$ 791,201,975	$ 773,652,663

Long – Term Debt

At the end of the calendar year, the City had total capital leases, revenue bonds, and notes outstanding of $18.0 million. This is a decrease of $19.7 million from the prior year. 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	
	2011	2010	2011	2010	2011	2010
Capital leases payable	$ 5,375,000	$ 6,585,000	$ -	$ -	$ 5,375,000	$ 6,585,000
Revenue bonds	-	-	11,820,000	29,973,000	11,820,000	29,973,000
Notes	827,045	1,185,079	-	-	827,045	1,185,079
Total	$ 6,202,045	$ 7,770,079	$ 11,820,000	$ 29,973,000	$ 18,022,045	$ 37,743,079

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Dalton's current unemployment rate of 12.1% 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 1.3% in 2011. For the 2012 budget, the City anticipates a 5% reduction in assessed taxable value due to the large number of foreclosures. In 2011, the millage rate was reduced 3.3%, making it the fourth consecutive millage rate reduction.

The 2012 General Fund budget reflects an 11.2% decrease in revenues when compared to 2011 actual. The majority of the decrease is attributable to an anticipated decrease in property taxes of $1.6 million. Budgeted expenditures for 2012 reflect a 6.2% reduction when compared to actual 2011 expenditures. The City's adopted 2012 General Fund operating budget anticipates revenues exceeding expenditures and other financing sources (uses) by $2.7 million. The budgeted reduction in fund balance is to complete contracted construction projects.

Other factors considered when preparing the 2012 budget included:

- The City anticipates that health insurance premiums will remain static.
- The OPEB trust fund balance will be used to cover the cost of current retiree health care premiums. Once the fund is depleted, the City will no longer offer health care for retirees.
- The City anticipates the defined pension plan employer contribution will increase from 18.8% to 19.0%.
- Departmental capital requests for equipment and machinery will not be 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 will continue 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, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Assets				
Current Assets				
Cash and cash equivalents	$ 6,027,736	$ 550,364	$ 6,578,100	$ 1,882,230
Investments	11,976,061	151,000	12,127,061	-
Receivables:				
Accounts	911,059	11,364,875	12,275,934	-
Taxes	1,701,240	-	1,701,240	-
Intergovernmental	3,543,876	-	3,543,876	-
Capital leases	-	-	-	6,930,000
Unbilled revenues	-	6,197,000	6,197,000	-
Accrued interest	-	926,000	926,000	-
Fuel stocks	-	4,127,000	4,127,000	-
Inventory	169,406	10,479,464	10,648,870	-
Prepaid items and deposits	67,570	415,000	482,570	-
Restricted funds	-	2,808,000	2,808,000	-
Restricted combined utilities sinking fund	-	12,162,000	12,162,000	-
Total Current Assets	24,396,948	49,180,703	73,577,651	8,812,230
Noncurrent Assets				
Nondepreciable capital assets	25,945,041	64,108,079	90,053,120	-
Depreciable capital assets, net	50,198,213	650,950,642	701,148,855	-
Restricted combined renewals and extensions fund	-	12,318,000	12,318,000	-
Restricted nuclear decommissioning	-	50,660,000	50,660,000	-
Regulatory asset	-	8,991,000	8,991,000	-
Derivatives (interest rate swap)	-	51,000	51,000	-
Deferred charges	166,193	-	166,193	-
Capital leases receivable	-	-	-	8,925,000
Investment in joint ventures	107,021	19,013,845	19,120,866	-
Total Noncurrent Assets	76,416,468	806,092,566	882,509,034	8,925,000
Total Assets	100,813,416	855,273,269	956,086,685	17,737,230

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Assets
December 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	1,233,644	16,831,331	18,064,975	1,882,230
Internal balances	(1,098,321)	1,098,321	-	-
Accrued interest payable	139,871	341,000	480,871	-
Deferred credit - TVA right of use	-	50,000	50,000	-
Claims payable	603,035	-	603,035	-
Unearned revenue	1,502,725	7,972	1,510,697	-
Compensated absences payable	1,000,676	20,216	1,020,892	-
Notes payable	373,574	-	373,574	-
Revenue bonds payable	-	11,820,000	11,820,000	6,705,000
Recovery zone economic development bonds payable	-	-	-	225,000
Capital leases payable	225,000	-	225,000	-
Customer deposits	-	3,088,000	3,088,000	-
Total Current Liabilities	3,980,204	33,256,840	37,237,044	8,812,230
Long-Term Liabilities				
Deferred credit - TVA right of use	-	317,000	317,000	-
Derivatives	-	1,773,000	1,773,000	-
Asset retirement obligations	-	30,770,000	30,770,000	-
Compensated absences payable (less current portion)	3,002,029	60,648	3,062,677	-
Notes payable	453,471	-	453,471	-
Revenue bonds payable (less current portion)	-	-	-	1,775,000
Recovery zone bonds payable (less current portion)	-	-	-	5,150,000
QZAB bonds payable (less current portion)	-	-	-	2,000,000
Capital leases payable (less current portion)	5,150,000	-	5,150,000	-
Net pension obligation	268,862	-	268,862	-
Net OPEB obligation	1,597,334	-	1,597,334	-
Total Long-Term Liabilities	10,471,696	32,920,648	43,392,344	8,925,000
Total Liabilities	14,451,900	66,177,488	80,629,388	17,737,230
Net Assets				
Invested in capital assets, net of related debt	70,314,771	679,345,721	749,660,492	-
Restricted for:				
Debt service	6,965	12,162,000	12,168,965	-
Capital projects	347,240	12,318,000	12,665,240	-
Public safety	24,240	-	24,240	-
Development	107,023	-	107,023	-
Cemetery chapel renovations	91,959	-	91,959	-
Customer deposit fund and nuclear decommissioning	-	53,468,000	53,468,000	-
Unrestricted	15,469,318	31,802,060	47,271,378	-
Total Net Assets	$ 86,361,516	$ 789,095,781	$ 875,457,297	$ -

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Activities
For the Year Ended December 31, 2011

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	$ 3,312,603	$ 983,375	$ 77,328	$ -	$ (2,251,900)	$ -	$ (2,251,900)	$ -
Judicial	488,815	739,273	-	-	250,458	-	250,458	-
Public safety	14,459,706	572,989	4,464	44,659	(13,837,594)	-	(13,837,594)	-
Public works	7,841,578	136,400	243,658	2,285,728	(5,175,792)	-	(5,175,792)	-
Health and welfare	634,598	56,612	211,533	-	(366,453)	-	(366,453)	-
Culture and recreation	4,641,686	223,093	14,800	23,493	(4,380,300)	-	(4,380,300)	-
Housing and development	312,225	-	193,595	-	(118,630)	-	(118,630)	-
Interest on long-term debt	354,337	-	637,760	-	283,423	-	283,423	-
Total Governmental Activities	32,045,548	2,711,742	1,383,138	2,353,880	(25,596,788)	-	(25,596,788)	-
Business-Type Activities:								
WLSF:								
Electric system	87,423,887	105,347,000	-	-	-	17,923,113	17,923,113	-
Gas system	18,319,278	19,701,000	-	-	-	1,381,722	1,381,722	-
Water system	17,740,827	20,039,000	-	-	-	2,298,173	2,298,173	-
Sewer system	19,242,572	20,814,000	-	-	-	1,571,428	1,571,428	-
Information technology systen	18,585,143	18,989,000	-	-	-	403,857	403,857	-
Landfill	302,599	-	-	-	-	(302,599)	(302,599)	-
Trade Center	717,958	-	-	-	-	(717,958)	(717,958)	-
Municipal golf course	788,790	905,637	-	-	-	116,847	116,847	-
Municipal airport	503,145	103,407	-	-	-	(399,738)	(399,738)	-
Total Business-Type Activities	163,624,199	185,899,044	-	-	-	22,274,845	22,274,845	-
Total - Primary Government	$ 195,669,747	$ 188,610,786	$ 1,383,138	$ 2,353,880	(25,596,788)	22,274,845	(3,321,943)	-
		General Revenues						
		Property taxes levied for:						
		General purposes			8,757,658	-	8,757,658	-
		Debt service			4,718	-	4,718	-
		Selective taxes			5,858,375	-	5,858,375	-
		Hotel/motel taxes			1,060,665	-	1,060,665	-
		Investment earnings			227,288	3,945,453	4,172,741	-
		Donations - unrestricted			584,123	-	584,123	-
		Miscellaneous			495,556	1,431,200	1,926,756	-
		Total General Revenues			16,988,383	5,376,653	22,365,036	-
		Transfers			9,145,963	(9,145,963)	-	-
		Total General Revenues and Transfers			26,134,346	(3,769,310)	22,365,036	-
		Change in Net Assets			537,558	18,505,535	19,043,093	-
		Net Assets Beginning of Year			85,823,958	770,590,246	856,414,204	-
		Net Assets End of Year			$ 86,361,516	$ 789,095,781	$ 875,457,297	$ -

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

City of Dalton, Georgia
Balance Sheet
Governmental Funds
December 31, 2011

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 4,997,110	$ 30,471	$ 5,027,581
Investments	11,976,020	40	11,976,060
Receivables:			
Accounts	801,864	109,195	911,059
Taxes	1,694,429	6,811	1,701,240
Intergovernmental - local	2,442,807	1,056,921	3,499,728
Intergovernmental - state and federal	31,681	12,467	44,148
Interfund	412,446	-	412,446
Inventory, at cost	169,406	-	169,406
Prepaid items	15,677	51,893	67,570
Total Assets	$ 22,541,440	$ 1,267,798	$ 23,809,238
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 401,549	$ 329,790	$ 731,339
Accrued expenditures	493,543	-	493,543
Accrued interest payable	-	139,871	139,871
Interfund payable	18,336	412,446	430,782
Deferred revenue	1,496,231	6,494	1,502,725
Total Liabilities	2,409,659	888,601	3,298,260
Fund Balances			
Nonspendable	185,083	750	185,833
Restricted for:			
Public safety	-	24,240	24,240
Housing and development	-	2	2
Debt service	-	6,965	6,965
Capital projects	-	347,240	347,240
Cemetery chapel	91,959	-	91,959
Unrestricted:			
Committed (capital projects)	2,781,573	-	2,781,573
Assigned (trail grants and airport)	144,500	-	144,500
Unassigned	16,928,666	-	16,928,666
Total Fund Balances	20,131,781	379,197	20,510,978
Total Liabilities and Fund Balances	$ 22,541,440	$ 1,267,798	$ 23,809,238

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, 2011

Total Governmental Fund Balances		$ 20,510,978
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	196,337,840	
Less accumulated depreciation	(120,194,586)	76,143,254
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	(412,446)	
Interfund payables	412,446	-
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.		166,193
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	(827,045)	
Bonds payable	(5,375,000)	
Compensated absences	(4,002,705)	(10,204,750)
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		107,021
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.		388,359
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.		(268,862)
The OPEB trust fund accumulates resources for other post employment benefit payments to qualified City employees. The City has not fully funded their annual required contribution to the OPEB plan. The liability for the cumulative effect of current and past underfunding of the ARC is reported as a liability in the governmental activities column in the statement of net assets as net OPEB obligation.		(1,597,334)
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.		1,116,657
Net Assets of Governmental Activities		$ 86,361,516

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, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 14,615,821	$ 1,065,595	$ 15,681,416
Licenses and permits	983,375	-	983,375
Intergovernmental	664,317	3,065,063	3,729,380
Charges for services	1,140,030	-	1,140,030
Fines and forfeitures	392,651	69,574	462,225
Investment earnings	95,067	136,500	231,567
Miscellaneous	1,088,955	73,183	1,162,138
Total Revenues	18,980,216	4,409,915	23,390,131
Expenditures			
Current:			
General government	2,004,063	77,328	2,081,391
Judicial	486,374	-	486,374
Public safety	13,827,279	56,453	13,883,732
Public works	6,042,790	77,465	6,120,255
Health and welfare	577,954	59,454	637,408
Culture and recreation	3,156,643	344,624	3,501,267
Housing and development	293,000	93,679	386,679
Capital Outlay			
General government	582,779	262,306	845,085
Public safety	26,639	193,183	219,822
Public works	136,830	375,866	512,696
Culture and recreation	68,847	6,392,332	6,461,179
Debt Service:			
Principal retirement	-	1,568,034	1,568,034
Interest and fiscal charges	-	333,806	333,806
Total Expenditures	27,203,198	9,834,530	37,037,728
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,222,982)	(5,424,615)	(13,647,597)
Other Financing Sources (Uses)			
Transfers in	10,004,876	1,184,048	11,188,924
Transfers out	(1,160,555)	(882,406)	(2,042,961)
Total Other Financing Sources (Uses)	8,844,321	301,642	9,145,963
Net Change in Fund Balances	621,339	(5,122,973)	(4,501,634)
Fund Balances Beginning of Year	19,510,442	5,502,170	25,012,612
Fund Balances End of Year	$ 20,131,781	$ 379,197	$ 20,510,978

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, 2011

Net Changes in Fund Balances - Total Governmental Funds		$ (4,501,634)
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	(3,922,688)	
Capital outlay	8,038,782	4,116,094
Elimination of transfers between governmental funds:		
Transfers in	(1,400,924)	
Transfers out	1,400,924	-
Premiums, discounts, bond issuance costs and bond refunding deferrals are reported in governmental funds but capitalized and amortized in the statement of net assets:		
Amortization expense for 2011	(20,531)	(20,531)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		358,034
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.		1,210,000
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		(61,793)
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 income	83,296	74,454
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.		286,249
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	(54,981)	
Increase in net OPEB obligation	(868,334)	(923,315)
Change in Net Assets of Governmental Activities		$ 537,558

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, 2011

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	$ 12,977,000	$ 13,171,800	$ 14,615,821	$ 1,444,021
Licenses and permits	970,000	970,000	983,375	13,375
Intergovernmental	383,550	1,251,695	664,317	(587,378)
Charges for services	1,618,350	1,243,350	1,140,030	(103,320)
Fines and forfeitures	580,000	580,000	392,651	(187,349)
Investment earnings	100,000	100,000	95,067	(4,933)
Miscellaneous	376,000	1,046,837	1,088,955	42,118
Total Revenues	17,004,900	18,363,682	18,980,216	616,534
Expenditures				
Current:				
General government	2,013,455	2,076,100	2,004,063	72,037
Judicial	670,470	548,990	486,374	62,616
Public safety	13,548,695	13,924,805	13,827,279	97,526
Public works	5,939,135	6,154,120	6,042,790	111,330
Health and welfare	432,800	551,327	577,954	(26,627)
Culture and recreation	3,125,990	3,270,223	3,156,643	117,024
Housing and development	290,500	293,000	293,000	-
Total Current	26,021,045	26,818,565	26,388,103	433,906
Capital Outlay				
General government	10,000	591,180	582,779	8,401
Public safety	-	26,640	26,639	1
Public works	-	136,990	136,830	160
Health and welfare	-	19,720	-	19,720
Culture and recreation	120,000	804,927	68,847	732,636
Total Capital Outlay	130,000	1,579,457	815,095	760,918
Total Expenditures	26,151,045	28,398,022	27,203,198	1,194,824
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,146,145)	(10,034,340)	(8,222,982)	1,811,358
Other Financing Sources (Uses)				
Transfers in	10,108,640	10,100,640	10,004,876	(95,764)
Transfers out	(896,770)	(2,553,950)	(1,160,555)	1,393,395
Total Other Financing Sources (Uses)	9,211,870	7,546,690	8,844,321	1,297,631
Net Change in Fund Balances	$ 65,725	$ (2,487,650)	621,339	$ 3,108,989
Fund Balances Beginning of Year			19,510,442	
Fund Balances End of Year			$ 20,131,781	

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Assets
Proprietary Funds
December 31, 2011

	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	$ 436,000	$ 114,364	$ 550,364	$ 1,000,155
Investments	151,000	-	151,000	1
Accounts receivable	11,364,000	875	11,364,875	-
Interfund receivable	-	18,336	18,336	-
Unbilled revenues	6,197,000	-	6,197,000	-
Accrued interest	926,000	-	926,000	-
Fuel stocks	4,127,000	-	4,127,000	-
Inventory	10,470,000	9,464	10,479,464	-
Prepaid expenses and deposits	415,000	-	415,000	-
Restricted customer deposit fund	2,808,000	-	2,808,000	-
Restricted combined utilities sinking fund	12,162,000	-	12,162,000	-
Total Current Assets	49,056,000	143,039	49,199,039	1,000,156
Noncurrent Assets:				
Land	-	1,803,079	1,803,079	-
Construction in progress	62,305,000	-	62,305,000	-
Depreciable capital assets, net	642,849,000	8,101,642	650,950,642	-
Restricted combined renewals and extensions fund	12,318,000	-	12,318,000	-
Restricted nuclear decommissioning	50,660,000	-	50,660,000	-
Regulatory asset	8,991,000	-	8,991,000	-
Long term investments	51,000	-	51,000	-
Investment in joint ventures	-	19,013,845	19,013,845	-
Total Noncurrent Assets	777,174,000	28,918,566	806,092,566	-
Total Assets	$ 826,230,000	$ 29,061,605	$ 855,291,605	$ 1,000,156

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Assets
Proprietary Funds
December 31, 2011

	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	$ 11,820,000	$ -	$ 11,820,000	$ -
Accrued interest on long-term debt	341,000	-	341,000	-
Deferred credit - TVA right of use	50,000	-	50,000	-
Accounts payable and accrued expenses	16,804,000	27,331	16,831,331	8,762
Unearned revenue	-	7,972	7,972	-
Claims payable	-	-	-	603,035
Compensated absences	-	20,216	20,216	-
Customer deposits	3,088,000	-	3,088,000	-
Total Current Liabilities	32,103,000	55,519	32,158,519	611,797
Long-Term Liabilities:				
Deferred credit - TVA right of use	317,000	-	317,000	-
Derivatives	1,773,000	-	1,773,000	-
Asset retirement obligations	30,770,000	-	30,770,000	-
Compensated absences	-	60,648	60,648	-
Total Long-Term Liabilities	32,860,000	60,648	32,920,648	-
Total Liabilities	64,963,000	116,167	65,079,167	611,797
Net Assets				
Invested in capital assets, net of related debt	669,441,000	9,904,721	679,345,721	-
Restricted for:				
Debt service	12,162,000	-	12,162,000	-
Capital projects	12,318,000	-	12,318,000	-
Customer deposit fund, nuclear decommissioning, restricted cash, and natural gas derivative	53,468,000	-	53,468,000	-
Unrestricted	13,878,000	19,040,717	32,918,717	388,359
Total Net Assets	$ 761,267,000	$ 28,945,438	$ 790,212,438	$ 388,359

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, 2011

Total Statement of Net Assets - Proprietary Funds Net Assets	$ 790,212,438
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.	(1,116,657)
Net Assets of Business-Type Activities	$ 789,095,781

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, 2011

	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	$ 184,890,000	$ 800,330	$ 185,690,330	$ 800,000
Merchandise sales	-	53,997	53,997	-
Tournaments	-	88,456	88,456	-
Concessions	-	64,149	64,149	-
Miscellaneous	-	2,112	2,112	-
Total Operating Revenues	184,890,000	1,009,044	185,899,044	800,000
Operating Expenses				
Cost of sales and services	132,065,000	350,847	132,415,847	384,167
Personal services and benefits	-	445,512	445,512	-
Depreciation	28,299,000	495,576	28,794,576	-
Claims	-	-	-	(8,350)
Total Operating Expenses	160,364,000	1,291,935	161,655,935	375,817
Operating Income (Loss)	24,526,000	(282,891)	24,243,109	424,183
Non-Operating Revenues (Expenses)				
Interest income	2,078,000	453	2,078,453	3,359
Net increase (decrease) in fair value of investments	1,867,000	-	1,867,000	-
Allowance for debt funds used during construction	1,089,000	-	1,089,000	-
Miscellaneous income (expense)	339,000	-	339,000	-
Interest expense	(1,089,000)	-	(1,089,000)	-
Gain on sale of assets	-	3,200	3,200	-
Income from joint ventures	-	(1,020,557)	(1,020,557)	-
Total Non-Operating Revenues (Expenses)	4,284,000	(1,016,904)	3,267,096	3,359
Income Before Contributions and Transfers	28,810,000	(1,299,795)	27,510,205	427,542
Transfers in (out)	(9,788,000)	642,037	(9,145,963)	-
Change in Net Assets	19,022,000	(657,758)	18,364,242	427,542
Net Assets (Deficit) Beginning of Year	742,245,000	29,603,196	771,848,196	(39,183)
Net Assets End of Year	$ 761,267,000	$ 28,945,438	$ 790,212,438	$ 388,359

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, 2011

Changes in Fund Net Assets - Total Business-Type Activities	$ 18,364,242
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.	141,293
Change in Net Assets of Business-Type Activities	$ 18,505,535

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	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	$ 182,674,000	$ 1,009,873	$ 183,683,873	$ -
Cash received from overparity in transmission facilities	2,953,000	-	2,953,000	-
Cash received from interfund services provided	-	-	-	800,911
Cash payments to employees for services	(19,556,000)	(510,653)	(20,066,653)	-
Cash payments for goods, services, claims, and fees	(113,025,000)	(347,437)	(113,372,437)	(882,737)
Net Cash Provided by (Used in) Operating Activities	53,046,000	151,783	53,197,783	(81,826)
Cash Flows from Investing Activities				
Interest on investments	2,044,000	453	2,044,453	3,359
Sales and maturity of investment securities	122,450,000	-	122,450,000	556,381
Purchases of investment securities	(107,748,000)	-	(107,748,000)	-
Net Cash Provided by (Used in) Investing Activities	16,746,000	453	16,746,453	559,740
Cash Flows from Noncapital Financing Activities				
Transfers out	(9,788,000)	-	(9,788,000)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	(9,788,000)	-	(9,788,000)	-
Cash Flows from Capital and Related Financing Activities				
Principal and interest paid on long-term debt	(18,411,000)	-	(18,411,000)	-
Cash received from other funds	-	(74,551)	(74,551)	-
Cash received from sale of capital assets	-	3,200	3,200	-
Acquisition of capital assets	(43,000,000)	(21,900)	(43,021,900)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(61,411,000)	(93,251)	(61,504,251)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,407,000)	58,985	(1,348,015)	477,914
Cash and Cash Equivalents Beginning of Year	1,843,000	55,379	1,898,379	522,241
Cash and Cash Equivalents End of Year	$ 436,000	$ 114,364	$ 550,364	$ 1,000,155

(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, 2011

	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)	$ 24,526,000	$ (282,891)	$ 24,243,109	$ 424,183
Adjustments:				
Depreciation	28,299,000	495,576	28,794,576	-
Amortization	3,814,000	-	3,814,000	-
Miscellaneous income and expense	339,000	-	339,000	-
(Increase) Decrease in Assets:				
Accounts receivable	737,000	(275)	736,725	-
Interfund receivable	-	1,845	1,845	-
Fuel stocks	(1,253,000)	-	(1,253,000)	-
Inventory	(812,000)	(580)	(812,580)	-
Increase (Decrease) in Liabilities:				
Accounts payable	(2,779,000)	1,111	(2,777,889)	(9,632)
Interfund payable	-	-	-	-
Unearned revenue	-	1,104	1,104	-
Accrued wages	-	3,771	3,771	-
Other	175,000	(67,878)	107,122	-
Claims payable	-	-	-	(496,377)
Net Cash Provided by (Used in) Operating Activities	$ 53,046,000	$ 151,783	$ 53,197,783	$ (81,826)
Noncash Investing, Capital, and Financing Activities				
Net increase in fair value of investments	$ 1,918,000	$ -	$ 1,918,000	$ -
Accrued property additions at year end	$ 3,602,000	$ -	$ 3,602,000	$ -

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Assets
Fiduciary Funds
December 31, 2011

	Pension Trust Fund	OPEB Trust Fund	Municipal Court Agency Fund
Assets			
Cash and cash equivalents	$ 108,159	$ -	$ 129,381
Investments, at fair value:			
Georgia Municipal Employees Benefit System OPEB Trust Fund	-	4,322,778	-
MetLife large cap index equity fund	22,405,021	-	-
MetLife small cap index equity fund	6,343,087	-	-
MetLife fixed income guaranteed account	32,815,923	-	-
Contributions receivable	488,999	-	-
Total Assets	62,161,189	4,322,778	129,381
Liabilities			
Current Liabilities:			
Accounts payable	2,460	-	19,785
Other liabilities	-	-	109,596
Total Current Liabilities	2,460	-	129,381
Net Assets			
Held in trust for pension and other post employment benefits	$ 62,158,729	$ 4,322,778	$ -

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, 2011

	Pension Trust Fund	OPEB Trust Fund
Additions		
Contributions:		
Employer	$ 3,977,435	$ 534,678
Plan members	938,804	152,980
Total contributions	4,916,239	687,658
Investment income:		
Interest and dividends	564,543	(829)
Net increase (decrease) in fair value of investments	2,050,029	(24,642)
Total investment income	2,614,572	(25,471)
Less: investment expense	135,499	6,603
Net investment earnings	2,479,073	(32,074)
Total Additions (Reductions)	7,395,312	655,584
Deductions		
Administrative expenses	52,964	8,882
Premium payments	-	677,478
Benefit payments	5,811,768	10,180
Total Deductions	5,864,732	696,540
Change in Net Assets	1,530,580	(40,956)
Net Assets Beginning of Year	60,628,149	4,363,734
Net Assets End of Year	$ 62,158,729	$ 4,322,778

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2011

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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, 2011, 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, 2011, the City paid $33,366 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 six 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 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. In prior years, the recreation commission was reported as a separate, nonmajor governmental fund. Due to changes in the entity's revenue sources, it is now reported as a department within the General Fund.

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.

Proprietary funds follow all GASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

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.

1-D Basis of Accounting (continued)

WLSF Commission - The WLSF Commission follows accounting principles generally accepted in the United States of America and governmental accounting and financial reporting standards issued by GASB and also conforms to the provisions of the Financial Accounting Standards Board's ("FASB") accounting for the effects of rate regulation. All regulatory assets and liabilities are reflected in rates. In the event that a portion of the WLSF Commission's operations are no longer subject to the provisions of FASB's accounting for the effects of rate regulation as a result of a change in regulation or the effects of competition, the WLSF Commission would be required to write off related regulatory assets and liabilities that are not specifically recoverable through regulated rates. In addition, the WLSF Commission would be required to determine if any impairment to other assets, including plant, exists, and write down the assets, if impaired, to their fair value.

The WLSF Commission's accounts are maintained separately for each system generally in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission for the electric and natural gas sectors (with the exception of its property accounts) and generally in accordance with the Uniform System of Accounts prescribed by the National Association of Regulatory Utility Commissioners for the water, wastewater, and information technology sectors (with the exception of its property accounts.

Rates charged to customers are established solely by the WLSF Commission. As required by the Rate Covenant of the Combined Utilities Revenue Bond Indentures (the "Indentures") dated January 1, 1997 and November 1, 1999, electric, natural gas, water, wastewater, and information technology customers are billed so that operating revenues and investment earnings shall be sufficient to meet operating and maintenance expenses, debt service, and certain reserve requirements. In addition, no funds obtained from ad valorem taxes are to be used for operating and maintenance expenses or debt service expense of the WLSF Commission. In accordance with the Indentures, the Commission submits its annually 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 $6,200,000 for the year ended December 31, 2011. 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 $551,000 for the year ended December 31, 2011. Electricity that is generated and not used by the WLSF Commission is sold back to Southern Power Company, the wholesale power subsidiary of the Southern Company. In 2011, total MWhs sold back to Southern Power Company totaled 97,000, with proceeds of $4,000,000, 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, 2011 and prepaid deposits are recorded as prepaid items. The expense or expenditure is recognized during the benefiting period.

1-E-6 Restricted Assets

The WLSF Commission has investments in the restricted funds and nuclear decommissioning fund. Restricted funds include the revenue bond funds prescribed by the Indentures, the fund for customer deposits, and other funds which are segregated from the operating funds at the direction of the Commission. The nuclear decommissioning fund holds funds in accordance with the Nuclear Regulatory Commission's ("NRC") guidelines. Investments in the restricted funds and the nuclear decommissioning fund are stated at fair market value.

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, 2011.

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 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 $2,400,000 during 2011. In the opinion of management, the property retired or disposed of in the normal course of business approximates its original cost.

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 $3,800,000 during 2011.

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 2.7% in 2011, 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 NRC's 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, 2011, the portion of total work in progress related to Vogtle Units 3 and 4 was $61 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, 2011, 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, 2011 was $86.3 million. The parity income for the year ended December 31, 2011 totaled $3.0 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 Net Assets and Fund Balances

The City's net assets on the government-wide statement of net assets are classified as follows:

Invested in capital assets, net of related debt - This represents the City's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets - These represent resources for which the City is legally or contractually obligated to spend resources for continuation of Federal programs, debt service, and capital projects in accordance with restrictions imposed by external third parties.

Unrestricted net assets - Unrestricted net assets represent resources derived from property taxes, sales taxes, grants and contributions not restricted to specific programs, charges for services, and miscellaneous revenues. These resources are used for transactions relating to general operations of the City, and may be used at the discretion of the City Council to meet current expenses for those purposes.

1-E-12 Net Assets and Fund Balances (continued)

The City implemented Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions as of December 31, 2010. This new standard changed the overall definitions and classifications of governmental fund balance. Fund equity at the governmental fund financial reporting level is classified as "fund balance". Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City's fund balances are classified as follows:

1) **Non-spendable Fund Balance** - Non-cash assets such as inventories or prepaid items.

2) **Restricted Fund Balance** - Funds with limitations imposed on their use by external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

3) **Committed Fund Balance** - Amounts that can only be used for specific purposes pursuant to a formal vote of the City Council. Only the Council may modify or rescind the commitment.

4) **Assigned Fund Balance** - Amounts intended by the City Council for specific purposes. The Council can choose to delegate this authority.

5) **Unassigned Fund Balance** - Residual spendable fund balance after subtracting all above amounts.

Non-spendable Fund Balances and Restricted Fund Balances are considered restricted net assets on the Statement of Net Assets. Committed, Assigned, Non-Spendable, and Unassigned Fund Balances are considered unrestricted net assets on the Statement of Net Assets.

When expenditures are incurred by the City that would qualify for payment with either restricted or unrestricted funds, it will be paid from restricted funds. When an expenditure is incurred that qualifies for payment from one of the three unrestricted fund balances categories, it will be applied in the following order: committed, assigned, then unassigned.

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, 2011, the average AFUDC rate was 5.38%.

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 for the year ended December 31, 2011 totaled approximately 25% of total sales and 27% of electricity sales. No other customer accounted for more than ten percent of the WLSF Commission's sales during 2011.

The DWRSWMA's fee revenue from two major customers during the year ended December 31, 2011 totaled approximately 28% of total fee revenue. No other customers accounted for more than ten percent of the DWRSWMA's fee revenue during 2011.

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 2010 amounts have been reclassified to conform to the 2011 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.

Note 3 - Detailed Notes on All Funds

3-A Deposits and Investments

Investments – The City is a voluntary participant in the local government investment pool Georgia Fund 1. It is managed by the Office of the Treasury and Fiscal Services. The fund, created under OCGA 36-83-8 is a stable net asset value investment pool that is rated AAAm by Standard and Poor's. The fund operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity, and diversification while maintaining principal. Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. The total value of the investment in Georgia Fund 1 was $11,976,061. The pool's weighted average maturity is 60 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.

3-A Deposits and Investments (continued)

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	$ 22,405,021	Not Rated
MetLife Small Cap Index Fund	6,343,087	Not Rated
MetLife Guaranteed Adjusted Index Value Account	32,815,923	Not Rated
Total Pension Trust Fund Investments	$ 61,564,031	
Georgia Municipal Employees Benefit System OPEB Trust Account	$ 4,322,778	Not Rated
Total OPEB Trust Fund Investments	$ 4,322,778	

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.

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	$ 108,000	$ 108,000	$ -	$ -	$ -
Federal Home Loan Bank	AAA/Aaa	27,349,000	1,000,000	2,416,000	9,121,000	14,812,000
Federal Home Loan Mortgage Corporation	AAA/Aaa	1,817,000	1,817,000	-	-	-
Federal National Mortgage Association	AAA/Aaa	7,582,000	3,321,000	-	-	4,261,000
Federal Farm Credit Banks	AAA/Aaa	8,381,000	-	6,492,000	601,000	1,288,000
Fannie Mae	AAA/Aaa	4,602,000	1,597,000	-	3,005,000	-
Coupons (U.S. Strip)	AAA/Aaa	7,791,000	-	7,791,000	-	-
Coupons (Resolution Fund Corporation)	AAA/Aaa	8,263,000	-	-	8,263,000	-
Bond repurchase agreements (1)	Not Rated	12,055,000	12,055,000	-	-	-
Total		$ 77,948,000	$ 19,898,000	$ 16,699,000	$ 20,990,000	$ 20,361,000

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

3-B Receivables

Receivables at December 31, 2011 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, 2011 consists of uncollected property taxes levied during the year ended December 31, 2011 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 2011	$	1,269,590
Tax year 2010		249,544
Tax year 2009		102,088
Tax year 2008		48,678
Tax year 2007		23,609
Tax year 2006		5,973
Tax year 2005		4,168
Tax year 2004		2,771
Tax year 2003		7,297
Tax years 2002 and prior		4,706
Total taxes receivable		1,718,424
Allowance for uncollectible taxes		(17,184)
Reported property tax receivable	$	1,701,240
Taxes uncollected 60 days subsequent to year end, net of allowance, reported as deferred revenue	$	1,387,115

3-D Capital Assets

Governmental capital asset activity for the year ended December 31, 2011, was as follows:

	Adjusted Balance 12/31/2010	Additions	Disposals and Reclassifications	Adjusted Balance 12/31/2011
Capital assets not being depreciated:				
Land	$ 14,872,191	$ 513,827	$ -	$ 15,386,018
Construction in progress	3,938,442	6,620,581	-	10,559,023
Total capital assets not being depreciated	18,810,633	7,134,408	-	25,945,041
Other capital assets:				
Land improvements	22,450,206	-	-	22,450,206
Buildings	22,412,081	40,000	-	22,452,081
Building improvements	1,958,815	28,752	-	1,987,567
Vehicles	4,833,757	210,583	(112,275)	4,932,065
Machinery	9,864,025	32,172	-	9,896,197
Equipment	2,235,956	79,587	-	2,315,543
Furniture & fixtures	176,692	-	-	176,692
Intangibles	1,054,698	-	-	1,054,698
Bridge and bridge culvert	8,752,560	-	-	8,752,560
Streets and streetscape	95,597,692	513,280	-	96,110,972
Mast arm lighting	264,218	-	-	264,218
Total other capital assets	169,600,700	904,374	(112,275)	170,392,799
Total cost	188,411,333	8,038,782	(112,275)	196,337,840
Accumulated depreciation:				
Land improvements	10,499,689	1,054,713	-	11,554,402
Buildings	6,160,859	459,887	-	6,620,746
Building improvements	650,169	61,924	-	712,093
Vehicles	4,257,911	224,426	(112,275)	4,370,062
Machinery	7,597,323	517,178	-	8,114,501
Equipment	1,738,659	139,362	-	1,878,021
Furniture & fixtures	73,476	27,780	-	101,256
Intangibles	506,355	177,014	-	683,369
Bridge and bridge culvert	5,443,463	175,052	-	5,618,515
Streets and streetscape	79,363,501	1,072,141	-	80,435,642
Mast arm lighting	92,768	13,211	-	105,979
Total accumulated depreciation	116,384,173	3,922,688	(112,275)	120,194,586
Governmental activities capital assets, net	$ 72,027,160	$ 4,116,094	$ -	$ 76,143,254

3-D Capital Assets (continued)

Governmental activities depreciation expense

General government	$ 303,633
Judicial	3,384
Public safety	661,800
Public works	1,770,329
Culture and recreation	1,183,542
Total governmental activities depreciation expense	$ 3,922,688

Business-type capital asset activity for the year ended December 31, 2011, was as follows:

	Adjusted Balance 12/31/2010	Additions	Disposals and Reclassifications	Adjusted Balance 12/31/2011
Capital assets not being depreciated:				
Land	$ 1,803,079	$ -	$ -	$ 1,803,079
Construction in progress	43,135,000	19,170,000	-	62,305,000
Total capital assets not being depreciated	44,938,079	19,170,000	-	64,108,079
Other capital assets:				
Land improvements	7,763,564	-	-	7,763,564
Buildings	3,900,858	-	-	3,900,858
Building improvements	65,655	5,399	-	71,054
Vehicles	75,058	-	(14,244)	60,814
Machinery	177,734	16,500	(22,129)	172,105
Equipment	1,853,077	119,894	(89,126)	1,883,845
Utility plant	1,018,022,000	17,294,000	-	1,035,316,000
Total other capital assets	1,031,857,946	17,435,793	(125,499)	1,049,168,240
Total cost	1,076,796,025	36,605,793	(125,499)	1,113,276,319
Accumulated depreciation:				
Land improvements	2,758,195	288,703	-	3,046,898
Buildings	1,553,516	84,140	-	1,637,656
Building improvements	63,242	2,412	-	65,654
Vehicles	75,059	-	(14,244)	60,815
Machinery	164,056	2,324	(22,129)	144,251
Equipment	766,454	117,996	(89,126)	795,324
Utility plant	384,705,000	24,891,000	-	409,596,000
Total accumulated depreciation	390,085,522	25,386,575	(125,499)	415,346,598
Nuclear fuel, at amortized cost	14,915,000	2,214,000	-	17,129,000
Business-type activities capital assets, net	$ 701,625,503	$ 13,433,218	$ -	$ 715,058,721

3-E Interfund Balances and Transfers

Interfund balances at December 31, 2011 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, 2011 consisted of the following:

	Payable from:		
Payable to:	General Fund	Non-major governmental funds	Total
General Fund	$ -	$ 412,446	$ 412,446
Non-major enterprise funds	18,336	-	18,336
Total	$ 18,336	$ 412,446	$ 430,782

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, 2011 consisted of the following:

	Transfer from:			
Transfer to:	General Fund	WLSF Commission Fund	Non-major governmental funds	Total
General Fund	$ -	$ 9,788,000	$ 216,876	$ 10,004,876
Non-major governmental funds	1,160,555	-	23,493	1,184,048
Non-major enterprise funds	-	-	642,037	642,037
Total	$ 1,160,555	$ 9,788,000	$ 882,406	$ 11,830,961

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 ten 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 2011 was approximately $27,000. The annual minimum lease payments under operating leases as of December 31, 2011 are as follows:

2012	$	28,438
2013		21,772
2014		6,070
2015		2,784
2016 and thereafter		-

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 payment in lieu of taxes of $101,712 be reduced by $53,000 per year for ten years, through 2019.

3-H Long-Term Debt (continued)

Note payable debt service requirements to maturity are as follows:

	Principal	Interest	Total
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
	$ 827,045	$ 15,230	$ 842,275

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
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 - 2021	1,310,000	1,083,432	(487,546)	1,905,886
2022 - 2026	1,505,000	709,375	(319,220)	1,895,155
2027 - 2030	1,395,000	221,564	(99,704)	1,516,860
	$ 5,375,000	$ 3,349,951	$ (1,507,482)	$ 7,217,469

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. In December 2010, the WLSF Commission defeased a portion of the bonds in the amount of $7,355,000 for the 6% bonds maturing January 1, 2012, by placing principal and related interest of $400,000 on deposit with a trustee. The defeasance was executed in July 2011. The transaction was accounted for as an in-substance defeasance, as if the debt has been retired. The WLSF Commission incurred a loss on redemption of approximately $400,000, which was deferred as a regulatory asset and was expensed over a one year period.

3-H Long-Term Debt (continued)

At December 31, 2011, total long-term debt consisted of the following:

Term bonds, Series 1999, 5.36%, maturing in 2012; payable from combined utilities revenues	$ 11,820,000
Less: current maturities/sinking fund redemptions	(11,820,000)
	$ -

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

Year ending December 31,	Principal	Interest	Total Debt Service
2012	$ 11,820,000	$ 702,000	$ 12,522,000
	$ 11,820,000	$ 702,000	$ 12,522,000

Changes in Long-term Liabilities - The City's long-term obligations consisted of the following at December 31, 2011:

	Outstanding 12/31/2010	Additions	Reductions	Outstanding 12/31/2011	Amounts Due in One Year
Governmental activities:					
Capital leases payable	$ 6,585,000	$ -	$ (1,210,000)	$ 5,375,000	$ 225,000
Notes payable	1,185,079	-	(358,034)	827,045	373,574
Compensated absences	3,940,912	1,620,085	(1,558,292)	4,002,705	1,000,676
Total governmental activities	$ 11,710,991	$ 1,620,085	$ (3,126,326)	$ 10,204,750	$ 1,599,250
Business-type activities					
Deferred credit - TVA right of use	$ 417,000	$ -	$ (50,000)	$ 367,000	$ 50,000
Asset retirement obligations	29,186,000	1,584,000	-	30,770,000	-
Revenue bonds	29,973,000	-	(18,153,000)	11,820,000	11,820,000
Compensated absences	148,742	31,014	(98,892)	80,864	20,216
Total business-type activities	$ 59,724,742	$ 1,615,014	$ (18,301,892)	$ 43,037,864	$ 11,890,216

Fair Values – The Commissions' financial instruments for which the carrying amounts did not approximate fair value in previous years, at December 31, 2011, were as follows:

	Carrying Amount	Fair Value
Long-term debt at December 31, 2011	$ 11,820,000	$ 11,820,000

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 – On occasion, 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 0.1 on December 31, 2011 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 .2953% as of December 31, 2011.

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 $73,000 for the year ended December 31, 2011. The amount of change in fair market value of the Swap Agreement was a decrease of $51,000 as of December 31, 2011, which is included in the net increase (decrease) in fair value of investments on the same statement. The fair value of the Swap Agreement derivative was reported as a noncurrent asset in the amount of $0 on the Combining Schedule of Net Assets – Water, Light, and Sinking Commission Fund as of December 31, 2011. The Swap Agreement terminated January 1, 2012.

Natural Gas Derivatives – The WLSF Commission periodically 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. There were no forward sales agreements for the year ended December 31, 2011.

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 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 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		358
Average age		46.6 years
Average service		16.6 years
Average annual compensation	$	51,735
Inactive Participants:		
Number of retirees (and beneficiaries)		314
Number of Participants with Vested Benefits		10

Funding Policy - In accordance with the most recent actuarial report as of January 1, 2012, the Pension Plan's funding policy for employers should be increased from 18.8% (at the last valuation date of January 1, 2011) to 22.4% 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 6, 12, 13, 14, 15, 17, 27, or 28 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 2011, 2010, and 2009 were $4,034,768, $3,866,060, and $3,572,850, respectively. Of the required employer contributions, the percentage contributed for the plan years 2011, 2010, and 2009 was 99%, 95%, and 90%, respectively.

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, 2012
Derivation of Annual Pension Cost	
Annual required contribution	$ 4,394,917
Interest on net pension obligation	20,165
Amortization of net pension obligation	(23,121)
Annual pension cost	$ 4,391,961
Derivation of Net Pension Obligation	
Annual pension cost of plan for prior plan year	$ 4,032,416
Actual contributions to plan for prior plan year	(3,977,435)
Increase (decrease) in net pension obligation	54,981
Net pension obligation as of January 1, 2011	213,881
Net pension obligation as of January 1, 2012	$ 268,862
Basis of Valuation	
Current valuation date	January 1, 2012
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 Beginning January 1,	Annual Pension Cost	Actual Contribution	Percentage Contributed	Net Pension Obligation
2012	$ 4,391,962	*	*	*
2011	4,032,416	3,977,435	99%	213,881
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 2011 and 2010 are as follows:

Coverage	Retirees	
	2011	2010
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 2011, 2010, and 2009 were $1,337,700, $1,302,000, and $1,838,000, respectively. Employer contributions for the plan years 2011, 2010, and 2009 were $534,578, $563,866, and $1,822,300 respectively, equal to 40%, 43%, and 99% 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 2011, employee contributions totaled $360,079 and employer contributions totaled $161,406.

3-L Net Assets

Net assets on the government-wide statement of net assets as of December 31, 2011 are as follows:

Investments in capital assets, net of related debt:	Governmental Activities	Business-type Activities	Total
Cost of captial assets	$ 196,337,840	$ 1,130,405,319	$ 1,326,743,159
Less: accumulated depreciation	120,194,586	415,346,598	535,541,184
Book value	76,143,254	715,058,721	791,201,975
Less: capital related debt and accrued interest	6,341,916	12,161,000	18,502,916
Less: asset retirement obligations	-	30,770,000	30,770,000
Less: derivatives	-	1,773,000	1,773,000
Add: regulatory asset	-	8,991,000	8,991,000
Add: bond issuance and refunding amounts	166,193	-	166,193
Add: unspent bond proceeds included above	347,240	-	347,240
Investments in captial assets, net of related debt	$ 70,314,771	$ 679,345,721	$ 749,660,492

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, 2011, interutility sales were as follows:

Electric	$ 4,469,000
Natural gas	9,000
Water	163,000
Sewer	109,000
Information Technology	2,362,000
Total	$ 7,112,000

Note 4 - Other Notes

4-A Hotel/Motel Lodging Tax

The City levies 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	$ 1,060,665
Expenditures for promotion of tourism and support:	
Northwest Georgia Trade and Convention Center	$ 522,143
Dalton Area Convention and Visitors Bureau	325,285
Various tourism product developments	224,215
Total expenditures	$ 1,071,643
Percentage of expenditures to revenue	101.04%

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 2011. 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, 2011. The private insurance carriers estimated claims incurred but not paid at December 31, 2011 were $603,035. 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, 2011, 2010, and 2009 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. Twenty-nine 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:				
2009	$ 1,265,044	$ 701,338	$ (975,106)	$ 991,276
2010	991,276	738,308	(630,172)	1,099,412
2011	1,099,412	574,087	(1,070,464)	603,035
Health Insurance:				
2009	652,100	-	(652,100)	-
2010	-	79,188	(79,188)	-
2011	-	(1,220)	1,220	-

The workers' compensation and health insurance internal service funds had a net increase in net assets in 2011. 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	$ (4,290)
Public safety	(130,465)
Public works	(149,765)
Culture & recreation	(1,729)
Total Governmental Activities	(286,249)
Business-Type Activities	
WLSF	(141,293)
Total Business-Type Activities	(141,293)
	$ (427,542)

Of the total allocation to the governmental activities public works function, $65,038 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. 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 $1,841,661 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 $45.5 million, $46.2 million, $45.6 million, $46.5 million, and $42.2 million in 2012, 2013, 2014, 2015, and 2016, respectively. A large portion of this is directed to maintaining service delivery capability and regulated 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.

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, 2011, the Commission has spent $61 million on the new nuclear units under construction, all of which is included in "construction in progress" in the financial statements.

In 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 2008, Southern Nuclear filed an application with the NRC for a combined construction and operating license ("COL") for the new units. In December 2010, Westinghouse submitted an AP1000 Design Certification Amendment to the NRC. On February 10, 2011, the NRC announced that it was seeking public comment on a proposed rule to approve the Design Certification Amendment 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 and 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 and 4. On February 9, 2012, the NRC affirmed a decision directing the NRC staff to proceed with issuance of the COLs for Plant Vogtle Units 3 and 4 in accordance with its regulations. The COLs were received on February 10, 2012. Receipt of the COLs allows full construction to begin on Plant Vogtle Units 3 and 4, which are expected to attain commercial operation in 2016 and 2017, respectively.

4-C Commitments and Contingent Liabilities (continued)

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").

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.

The Owners and the Consortium have established both informal and formal dispute resolution procedures in accordance with the Vogtle 3 & 4 Agreement in order to resolve issues arising during the course of constructing a project of this magnitude. The Consortium and the Owners have successfully initiated both formal and informal claims through these procedures, including ongoing claims, to resolve disputes and expect to resolve any existing and future disputes through these procedures as well.

During the course of construction activities, issues have arisen that may impact the project budget and schedule, including costs associated with design changes to the Design Certification Document ("DCD"), and costs associated with delays in the project schedule related to the timing of approval of the DCD and issuance of the COLs. The Owners and the Consortium have begun negotiations regarding these issues, including the assertion by the Consortium that the Owners are responsible for these costs under the terms of the Vogtle 3 & 4 Agreement. In preliminary discussions, the Consortium has provided its initial estimate of its proposed adjustment to the contract price. The Consortium's estimated adjustments attributable to the WLSF Commission (based on its ownership interest) is approximately $14 million with respect to these issues, which include an initial estimate of costs for efforts to maintain the projected in-service dates of 2016 and 2017 for Plant Vogtle Units 3 and 4, respectively. The Owners have not agreed with the amount of these proposed adjustment or that the Owners have responsibility for any costs related to these issues. The Owners expect negotiations with the Consortium to continue over the next several months during which time the parties will attempt to reach a mutually acceptable compromise of their positions. If a compromise cannot be reached, formal dispute resolution, including litigation, may follow. The Owners intend to vigorously defend their positions. Additional claims by the Consortium or GPC (con behalf of the Owners) are expected to arise throughout the construction of Plant Vogtle Units 3 and 4.

In addition, there are processes in place to assure compliance with the design requirements specified in the DCD and the COLs, including rigorous inspection by Southern Nuclear (an affiliate company of GPC, acting in its capacity as agent for the owners) and the NRC that occurs throughout construction. A recent routine NRC inspection identified that certain details of the rebar construction in the Plant Vogtle Unit 3 nuclear island were not consistent with the DCD. GPC and the Owners expect to receive official notice of these findings from the NRC. GPC, on behalf of the Owners, is currently engaged in construction discussions with the Consortium to identify appropriate corrective actions. Various inspection issues are expected as construction proceeds.

4-C Commitments and Contingent Liabilities (continued)

There are other pending technical and procedural challenges to the construction and licensing of Plant Vogtle Units 3 and 4, including legal challenges to the NRC issuance of the COLs and certification of the DCD. 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.

General Litigation Matters – The WLSF Commission is subject to certain claims and legal actions arising in the ordinary course of business. Litigation over claims of various types, including property damage, personal injury, common law nuisance, and citizen enforcement of environmental requirements, has increased generally throughout the U.D. The ultimate outcome of such pending or potential litigation against the WLSF Commission cannot be predicted at this time, however, for current proceedings not specifically reported herein, management does not anticipate that the ultimate liabilities, if any, arising from such current proceedings would have a material effect on the WLSF Commission's financial statements

Certain 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. The existing five year permit was issued March 26, 2007, and expired March 25, 2012. On March 23, 2012, the WLSF Commission was granted an extension by the EPD on its existing permit while their application for a reissuance of the five year permit is evaluated.

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. In 2011, FERC notified the WLSF Commission that it had reviewed such matters and administratively closed the self report without action.

4-C Commitments and Contingent Liabilities (continued)

Fuel Commitments - The WLSF Commission is obligated by various long-term commitments for the procurement of electricity and natural gas to supply its customers, as well as related transportation and storage services. The minimum contract requirements of the Commission as of December 31, 2011 are as follows:

Year Ending December 31,	Commitments	
	Natural Gas	Electricity
2012	$ 346,000	$ 14,879,000
2013	346,000	15,406,000
2014	346,000	15,406,000
2015	346,000	14,796,000
2016 and thereafter	1,384,000	25,930,000
	$ 2,768,000	$ 86,417,000

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 April 2, 2012.

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	$ 780,000	$ 1,890,000	2,160,000	1,490,000	1,240,000	7,560,000
	780,000	1,890,000	5,380,000	3,700,000	3,005,000	14,755,000
Percentage of total landfill capacity used as of December 31, 2011	100.0%	100.0%	100.0%	44.0%	49.0%	
	780,000	1,890,000	5,380,000	1,628,000	1,472,000	11,150,000
Land acquisition	50,000	-	-	-	-	50,000
Accrual at 12/31/11	$ 830,000	$ 1,890,000	$ 5,380,000	$ 1,628,000	$ 1,472,000	$ 11,200,000

4-D Joint Ventures (continued)

The Authority will record the remaining estimated cost of closure and post-closure care costs of $3,555,000 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 2011. 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 February 17, 2012, the Dalton-Whitfield Regional Solid Waste Management Authority was in compliance for closure and post-closure care financial assurance requirements for the 2010 year.

Condensed audited financial statements for the DWRSWMA at December 31, 2011 are as follows:

Assets		
Current assets	$	15,492,193
Capital assets-net		21,619,356
Total assets	$	37,111,549
Liabilities and Net Assets		
Current liabilities	$	307,961
Non-current liabilities		11,707,709
Net assets		25,095,879
Total liabilities and net assets	$	37,111,549
Statement of Revenues and Expenses		
Operating revenues	$	5,246,381
Operating expenses		(4,467,682)
Depreciation		(1,446,071)
Operating Income		(667,372)
Non-operating revenues (expenses)		62,276
Increase (decrease) in net assets	$	(605,096)
Beginning net assets		25,700,975
Ending net assets	$	25,095,879

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 March 9, 2012.

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, 2011 are as follows:

Assets	
Current assets	$ 296,135
Capital assets-net	9,951,186
Total assets	$ 10,247,321
Liabilities and Net Assets	
Current liabilities	$ 319,252
Net assets	9,928,069
Total liabilities and net assets	$ 10,247,321
Statement of Revenues and Expenses	
Operating revenues	$ 1,063,986
Operating expenses	(2,042,385)
Depreciation	(407,822)
Operating Income	(1,386,221)
Non-operating revenues (expenses)	2,448
Transfers in	992,143
Increase (decrease) in net assets	(391,630)
Beginning net assets	10,319,699
Ending net assets	$ 9,928,069

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 23, 2012.

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, 2011 are as follows:

Assets		
Current assets	$	295,696
Capital assets-net		8,264
Total assets	$	303,960
Liabilities and Net Assets		
Current liabilities	$	89,919
Net assets		214,041
Total liabilities and net assets	$	303,960
Statement of Activities		
Operating revenues	$	627,130
Transfers in		315,000
Economic development		(793,222)
Increase (decrease) in net assets		148,908
Beginning net assets		65,133
Ending net assets	$	214,041

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 $8,601,321 for the year ended December 31, 2011. The Building Authority holds various cash balances from proceeds from debt on behalf of the City or of the Board of Education. Amounts held in the Building Authority's cash account are 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, 2011 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, 2011 is $2,330,000.

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, 2011 is $3,135,000.

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, 2011 is $3,015,000.

PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

City of Dalton, Georgia
Pension Trust Fund
Schedule of Employer Contributions
December 31, 2011

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%
2011	4,034,768	99%

City of Dalton, Georgia
Pension Trust Fund
Schedule of Funding Progress
December 31, 2011

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%
1/1/2003	42,452,389	74,056,656	31,604,267	57.3%	24,991,641	126%
1/1/2004	48,717,335	70,116,207	21,398,872	69.5%	25,247,408	85%
1/1/2005	52,617,082	67,353,669	14,736,587	78.1%	24,117,608	61%
1/1/2006	54,466,921	70,208,760	15,741,839	77.6%	23,777,732	66%
1/1/2007	59,715,221	75,197,188	15,481,967	79.4%	23,619,574	66%
1/1/2008	61,815,554	80,326,128	18,510,574	77.0%	24,817,638	75%
1/1/2009	50,532,696	74,982,215	24,449,519	67.4%	23,258,581	105%
1/1/2010	55,522,359	90,051,325	34,528,966	61.7%	21,418,412	161%
1/1/2011	60,628,149	94,177,910	33,549,761	64.4%	21,461,361	156%
1/1/2012	62,158,721	96,181,160	34,022,439	64.6%	19,632,308	173%

COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund

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

Capital Projects Fund

The Capital Projects Fund is used to account for the resources that are restricted, committed, or assigned for certain capital outlays. Ongoing capital outlays that are accounted for in this fund include the City's portion of SPLOST projects managed by Whitfield County, various LOST projects performed by Whitfield County, the Community Center, and James Brown Park.

City of Dalton, Georgia
Combining Balance Sheet - By Fund Type
Nonmajor Governmental Funds
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 24,242	$ 6,229	$ -	$ 30,471
Investments	-	40	-	40
Receivables:				
Accounts	87,118	-	22,077	109,195
Taxes	-	6,811	-	6,811
Intergovernmental-local	-	140,250	916,671	1,056,921
Intergovernmental - state and federal	12,467	-	-	12,467
Prepaid expenditures	51,893	-	-	51,893
Total Assets	$ 175,720	$ 153,330	$ 938,748	$ 1,267,798
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 20,521	$ -	$ 309,269	$ 329,790
Accrued interest payable	-	139,871	-	139,871
Interfund payable	130,207	-	282,239	412,446
Deferred revenue	-	6,494	-	6,494
Total Liabilities	150,728	146,365	591,508	888,601
Fund Balances				
Nonspendable	750	-	-	750
Restricted for:				
Public safety	24,240	-	-	24,240
Housing and development	2	-	-	2
Debt service	-	6,965	-	6,965
Capital projects	-	-	347,240	347,240
Total Fund Balances	24,992	6,965	347,240	379,197
Total Liabilities and Fund Balances	$ 175,720	$ 153,330	$ 938,748	$ 1,267,798

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, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Taxes:				
Real and personal property tax	$ -	$ 4,718	$ -	$ 4,718
Vehicle tax	-	212	-	212
Hotel/motel tax	1,060,665	-	-	1,060,665
Intergovernmental	266,824	690,760	2,107,479	3,065,063
Fines and forfeitures	69,574	-	-	69,574
Investment earnings	524	128,338	7,638	136,500
Miscellaneous	10,978	1,205	61,000	73,183
Total Revenues	1,408,565	825,233	2,176,117	4,409,915
Expenditures				
Current:				
General government	77,328	-	-	77,328
Public safety	56,453	-	-	56,453
Public works	-	-	77,465	77,465
Health and welfare	59,454	-	-	59,454
Culture and recreation	344,624	-	-	344,624
Housing and development	93,679	-	-	93,679
Capital Outlay				
General government	-	-	262,306	262,306
Public safety	193,183	-	-	193,183
Public works	-	-	375,866	375,866
Culture and recreation	-	-	6,392,332	6,392,332
Debt Service:				
Principal retirement	-	1,568,034	-	1,568,034
Interest and fiscal charges	-	333,766	40	333,806
Total Expenditures	824,721	1,901,800	7,108,009	9,834,530
Excess (Deficiency) of Revenues Over (Under) Expenditures	583,844	(1,076,567)	(4,931,892)	(5,424,615)
Other Financing Sources (Uses)				
Transfers in	1,796	752,735	429,517	1,184,048
Transfers out	(762,512)	-	(119,894)	(882,406)
Total Other Financing Sources (Uses)	(760,716)	752,735	309,623	301,642
Net Change in Fund Balances	(176,872)	(323,832)	(4,622,269)	(5,122,973)
Fund Balances Beginning of Year	201,864	330,797	4,969,509	5,502,170
Fund Balances End of Year	$ 24,992	$ 6,965	$ 347,240	$ 379,197

City of Dalton, Georgia
General Fund
Comparative Balance Sheet
December 31, 2011

	2011	2010
Assets		
Cash and cash equivalents	$ 4,997,110	$ 3,178,203
Investments	11,976,020	13,445,454
Receivables:		
Accounts	801,864	977,368
Taxes	1,694,429	2,557,219
Intergovernmental-state and federal	31,681	21,334
Intergovernmental-local	2,442,807	1,416,059
Interfund	412,446	169,618
Inventory	169,406	78,876
Prepaid items	15,677	18,135
Total Assets	$ 22,541,440	$ 21,862,266
Liabilities and Fund Balances		
Liabilities		
Accounts payable	401,549	550,729
Accrued expenditures	493,543	332,344
Interfund payable	18,336	36,853
Deferred revenue	1,496,231	1,431,898
Total Liabilities	2,409,659	2,351,824
Fund Balances		
Nonspendable	185,083	97,011
Restricted - cemetery chapel	91,959	91,959
Unrestricted		
Committed (capital projects)	2,781,573	1,690,964
Assigned (trail grants and airport)	144,500	61,825
Unassigned	16,928,666	17,568,683
Total Fund Balances	20,131,781	19,510,442
Total Liabilities and Fund Balances	$ 22,541,440	$ 21,862,266

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Taxes					
Real and personal property tax	$ 7,541,000	$ 7,702,000	$ 8,757,658	$ 1,055,658	$ 9,006,423
Vehicle tax	355,000	355,000	456,957	101,957	393,222
Sales tax	2,350,000	2,350,000	2,601,406	251,406	2,542,491
Insurance premium tax	1,500,000	1,553,800	1,553,842	42	1,502,553
Recording intangibles	29,000	29,000	45,480	16,480	47,340
Franchise tax	508,000	488,000	490,418	2,418	496,207
Real estate transfer tax	10,000	10,000	6,383	(3,617)	9,858
Beer tax	496,000	496,000	493,684	(2,316)	479,805
Wine tax	64,000	64,000	71,998	7,998	68,872
Liquor tax	72,000	72,000	77,983	5,983	76,519
Mixed drink tax	52,000	52,000	60,012	8,012	55,985
Total taxes	12,977,000	13,171,800	14,615,821	1,444,021	14,679,275
Licenses and permits:					
Alcoholic beverage licenses	220,000	220,000	243,437	23,437	218,333
Occupation taxes	750,000	750,000	739,838	(10,162)	744,573
Other permits	-	-	100	100	1,400
Total licenses and permits	970,000	970,000	983,375	13,375	964,306
Intergovernmental:					
Whitfield County	150,000	478,580	478,564	(16)	780,177
Housing Authority	50,850	50,850	48,712	(2,138)	48,712
Federal grants and contracts	5,700	643,525	135,243	(508,282)	132,148
State grants and contracts	177,000	78,740	1,798	(76,942)	165,816
Total intergovernmental	383,550	1,251,695	664,317	(587,378)	1,126,853
Charges for services:					
Senior center	86,300	61,300	56,612	(4,688)	68,581
Recreation admissions and fees	133,750	133,750	94,283	(39,467)	-
Recreation concession revenue	164,800	164,800	128,810	(35,990)	-
Garbage and recycling revenue	6,000	6,000	3,200	(2,800)	4,690
Public works fees	54,500	54,500	53,100	(1,400)	59,919
Municipal court and probation fees	1,104,000	760,000	739,273	(20,727)	1,066,062
Public safety fees	37,000	37,000	39,012	2,012	36,655
Cemetery fees	32,000	26,000	25,740	(260)	13,940
Total charges for services	1,618,350	1,243,350	1,140,030	(103,320)	1,249,847
Fines and forfeitures	580,000	580,000	392,651	(187,349)	481,729
Investment earnings	100,000	100,000	95,067	(4,933)	83,158

(Continued)

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Miscellaneous:					
Penalties and fines	58,000	58,000	96,738	38,738	121,896
Rental income	189,900	189,900	191,870	1,970	74,044
Donations	15,500	600,142	584,123	(16,019)	192,349
Sale of property	7,000	7,000	17,358	10,358	9,923
Reimbursements	67,000	128,195	133,738	5,543	489,693
Miscellaneous	38,600	63,600	65,128	1,528	36,822
Total miscellaneous	376,000	1,046,837	1,088,955	42,118	924,727
Total revenues	$ 17,004,900	$ 18,363,682	$ 18,980,216	$ 616,534	$ 19,509,895

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Current:					
General Government:					
Legislative					
Personal services and benefits	$ 47,885	$ 63,245	$ 62,574	$ 671	$ 49,261
Other	69,445	74,000	71,099	2,901	66,055
Total	117,330	137,245	133,673	3,572	115,316
Administrative					
Personal services and benefits	170,880	174,585	174,561	24	166,432
Other	338,330	278,620	277,302	1,318	324,060
Total	509,210	453,205	451,863	1,342	490,492
City Clerk					
Personal services and benefits	191,905	191,730	190,917	813	192,995
Other	56,040	53,660	51,177	2,483	41,674
Total	247,945	245,390	242,094	3,296	234,669
Elections					
Other	11,525	31,525	13,273	18,252	1,230
Total	11,525	31,525	13,273	18,252	1,230
Finance					
Personal services and benefits	279,240	281,370	281,067	303	276,649
Other	325,925	338,565	336,375	2,190	310,713
Total	605,165	619,935	617,442	2,493	587,362
Human Resources					
Personal services and benefits	225,520	226,935	226,222	713	223,158
Other	127,700	127,000	105,515	21,485	125,467
Total	353,220	353,935	331,737	22,198	348,625
Technology					
Personal services and benefits	62,985	62,985	55,818	7,167	63,358
Other	106,075	107,315	85,256	22,059	78,912
Capital outlay	-	-	-	-	56,275
Total	169,060	170,300	141,074	29,226	198,545

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Infrastructure					
Other	-	64,565	72,907	(8,342)	13,748
Capital outlay	10,000	591,180	582,779	8,401	186,613
Total	10,000	655,745	655,686	59	200,361
Total General Government	2,023,455	2,667,280	2,586,842	80,438	2,176,600
Judicial:					
Municipal Court					
Personal services and benefits	423,873	271,598	255,244	16,354	433,158
Other	246,597	277,392	231,130	46,262	221,612
Capital outlay	-	-	-	-	20,302
Total	670,470	548,990	486,374	62,616	675,072
Total Judicial	670,470	548,990	486,374	62,616	675,072
Public Safety:					
Fire Department					
Personal services and benefits	6,065,330	6,040,435	5,991,099	49,336	6,013,082
Other	768,015	972,260	937,158	35,102	789,897
Capital outlay	-	26,640	26,639	1	-
Total	6,833,345	7,039,335	6,954,896	84,439	6,802,979
Police Department					
Personal services and benefits	5,806,635	5,836,860	5,829,824	7,036	5,830,056
Other	908,715	1,075,250	1,069,198	6,052	1,044,964
Capital outlay	-	-	-	-	64,041
Total	6,715,350	6,912,110	6,899,022	13,088	6,939,061
Total Public Safety	13,548,695	13,951,445	13,853,918	97,527	13,742,040
Public Works:					
Public Works					
Personal services and benefits	3,842,130	3,800,925	3,779,845	21,080	3,790,103
Other	2,097,005	2,230,275	2,140,030	90,245	2,317,183
Capital outlay	-	60,200	60,043	157	251,096
Total	5,939,135	6,091,400	5,979,918	111,482	6,358,382

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Infrastructure					
Other	-	122,920	122,915	5	475,238
Capital outlay	-	76,790	76,787	3	-
Total	-	199,710	199,702	8	475,238
Total Public Works	5,939,135	6,291,110	6,179,620	111,490	6,833,620
Health and Welfare:					
Senior Center					
Personal services and benefits	229,080	230,090	236,615	(6,525)	259,350
Other	173,720	135,692	155,796	(20,104)	162,878
Capital outlay	-	19,720	-	19,720	-
Total	402,800	385,502	392,411	(6,909)	422,228
Special Projects					
Other	30,000	30,750	30,750	-	42,000
Total	30,000	30,750	30,750	-	42,000
Infrastructure					
Other	-	154,795	154,793	2	10,328
Total	-	154,795	154,793	2	10,328
Total Health and Welfare	432,800	571,047	577,954	(6,907)	474,556
Culture and Recreation:					
Recreation Department					
Personal services and benefits	1,833,235	1,801,672	1,748,613	53,059	-
Other	1,048,945	1,221,291	1,160,770	60,521	-
Capital outlay	120,000	45,922	42,478	3,444	-
Total	3,002,180	3,068,885	2,951,861	117,024	-
Special Projects					
Other	243,810	247,260	247,260	-	250,810
Total	243,810	247,260	247,260	-	250,810
Infrastructure					
Capital outlay	-	759,005	26,369	732,636	188,532
Total	-	759,005	26,369	732,636	188,532
Total Culture and Recreation	3,245,990	4,075,150	3,225,490	849,660	439,342

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Housing and Development:					
Special Projects					
Other	290,500	293,000	293,000	-	494,241
Total	290,500	293,000	293,000	-	494,241
Total Housing and Development	290,500	293,000	293,000	-	494,241
Total expenditures	$ 26,151,045	$ 28,398,022	$ 27,203,198	$ 1,194,824	$ 24,835,471

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Municipal Court					
Administration					
Personal services and benefits	$ 244,263	$ 233,998	$ 217,752	$ 16,246	$ 274,269
Other	195,067	207,237	188,348	18,889	188,143
Capital outlay	-	-	-	-	20,302
Total	439,330	441,235	406,100	35,135	482,714
Probation					
Personal services and benefits	179,610	37,600	37,492	108	158,889
Other	51,530	70,155	42,782	27,373	33,469
Total	231,140	107,755	80,274	27,481	192,358
Total Municipal Court	$ 670,470	$ 548,990	$ 486,374	$ 62,616	$ 675,072
Police Department					
Administration					
Personal services and benefits	$ 313,545	$ 324,790	$ 323,205	1,585	$ 315,352
Other	265,340	245,010	241,653	3,357	254,107
Total	578,885	569,800	564,858	4,942	569,459
Patrol					
Personal services and benefits	3,657,455	3,609,925	3,606,690	3,235	3,585,684
Other	401,695	550,870	549,691	1,179	513,261
Capital outlay	-	-	-	-	44,620
Total	4,059,150	4,160,795	4,156,381	4,414	4,143,565
Criminal Investigation Division					
Personal services and benefits	1,001,830	1,034,085	1,033,062	1,023	1,081,092
Other	98,820	126,070	125,206	864	106,154
Capital outlay	-	-	-	-	19,421
Total	1,100,650	1,160,155	1,158,268	1,887	1,206,667
Support Services					
Personal services and benefits	833,805	868,060	866,867	1,193	847,928
Other	142,860	153,300	152,648	652	171,442
Total	976,665	1,021,360	1,019,515	1,845	1,019,370
Total Police Department	$ 6,715,350	$ 6,912,110	$ 6,899,022	$ 13,088	$ 6,939,061

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Public Works Department					
Administration					
Personal services and benefits	$ 477,370	$ 443,210	$ 442,824	$ 386	$ 455,940
Other	630,830	660,405	659,249	1,156	660,250
Capital outlay	-	12,975	12,972	3	-
Total	1,108,200	1,116,590	1,115,045	1,545	1,116,190
Street					
Personal services and benefits	598,975	639,270	639,116	154	589,562
Other	251,730	206,215	206,145	70	305,863
Capital outlay	-	32,175	32,172	3	242,596
Total	850,705	877,660	877,433	227	1,138,021
Sanitation					
Personal services and benefits	1,649,110	1,600,220	1,598,481	1,739	1,638,842
Other	287,015	236,440	235,979	461	268,422
Total	1,936,125	1,836,660	1,834,460	2,200	1,907,264
Shop					
Personal services and benefits	439,315	432,365	427,979	4,386	427,449
Other	595,955	819,230	731,103	88,127	724,559
Capital outlay	-	15,050	14,899	151	8,500
Total	1,035,270	1,266,645	1,173,981	92,664	1,160,508
Traffic engineer					
Personal services and benefits	347,115	351,640	341,605	10,035	353,995
Other	101,270	110,350	110,143	207	141,368
Total	448,385	461,990	451,748	10,242	495,363
Landscaping					
Personal services and benefits	330,245	334,220	329,840	4,380	324,315
Other	230,205	197,635	197,411	224	216,721
Total	560,450	531,855	527,251	4,604	541,036
Total Public Works	$ 5,939,135	$ 6,091,400	$ 5,979,918	$ 111,482	$ 6,358,382

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Recreation Department					
Administration					
Personal services and benefits	$ 775,685	$ 779,624	$ 779,453	$ 171	$ -
Other	134,435	139,311	130,694	8,617	-
Total	910,120	918,935	910,147	8,788	-
Programs					
Personal services and benefits	260,515	246,904	214,066	32,838	-
Other	306,595	320,425	315,198	5,227	-
Total	567,110	567,329	529,264	38,065	-
Parks					
Personal services and benefits	797,035	775,144	755,094	20,050	-
Other	607,915	761,555	714,878	46,677	-
Capital outlay	120,000	45,922	42,478	3,444	-
Total	1,524,950	1,582,621	1,512,450	70,171	-
Total Recreation Department	$ 3,002,180	$ 3,068,885	$ 2,951,861	$ 117,024	$ -

NONMAJOR SPECIAL REVENUE FUNDS

Recreation Commission – Established to account for the revenues and expenditures of the recreation department. Prior to 2009, 1 mill of property tax levied was dedicated to recreation operations. Beginning in 2011, the Recreation Commission is reported as a function of the General Fund rather than as a stand alone Special Revenue Fund.

Hotel Motel Tax – Established to account for the collection of excise tax on charges for hotel/motel accommodations in the City. Prior to August 2010, the rate imposed was 6%. Subsequently, the rate imposed is 7%. The levy is used to promote tourism, trade shows, and other related purposes.

Confiscated Assets – Established to account for the City's share of forfeited revenues that are restricted for law enforcement purposes.

Community Development Block Grant – Established to account for grant proceeds from the Department of Housing and Urban Development for the operations of the City's community development program. The program is used to develop viable urban communities by providing a suitable living environment and expanding economic opportunities, principally for low to moderate income areas.

Community HOME Investment Program Grant – Established to account for grant proceeds from the Department of Housing and Urban Development for the operations of the City's home improvement program. The program provides assistance to low and very low income families for home improvements.

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	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	$ -	$ -	$ 24,240	$ 1	$ 1	$ 24,242
Receivables:						
Accounts	-	87,118	-	-	-	87,118
Intergovernmental - federal	-	-	-	12,467	-	12,467
Prepaid expenditures	-	51,143	750	-	-	51,893
Total Assets	$ -	$ 138,261	$ 24,990	$ 12,468	$ 1	$ 175,720
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ -	$ 14,991	$ -	5,530	-	$ 20,521
Interfund payable	-	123,270	-	6,937	-	130,207
Total Liabilities	-	138,261	-	12,467	-	150,728
Fund Balances						
Nonspendable	-	-	750	-	-	750
Restricted for:						
Public safety	-	-	24,240	-	-	24,240
Housing and development	-	-	-	1	1	2
Total Fund Balances	-	-	24,990	1	1	24,992
Total Liabilities and Fund Balances	$ -	$ 138,261	$ 24,990	$ 12,468	$ 1	$ 175,720

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, 2011

	Recreation Commission	Hotel Motel Tax	Confiscated Assets	Community Development Block Grant	Community HOME Invest. Program Grant	Total Nonmajor Special Revenue Funds
Revenues						
Hotel/motel taxes	$ -	$ 1,060,665	$ -	$ -	$ -	$ 1,060,665
Intergovernmental	-	-	2,666	172,275	91,883	266,824
Fines & forfeitures	-	-	69,574	-	-	69,574
Investment earnings	-	-	524	-	-	524
Miscellaneous	-	10,978	-	-	-	10,978
Total Revenues	-	1,071,643	72,764	172,275	91,883	1,408,565
Expenditures						
Current:						
General government	-	-	-	77,328	-	77,328
Public safety	-	-	56,453	-	-	56,453
Health and welfare	-	-	-	59,454	-	59,454
Culture and recreation	-	344,624	-	-	-	344,624
Housing and development	-	-	-	-	93,679	93,679
Total Current	-	344,624	56,453	136,782	93,679	631,538
Capital Outlay:						
Public safety	-	-	193,183	-	-	193,183
Total Capital Outlay	-	-	193,183	-	-	193,183
Total Expenditures	-	344,624	249,636	136,782	93,679	824,721
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	727,019	(176,872)	35,493	(1,796)	583,844
Other Financing Sources (Uses)						
Transfers in (out)	-	(727,019)	-	(35,493)	1,796	(760,716)
Net Change in Fund Balances	-	-	(176,872)	-	-	(176,872)
Fund Balances Beginning of Year	-	-	201,862	1	1	201,864
Fund Balances End of Year	$ -	$ -	$ 24,990	$ 1	$ 1	$ 24,992

City of Dalton, Georgia
Recreation Commission Fund
Comparative Balance Sheet
December 31, 2011 and 2010

	2011	2010
Assets		
Cash	$ -	$ 9,346
Investments	-	3,804
Receivables:		
Accounts	-	1,592
Taxes	-	54,646
Intergovernmental - local	-	2,648
Interfund	-	16,672
Inventory, at cost	-	3,647
Total Assets	$ -	$ 92,355
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ 26,067
Accrued expenditures	-	28,547
Deferred revenue	-	37,741
Total Liabilities	-	92,355
Fund Balances		
Nonspendable	-	-
Restricted - culture and recreation	-	-
Total Fund Balances	-	-
Total Liabilities and Fund Balances	$ -	$ 92,355

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, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Taxes:					
Real and personal property tax	$ -	$ -	$ -	$ -	$ 58,150
Vehicle tax	-	-	-	-	186
Charges for services	-	-	-	-	322,813
Investment earnings	-	-	-	-	320
Miscellaneous	-	-	-	-	12,812
Total Revenues	-	-	-	-	394,281
Expenditures					
Current:					
Culture and Recreation:					
Administrative	-	-	-	-	347,532
Recreation division	-	-	-	-	1,018,060
Parks division	-	-	-	-	1,249,451
Total Current	-	-	-	-	2,615,043
Capital Outlay:					
Culture and Recreation:					
Parks division	-	-	-	-	460,087
Total Capital Outlay	-	-	-	-	460,087
Total Expenditures	-	-	-	-	3,075,130
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	(2,680,849)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	1,905,026
Transfers out	-	-	-	-	(625,923)
Total Other Financing Sources (Uses)	-	-	-	-	1,279,103
Net Change in Fund Balances	$ -	$ -	-	$ -	(1,401,746)
Fund Balances Beginning of Year			-		1,401,746
Fund Balances End of Year			$ -		$ -

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Recreation Commission Fund
For the Year Ended December 31, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Current:					
Culture and Recreation:					
Administrative Division					
Personal services and benefits	$ -	$ -	$ -	$ -	$ 278,809
Other	-	-	-	-	68,723
Total	-	-	-	-	347,532
Recreation Division					
Personal services and benefits	-	-	-	-	679,359
Other	-	-	-	-	338,701
Total	-	-	-	-	1,018,060
Parks Division					
Personal services and benefits	-	-	-	-	720,372
Other	-	-	-	-	529,079
Capital outlay	-	-	-	-	460,087
Total	-	-	-	-	1,709,538
Total expenditures	$ -	$ -	$ -	$ -	$ 3,075,130

City of Dalton, Georgia
Hotel/Motel Tax Fund
Comparative Balance Sheet
December 31, 2011 and 2010

	2011	2010
Assets		
Accounts receivable	$ 87,118	$ 82,094
Prepaid expenditures	51,143	-
Total Assets	$ 138,261	$ 82,094
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 14,991	$ -
Interfund payable	123,270	82,094
Total Liabilities	$ 138,261	$ 82,094

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, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Hotel/motel taxes	$ 987,000	$ 1,049,150	$ 1,060,665	$ 11,515	$ 862,298
Miscellaneous	-	-	10,978	10,978	-
Total Revenues	987,000	1,049,150	1,071,643	22,493	862,298
Expenditures					
Current:					
Culture and recreation:					
Other	324,360	340,360	344,624	(4,264)	-
Total Expenditures	324,360	340,360	344,624	(4,264)	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	662,640	708,790	727,019	18,229	862,298
Other Financing (Uses)					
Transfers out	(662,640)	(708,790)	(727,019)	(18,229)	(862,298)
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, 2011 and 2010

	2011	2010
Assets		
Cash	$ 24,240	$ 199,354
Prepaid expenditures	750	5,250
Total Assets	$ 24,990	$ 204,604
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ 1,378
Interfund payable	-	1,364
Total Liabilities	-	2,742
Fund Balances		
Nonspendable	750	5,250
Restricted - public safety	24,240	196,612
Total Fund Balances	24,990	201,862
Total Liabilities and Fund Balances	$ 24,990	$ 204,604

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, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental	$ 80,000	$ 49,670	$ 2,666	$ (47,004)	$ 4,756
Fines & forfeitures	40,000	70,330	69,574	(756)	24,381
Investment earnings	1,000	1,000	524	(476)	1,011
Miscellaneous	-	-	-	-	1,426
Total Revenues	121,000	121,000	72,764	(48,236)	31,574
Expenditures					
Current:					
Public Safety:					
Other	38,750	58,525	56,453	2,072	54,563
Capital Outlay:					
Public Safety:					
Capital outlay	20,000	193,575	193,183	392	-
Total Expenditures	58,750	252,100	249,636	2,464	54,563
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 62,250	$ (131,100)	(176,872)	$ (45,772)	(22,989)
Fund Balances Beginning of Year			201,862		224,851
Fund Balances End of Year			$ 24,990		$ 201,862

City of Dalton, Georgia
Community Development Block Grant Fund
Comparative Balance Sheet
December 31, 2011 and 2010

	2011	2010
Assets		
Cash	$ 1	$ 1
Intergovernmental receivable - federal	12,467	2,445
Total Assets	$ 12,468	$ 2,446
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 5,530	$ -
Interfund payable	6,937	2,445
Total Liabilities	12,467	2,445
Fund Balances		
Restricted - housing and development	1	1
Total Liabilities and Fund Balances	$ 12,468	$ 2,446

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CDBG Fund
For the Year Ended December 31, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental-federal	$ 496,000	$ 339,175	$ 172,275	$ (166,900)	$ 1,153,538
Total Revenues	496,000	339,175	172,275	(166,900)	1,153,538
Expenditures					
Current:					
General Government:					
Other	82,565	102,330	77,328	25,002	88,882
Health and Welfare:					
Other	52,410	82,850	59,454	23,396	133,426
Culture and Recreation:					
Other	361,025	118,495	-	118,495	181,557
Total Expenditures	496,000	303,675	136,782	166,893	403,865
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	35,500	35,493	(7)	749,673
Other Financing (Uses)					
Transfers out	-	(35,500)	(35,493)	7	(749,673)
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, 2011 and 2010

	2011	2010
Assets		
Cash	$ 1	$ 1
Receivables:		
Accounts	-	850
Intergovernmental receivable - federal	-	17,100
Total Assets	$ 1	$ 17,951
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ 500
Interfund payable	-	9,164
Deferred revenue	-	8,286
Total Liabilities	-	17,950
Fund Balances		
Restricted - housing and development	1	1
Total Liabilities and Fund Balances	$ 1	$ 17,951

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CHIP Grant
For the Year Ended December 31, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental	$ 246,000	$ 246,000	$ 91,883	$ (154,117)	$ 94,554
Total Revenues	246,000	246,000	91,883	(154,117)	94,554
Expenditures					
Current:					
Housing and Development:					
Other	260,000	260,000	93,679	166,321	95,501
Total Expenditures	260,000	260,000	93,679	166,321	95,501
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,000)	(14,000)	(1,796)	12,204	(947)
Other Financing Sources					
Transfers in	14,000	14,000	1,796	(12,204)	947
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			1		1
Fund Balances End of Year			$ 1		$ 1

City of Dalton, Georgia
Comparative Balance Sheet
Debt Service Fund
December 31, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 6,229	$ 52,352
Investments	40	273,742
Receivables:		
Property taxes	6,811	12,958
Intergovernmental-local	140,250	162,287
Total Assets	$ 153,330	$ 501,339
Liabilities and Fund Balances		
Liabilities		
Accrued interest payable	$ 139,871	$ 161,146
Deferred revenue	6,494	9,396
Total Liabilities	146,365	170,542
Fund Balances		
Restricted - debt service	6,965	330,797
Total Liabilities and Fund Balances	$ 153,330	$ 501,339

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, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Taxes:					
Real and personal property tax	$ 4,000	$ 4,000	$ 4,718	$ 718	$ 33,115
Vehicle tax	500	500	212	(288)	13,299
Intergovernmental	636,760	689,760	690,760	1,000	713,821
Investment earnings	127,805	127,805	128,338	533	23,774
Miscellaneous	500	500	1,205	705	4,093
Total Revenues	769,565	822,565	825,233	2,668	788,102
Expenditures					
Debt Service:					
Principal retirement	1,515,035	1,568,035	1,568,034	1	1,298,247
Interest and fiscal charges	335,835	335,835	333,766	2,069	295,811
Total Expenditures	1,850,870	1,903,870	1,901,800	2,070	1,594,058
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,081,305)	(1,081,305)	(1,076,567)	4,738	(805,956)
Other Financing Sources (Uses)					
Transfers in	817,770	817,770	752,735	(65,035)	249,585
Net Change in Fund Balances	$ (263,535)	$ (263,535)	(323,832)	$ (60,297)	(556,371)
Fund Balances Beginning of Year			330,797		887,168
Fund Balances End of Year			$ 6,965		$ 330,797

City of Dalton, Georgia
Capital Projects Fund
Comparative Balance Sheet
December 31, 2011 and 2010

	2011	2010
Assets		
Accounts receivable	$ 22,077	$ -
Intergovernmental receivable - local	916,671	5,489,190
Total Assets	$ 938,748	$ 5,489,190
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 309,269	$ 519,681
Interfund payable	282,239	-
Total Liabilities	591,508	519,681
Fund Balances		
Restricted - capital projects	347,240	4,969,509
Total Liabilities and Fund Balances	$ 938,748	$ 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, 2011
(With Actual Amounts for the Year Ended December 31, 2010)

	2011				2010
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental	$ 750,000	$ 2,223,500	$ 2,107,479	$ (116,021)	$ 1,772,680
Investment earnings	2,000	5,000	7,638	2,638	9,294
Donations	-	150,000	61,000	(89,000)	-
Total Revenues	752,000	2,378,500	2,176,117	(202,383)	1,781,974
Expenditures					
Current:					
Public Works:					
Road projects	-	77,465	77,465	-	510,227
High mast lighting	-	-	-	-	327,223
Total Current	-	77,465	77,465	-	837,450
Capital Outlay:					
General Government:					
Old Post Office	-	1,492,000	201,879	1,290,121	8,086
Parking Deck	-	60,427	60,427	-	-
Culture and Recreation:					
Community Center	3,101,650	4,490,010	4,209,728	280,282	2,924,048
James Brown Park	2,395,650	2,736,120	2,175,919	560,201	419,829
Crown Mill	-	9,600	6,685	2,915	-
Public Works:					
Road projects	750,000	612,108	375,866	236,242	381,908
Total Capital Outlay	6,247,300	9,400,265	7,030,504	2,369,761	3,733,871
Debt Service:					
Issuance costs/fiscal fees	-	50	40	10	182,016
Total Expenditures	6,247,300	9,477,780	7,108,009	2,369,771	4,753,337
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,495,300)	(7,099,280)	(4,931,892)	2,167,388	(2,971,363)
Other Financing Sources (Uses)					
Proceeds from issuance of debt	-	-	-	-	6,130,000
Transfers in	-	1,745,680	429,517	(1,316,163)	1,810,872
Transfers out	-	(141,700)	(119,894)	21,806	-
Total Other Financing Sources (Uses)	-	1,603,980	309,623	(1,294,357)	7,940,872
Net Change in Fund Balances	$ (5,495,300)	$ (5,495,300)	(4,622,269)	$ 873,031	4,969,509
Fund Balances Beginning of Year			4,969,509		-
Fund Balances End of Year			$ 347,240		$ 4,969,509

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, 2011

	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	$ 114,364	$ -	$ -	$ -	$ 114,364
Receivables:					
Accounts	50	825	-	-	875
Interfund	-	18,336	-	-	18,336
Inventory	9,464	-	-	-	9,464
Total Current Assets	123,878	19,161	-	-	143,039
Noncurrent Assets:					
Capital Assets:					
Land	877,709	925,370	-	-	1,803,079
Depreciable capital assets, net	727,621	7,374,021	-	-	8,101,642
Other Assets:					
Investment in joint ventures	-	-	6,465,956	12,547,889	19,013,845
Total Noncurrent Assets	1,605,330	8,299,391	6,465,956	12,547,889	28,918,566
Total Assets	1,729,208	8,318,552	6,465,956	12,547,889	29,061,605
Liabilities					
Current Liabilities:					
Accounts payable	11,461	1,547	-	-	13,008
Accrued expenses	13,861	462	-	-	14,323
Unearned revenue	7,797	175	-	-	7,972
Interfund payable	-	-	-	-	-
Compensated absences payable	20,216	-	-	-	20,216
Total Current Liabilities	53,335	2,184	-	-	55,519
Long-Term Liabilities:					
Compensated absences payable, net of current portion	60,648	-	-	-	60,648
Total Long-Term Liabilities	60,648	-	-	-	60,648
Total Liabilities	113,983	2,184	-	-	116,167
Net Assets					
Invested in capital assets, net of related debt	1,605,330	8,299,391	-	-	9,904,721
Unrestricted	9,895	16,977	6,465,956	12,547,889	19,040,717
Total Net Assets	$ 1,615,225	$ 8,316,368	$ 6,465,956	$ 12,547,889	$ 28,945,438

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, 2011

	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	$ 696,923	$ 103,407	$ -	$ -	$ 800,330
Merchandise sales	53,997	-	-	-	53,997
Tournaments	88,456	-	-	-	88,456
Concessions	64,149	-	-	-	64,149
Miscellaneous	2,112	-	-	-	2,112
Total Operating Revenues	905,637	103,407	-	-	1,009,044
Operating Expenses					
Cost of sales and services	266,984	83,863	-	-	350,847
Personal services and benefits	428,158	17,354	-	-	445,512
Depreciation	93,648	401,928	-	-	495,576
Total Operating Expenses	788,790	503,145	-	-	1,291,935
Operating Income (Loss)	116,847	(399,738)	-	-	(282,891)
Non-Operating Revenues					
Investment earnings	453	-	-	-	453
Gain on sale of assets	3,200	-	-	-	3,200
Income (loss) from joint venture	-	-	(717,958)	(302,599)	(1,020,557)
Total Non-Operating Revenues	3,653	-	(717,958)	(302,599)	(1,016,904)
Income (Loss) Before Transfers In	120,500	(399,738)	(717,958)	(302,599)	(1,299,795)
Transfers in (out)	-	119,894	522,143	-	642,037
Net Change in Net Assets	120,500	(279,844)	(195,815)	(302,599)	(657,758)
Net Assets Beginning of Year	1,494,725	8,596,212	6,661,771	12,850,488	29,603,196
Net Assets End of Year	$ 1,615,225	$ 8,316,368	$ 6,465,956	$ 12,547,889	$ 28,945,438

City of Dalton, Georgia
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended December 31, 2011

	Municipal Golf Course	Municipal Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 906,741	$ 103,132	$ 1,009,873
Cash payments for personnel services	(493,761)	(16,892)	(510,653)
Cash payments for goods and services	(261,197)	(86,240)	(347,437)
Net Cash Provided by (Used in) Operating Activities	151,783	-	151,783
Cash Flows from Investing Activities			
Investment earnings	453	-	453
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(21,900)	-	(21,900)
Repayment of interfund loan	(74,551)	-	(74,551)
Cash received from sale of capital assets	3,200	-	3,200
Net Cash Provided by (Used in) Capital and Related Financing Activities	(93,251)	-	(93,251)
Net Increase (Decrease) in Cash and Cash Equivalents	58,985	-	58,985
Cash and Cash Equivalents Beginning of Year	55,379	-	55,379
Cash and Cash Equivalents End of Year	$ 114,364	$ -	$ 114,364
Reconciliation of Operating Income (Loss) to Net Cash (Used in) Operating Activities			
Operating Income (Loss)	$ 116,847	$ (399,738)	$ (282,891)
Adjustments:			
Depreciation	93,648	401,928	495,576
(Increase) Decrease in Assets:			
Accounts receivable	-	(275)	(275)
Interfund receivable	-	1,845	1,845
Inventory	(580)	-	(580)
Increase (Decrease) in Liabilities:			
Accounts payable	5,333	(4,222)	1,111
Unearned revenue	1,104	-	1,104
Accrued expenses	3,309	462	3,771
Compensated absences payable	(67,878)	-	(67,878)
Net Cash Provided by (Used in) Operating Activities	$ 151,783	$ -	$ 151,783

City of Dalton, Georgia
Combining Schedule of Net Assets
Water, Light, and Sinking Commission Fund
December 31, 2011

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Assets						
Current Assets:						
Cash and cash equivalents	$ 248,000	$ 48,000	$ 48,000	$ 48,000	$ 44,000	$ 436,000
Short-term investments	85,000	17,000	17,000	17,000	15,000	151,000
Accounts receivable, less doubtful accounts allowance	6,890,000	1,300,000	1,232,000	1,235,000	707,000	11,364,000
Unbilled revenues	3,143,000	1,135,000	1,152,000	767,000	-	6,197,000
Accrued interest receivable	447,000	21,000	222,000	218,000	18,000	926,000
Fuel stocks	3,200,000	927,000	-	-	-	4,127,000
Inventories	8,510,000	224,000	535,000	182,000	1,019,000	10,470,000
Prepaid expenses and deposits	282,000	54,000	27,000	27,000	25,000	415,000
Restricted customer deposit fund	1,797,000	337,000	337,000	337,000	-	2,808,000
Restricted combined utilities sinking fund	4,257,000	243,000	3,892,000	3,770,000	-	12,162,000
Total Current Assets	28,859,000	4,306,000	7,462,000	6,601,000	1,828,000	49,056,000
Noncurrent Assets:						
Long-term investments	31,000	5,000	5,000	5,000	5,000	51,000
Construction in progress	62,273,000	-	32,000	-	-	62,305,000
Depreciable capital assets, net	194,646,000	11,624,000	178,051,000	176,090,000	82,438,000	642,849,000
Restricted combined utilities renewals/extensions fund	4,681,000	246,000	2,710,000	2,956,000	1,725,000	12,318,000
Restricted nuclear decommissioning	50,660,000	-	-	-	-	50,660,000
Regulatory asset	4,342,000	-	-	-	4,649,000	8,991,000
Total Noncurrent Assets	316,633,000	11,875,000	180,798,000	179,051,000	88,817,000	777,174,000
Total Assets	345,492,000	16,181,000	188,260,000	185,652,000	90,645,000	826,230,000

City of Dalton, Georgia
Combining Schedule of Net Assets
Water, Light, and Sinking Commission Fund
December 31, 2011

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Liabilities						
Current Liabilities:						
Current maturities of long-term debt	4,138,000	236,000	3,782,000	3,664,000	-	11,820,000
Accrued interest on long-term debt	119,000	7,000	109,000	106,000	-	341,000
Deferred credit - TVA right of use	50,000	-	-	-	-	50,000
Accounts payable and accrued expenses	7,761,000	2,852,000	884,000	1,451,000	3,856,000	16,804,000
Customer deposits	1,975,000	371,000	371,000	371,000	-	3,088,000
Total Current Liabilities	14,043,000	3,466,000	5,146,000	5,592,000	3,856,000	32,103,000
Long-Term Liabilities:						
Deferred credit - TVA right of use	317,000	-	-	-	-	317,000
Other deferred credits and liabilities	1,773,000	-	-	-	-	1,773,000
Asset retirement obligations	30,770,000	-	-	-	-	30,770,000
Total Long-Term Liabilities	32,860,000	-	-	-	-	32,860,000
Total Liabilities	46,903,000	3,466,000	5,146,000	5,592,000	3,856,000	64,963,000
Net Assets						
Invested in capital assets, net of related debt	224,461,000	11,381,000	174,192,000	172,320,000	87,087,000	669,441,000
Restricted for:						
Debt service	4,257,000	243,000	3,892,000	3,770,000	-	12,162,000
Capital projects	4,681,000	246,000	2,710,000	2,956,000	1,725,000	12,318,000
Customer deposit fund and nuclear decommissioning	52,457,000	337,000	337,000	337,000	-	53,468,000
Unrestricted	12,733,000	508,000	1,983,000	677,000	(2,023,000)	13,878,000
Total Net Assets	$ 298,589,000	$ 12,715,000	$ 183,114,000	$ 180,060,000	$ 86,789,000	$ 761,267,000

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, 2011

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Operating Revenues						
Electric	$ 102,394,000	$ -	$ -	$ -	$ -	$ 102,394,000
Parity income	2,953,000	-	-	-	-	2,953,000
Natural gas	-	19,701,000	-	-	-	19,701,000
Water	-	-	20,039,000	-	-	20,039,000
Sewer	-	-	-	20,814,000	-	20,814,000
Information technology	-	-	-	-	18,989,000	18,989,000
Total Operating Revenues	105,347,000	19,701,000	20,039,000	20,814,000	18,989,000	184,890,000
Operating Expenses						
Production	27,027,000	-	4,143,000	8,919,000	-	40,089,000
Purchased electricity	42,751,000	-	-	-	-	42,751,000
Purchased natural gas	-	13,801,000	-	-	-	13,801,000
Distribution	4,933,000	1,711,000	3,497,000	1,249,000	10,141,000	21,531,000
Depreciation and amortization	7,437,000	767,000	6,102,000	6,958,000	7,035,000	28,299,000
General administration	4,219,000	2,049,000	4,040,000	2,151,000	1,434,000	13,893,000
Total Operating Expenses	86,367,000	18,328,000	17,782,000	19,277,000	18,610,000	160,364,000
Operating Income (Loss)	18,980,000	1,373,000	2,257,000	1,537,000	379,000	24,526,000
Non-Operating Revenues (Expenses)						
Interest income	1,480,000	64,000	248,000	243,000	43,000	2,078,000
Net increase (decrease) in fair value of investments and derivatives	1,813,000	14,000	14,000	14,000	12,000	1,867,000
Allowance for debt funds used during construction	1,080,000	-	2,000	7,000	-	1,089,000
Miscellaneous income (expense)	194,000	37,000	37,000	37,000	34,000	339,000
Interest expense	(1,080,000)	-	(2,000)	(7,000)	-	(1,089,000)
Total Non-Operating Revenues (Expenses)	3,487,000	115,000	299,000	294,000	89,000	4,284,000
Income Before Contributions and Transfers	22,467,000	1,488,000	2,556,000	1,831,000	468,000	28,810,000
Contributions and Transfers						
Contributions and reallocations	14,027,000	632,000	(3,165,000)	(4,847,000)	(6,647,000)	-
Transfers out	(5,578,000)	(1,077,000)	(1,077,000)	(1,077,000)	(979,000)	(9,788,000)
Total Contributions and Transfers	8,449,000	(445,000)	(4,242,000)	(5,924,000)	(7,626,000)	(9,788,000)
Change in Net Assets	30,916,000	1,043,000	(1,686,000)	(4,093,000)	(7,158,000)	19,022,000
Net Assets Beginning of Year	267,673,000	11,672,000	184,800,000	184,153,000	93,947,000	742,245,000
Net Assets End of Year	$ 298,589,000	$ 12,715,000	$ 183,114,000	$ 180,060,000	$ 86,789,000	$ 761,267,000

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Net Assets
December 31, 2011 and 2010

	2011	2010
Assets		
Current Assets:		
Cash and cash equivalents	$ 114,364	$ 55,379
Accounts receivable	50	50
Inventory	9,464	8,884
Total Current Assets	123,878	64,313
Noncurrent Assets:		
Capital Assets:		
Land	877,709	877,709
Depreciable capital assets, net	727,621	799,369
Total Noncurrent Assets	1,605,330	1,677,078
Total Assets	1,729,208	1,741,391
Liabilities		
Current Liabilities:		
Accounts payable	11,461	6,128
Accrued expenses	13,861	10,552
Unearned revenue	7,797	6,693
Interfund payable	-	74,551
Compensated absences payable	20,216	37,185
Total Current Liabilities	53,335	135,109
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	60,648	111,557
Total Liabilities	113,983	246,666
Net Assets		
Invested in capital assets	1,605,330	1,677,078
Unrestricted	9,895	(182,353)
Total Net Assets	$ 1,615,225	$ 1,494,725

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, 2011 and 2010

	2011	2010
Operating Revenues		
Charges for services	$ 696,923	$ 648,235
Merchandise sales	53,997	47,987
Tournaments	88,456	75,231
Concessions	64,149	52,322
Miscellaneous	2,112	2,002
Total Operating Revenues	905,637	825,777
Operating Expenses		
Cost of sales and services	266,984	271,278
Personal services and benefits	428,158	562,488
Depreciation	93,648	98,644
Total Operating Expenses	788,790	932,410
Operating Income (Loss)	116,847	(106,633)
Non-Operating Revenues		
Interest	453	350
Gain on sale of assets	3,200	14,747
Total Non-Operating Revenues	3,653	15,097
Income (Loss) Before Transfers In	120,500	(91,536)
Transfers in	-	625,923
Change in Net Assets	120,500	534,387
Net Assets Beginning of Year	1,494,725	960,338
Net Assets End of Year	$ 1,615,225	$ 1,494,725

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Net Assets
December 31, 2011 and 2010

	2011	2010
Assets		
Current Assets:		
Receivables:		
Accounts	$ 825	$ 550
Interfund	18,336	20,181
Total Current Assets	19,161	20,731
Noncurrent Assets:		
Capital Assets:		
Land	925,370	925,370
Depreciable capital assets, net	7,374,021	7,656,055
Total Noncurrent Assets	8,299,391	8,581,425
Total Assets	8,318,552	8,602,156
Liabilities		
Current Liabilities:		
Accounts payable	1,547	5,769
Accrued expenses	462	-
Unearned revenue	175	175
Total Current Liabilities	2,184	5,944
Net Assets		
Invested in capital assets	8,299,391	8,581,425
Unrestricted	16,977	14,787
Total Net Assets	$ 8,316,368	$ 8,596,212

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, 2011 and 2010

	2011	2010
Operating Revenues		
Charges for services	$ 103,407	$ 91,349
Total Operating Revenues	103,407	91,349
Operating Expenses		
Cost of sales and services	83,863	76,562
Personal services and benefits	17,354	-
Depreciation	401,928	406,024
Total Operating Expenses	503,145	482,586
Operating (Loss)	(399,738)	(391,237)
Transfers in	119,894	-
Change in Net Assets	(279,844)	(391,237)
Net Assets Beginning of Year	8,596,212	8,987,449
Net Assets End of Year	$ 8,316,368	$ 8,596,212

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, 2011

	Workers Compensation	Health Insurance	Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 996,486	$ 3,669	$ 1,000,155
Investments	1	-	1
Total Current Assets	996,487	3,669	1,000,156
Liabilities			
Current Liabilities:			
Accounts payable	8,762	-	8,762
Claims payable	603,035	-	603,035
Total Current Liabilities	611,797	-	611,797
Net Assets			
Unrestricted	384,690	3,669	388,359
Total Net Assets	$ 384,690	$ 3,669	$ 388,359

City of Dalton, Georgia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2011

	Workers Compensation	Health Insurance	Total
Operating Revenues			
Charges for services	$ 800,000	$ -	$ 800,000
Operating Expenses			
Claims	(7,419)	(931)	(8,350)
Premiums and administrative fees	384,167	-	384,167
Total Operating Expenses	376,748	(931)	375,817
Operating Income (Loss)	423,252	931	424,183
Non-Operating Revenues and Expenses			
Investment earnings	3,347	12	3,359
Total Non-Operating Revenues and Expenses	3,347	12	3,359
Change in Net Assets	426,599	943	427,542
Net Assets (Deficit) Beginning of Year	(41,909)	2,726	(39,183)
Net Assets End of Year	$ 384,690	$ 3,669	$ 388,359

City of Dalton, Georgia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2011

	Workers Compensation	Health Insurance	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from interfund services provided	$ 800,000	$ -	$ 800,000
Cash received for refunds of claims and fees	-	911	911
Cash payments for claims and fees	(882,737)	-	(882,737)
Net Cash Provided by (Used in) Operating Activities	(82,737)	911	(81,826)
Cash Flows from Investing Activities			
Proceeds from sale of investments	556,381	-	556,381
Receipts from interest on investments	3,347	12	3,359
Net Cash Provided by (Used in) Investing Activities	559,728	12	559,740
Net Increase (Decrease) in Cash and Cash Equivalents	476,991	923	477,914
Cash and Cash Equivalents Beginning of Year	519,495	2,746	522,241
Cash and Cash Equivalents End of Year	$ 996,486	$ 3,669	$ 1,000,155
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	$ 423,252	$ 931	$ 424,183
Increase (Decrease) in Liabilities:			
Accounts payable	(9,612)	(20)	(9,632)
Claims payable	(496,377)	-	(496,377)
Net Cash Provided by (Used in) Operating Activities	$ (82,737)	$ 911	$ (81,826)

City of Dalton, Georgia
Workers Compensation Fund
Comparative Statement of Net Assets
December 31, 2011 and 2010

	2011	2010
Assets		
Current Assets:		
Cash and cash equivalents	$ 996,486	$ 519,495
Investments	1	556,382
Total Current Assets	996,487	1,075,877
Liabilities		
Current Liabilities:		
Accounts payable	8,762	18,374
Claims payable	603,035	1,099,412
Total Current Liabilities	611,797	1,117,786
Net Assets (Deficit)		
Unrestricted (Deficit)	384,690	(41,909)
Total Net Assets (Deficit)	$ 384,690	$ (41,909)

City of Dalton, Georgia
Workers Compensation Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
For The Years Ended December 31, 2011 and 2010

	2011	2010
Operating Revenues		
Charges for services	$ 800,000	$ 799,550
Operating Expenses		
Claims	(7,419)	465,589
Premiums and administrative fees	384,167	295,647
Total Operating Expenses	376,748	761,236
Operating Income (Loss)	423,252	38,314
Non-Operating Revenues and Expenses		
Investment earnings	3,347	2,778
Total Non-Operating Revenues and Expenses	3,347	2,778
Change in Net Assets	426,599	41,092
Net Assets (Deficit) Beginning of Year	(41,909)	(83,001)
Net Assets (Deficit) End of Year	$ 384,690	$ (41,909)

City of Dalton, Georgia
Health Insurance Fund
Comparative Statement of Net Assets
December 31, 2011 and 2010

	2011	2010
Assets		
Current Assets:		
Cash and cash equivalents	$ 3,669	$ 2,746
Total Current Assets	3,669	2,746
Liabilities		
Current Liabilities:		
Accounts payable	-	20
Total Current Liabilities	-	20
Net Assets		
Unrestricted	3,669	2,726
Total Net Assets	$ 3,669	$ 2,726

City of Dalton, Georgia
Health Insurance Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Assets
For The Years Ended December 31, 2011 and 2010

	2011	2010
Operating Revenues		
Charges for services	$ -	$ (724,904)
Operating Expenses		
Claims	(931)	(79,188)
Premiums and administrative fees	-	26,956
Total Operating Expenses	(931)	(52,232)
Operating (Loss)	931	(672,672)
Non-Operating Revenues (Expenses)		
Investment earnings	12	1,778
Change in Net Assets	943	(670,894)
Net Assets Beginning of Year	2,726	673,620
Net Assets End of Year	$ 3,669	$ 2,726

FIDUCIARY FUND

The Fiduciary Funds are used to account for assets held by the City in a fiduciary capacity.

Municipal Court Fund – Established to account for funds collected by the City court on behalf of individuals and other governmental entities.

City of Dalton, Georgia
Municipal Court Agency Fund
Statement of Changes in Assets and Liabilities - Fiduciary Funds
For The Years Ended December 31, 2011 and 2010

	2010	Additions	Deductions	2011
Assets				
Cash and cash equivalents	$ 231,141	$ 1,589,247	$ (1,691,007)	$ 129,381
Liabilities				
Accounts payable	18,490	242,828	(241,533)	19,785
Interfund payable	-	1,368,493	(1,368,493)	-
Other liabilities	212,651	1,392,126	(1,495,181)	109,596
Total Liabilities	$ 231,141	$ 3,003,447	$ (3,105,207)	$ 129,381

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
Ten Year Summary
Prepared using the accrual basis of accounting
(Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 70,314,771
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	577,427
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	15,469,318
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	$ 86,361,516
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	$ 679,345,721
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	77,948,000
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	31,802,060
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	$ 789,095,781
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	$ 749,660,492
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	78,525,427
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	47,271,378
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	$ 875,457,297

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 3,312,603
Judicial	-	-	-	-	-	-	704,747	683,158	647,196	488,815
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	14,459,706
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	7,841,578
Health and welfare	-	-	-	-	-	-	679,018	895,475	611,320	634,598
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	4,641,686
Housing and development	-	-	-	-	72,898	152,264	1,279,210	756,136	596,388	312,225
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	354,337
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	32,045,548
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	87,423,887
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	18,319,278
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	17,740,827
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	19,242,572
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	18,585,143
Landfill	-	-	-	-	-	1,013,513	-	223,566	64,727	302,599
Trade Center	2,394,527	-	-	-	608,332	682,020	673,926	749,552	745,787	717,958
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	788,790
Municipal airport	-	-	-	-	-	-	-	459,636	482,586	503,145
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	163,624,199
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	$ 195,669,747

(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 Net Assets
Ten Year Summary
Prepared using the accrual basis of accounting
(Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 983,375
Judicial	-	-	-	-	-	-	1,585,097	1,098,525	1,066,062	739,273
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	572,989
Public works	95,811	608,470	807,426	792,123	1,202,851	420,417	395,118	193,246	100,749	136,400
Health and welfare	-	-	-	-	-	-	207,792	54,500	68,581	56,612
Culture and recreation	253,961	358,366	422,379	718,029	683,328	781,469	485,980	361,532	322,813	223,093
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	1,383,138
Capital grants and contributions	168,441	-	-	-	-	1,619,714	1,600,048	2,301,508	2,801,087	2,353,880
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	6,448,760

(continued)

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	105,347,000
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	19,701,000
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	20,039,000
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	20,814,000
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	18,989,000
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	905,637
Municipal airport	-	-	-	-	-	-	-	90,848	91,349	103,407
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	185,899,044
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	$ 192,347,804
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)	$ (25,596,788)
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	22,274,845
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	$ (3,321,943)

(continued)

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 8,757,658
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	4,718
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	5,858,375
Hotel/motel taxes	787,040	697,346	714,403	706,542	742,003	771,984	714,896	692,065	862,298	1,060,665
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	227,288
Donations	-	-	2,071,485	352,089	107,309	2,000	604,488	90,309	192,349	584,123
Miscellaneous	1,002,309	689,676	560,596	808,255	453,877	985,769	557,910	283,120	436,717	495,556
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	9,145,963
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	26,134,346
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	3,945,453
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	1,431,200
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)	(9,145,963)
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	(3,769,310)
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	$ 22,365,036

(continued)

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	$ 537,558
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	18,505,535
Total primary government change	$ 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	$ 19,043,093

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund										
Nonspendable	$ -	$ 5,000	$ -	$ -	$ 38,012	$ 27,658	$ 34,820	$ 138,532	$ 97,011	$ 185,083
Restricted	-	-	-	-	105,500	105,500	105,500	102,316	91,959	91,959
Unassigned	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	16,928,666
Total general fund	$ 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	$ 17,205,708
Nonmajor governmental funds										
Nonspendable	$ 7,785	$ 7,155	$ 6,991	$ 6,915	$ 5,599	$ 5,526	$ 15,837	$ 17,936	$ 8,897	$ 750
Restricted	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	378,447
Unassigned	-	-	-	-	-	-	-	-	-	-
Total nonmajor governmental funds	$ 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	$ 379,197

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	$ 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	$ 15,681,416
Licenses and permits	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	983,375
Intergovernmental revenues	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	3,729,380
Charges for services	349,772	966,835	968,755	1,875,178	2,778,049	2,355,614	2,331,802	1,633,223	1,572,660	1,140,030
Fines and forfeitures	1,601,509	2,115,085	1,951,465	1,003,610	1,117,906	1,040,320	964,673	840,251	506,110	462,225
Investment income	1,695,094	1,340,431	309,415	368,735	521,582	686,626	371,002	140,959	117,557	231,567
Miscellaneous	1,002,309	689,677	2,632,081	1,160,344	561,186	987,769	1,437,982	682,326	943,058	1,162,138
Total Revenues	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	23,390,131
Expenditures										
General government	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	2,081,391
Judicial	-	-	-	-	-	-	686,788	698,354	654,770	486,374
Public safety	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	13,883,732
Public works	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	6,120,255
Health and welfare	-	-	-	-	-	-	595,669	891,226	607,982	637,408
Culture and recreation	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	3,501,267
Housing and development	-	-	-	-	86,070	142,500	1,163,681	926,360	589,742	386,679
Education	23,169,937	23,293,870	28,508,593	27,279,581	27,136,687	29,093,305	-	-	-	-
Capital Outlay	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	8,038,782
Debt Service:										
Principal retirement	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	1,568,034
Interest and fiscal charges	1,162,356	977,303	908,284	592,687	562,016	249,834	204,436	155,951	477,827	333,806
Total Expenditures	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	37,037,728
Excess of Revenues Over (Under) Expenditures	(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)	(13,647,597)

(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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources (Uses)										
Bonds issued	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 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	-	-	-	-	-	-	-	-	-	-
Transfers in	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	11,188,924
Transfers out	(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)	(2,042,961)
Total other Financing Sources (Uses)	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	9,145,963
Net Change in Fund Balance	$ (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	$ (4,501,634)
Debt Service as a % of noncapital expenditures	8.1%	8.9%	8.0%	8.1%	9.0%	2.1%	4.4%	4.9%	6.3%	7.0%

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
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
2011	2,123,448,963	1,433,785,109	32,304,213	276,731,830	3,312,806,455	2.780

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
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
2011	2.780	0.000	0.000	2.780	7.845	0.950	5.061	16.636

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)

	2011			2002		
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.	$ 490,311,618	1	14.8%	$ 380,497,895	1	14.3%
Mohawk Industries, Inc.	121,698,863	2	3.6%	146,283,993	2	5.5%
Beaulieu of America, Inc.	116,022,028	3	3.5%	128,845,986	3	4.8%
J & J Industries, Inc.	77,415,248	4	2.3%	57,013,259	4	2.1%
TANDUS Group (formerly Collins & Aikman)	55,673,303	5	1.7%	36,536,465	5	1.4%
The Peeples Group	34,041,915	6	1.0%	-	NA	0.0%
CBL & Associates	32,532,920	7	1.0%	24,238,262	9	0.9%
Windstream Georgia, CC (formerly Alltel)	21,527,645	8	0.6%	34,384,825	6	1.3%
Lexmark Carpet Mills, Inc.	20,350,583	9	0.6%	-	NA	0.0%
Indian Summer Carpet Mills, Inc.	16,505,286	10	0.5%	-	NA	0.0%
Synthetic Industries	-	NA	0.0%	22,279,609	10	0.8%
Mattel	-	NA	0.0%	28,640,867	7	1.1%
Dixie Group (Bretlin)	-	NA	0.0%	-	NA	0.0%
Callahan Properties (Cherokee Carpet)	-	NA	0.0%	25,739,080	8	1.0%

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
2002	$ 32,097,049	$ 27,203,122	84.8%	$ 4,889,221	$ 32,092,343	100.0%
2003	34,007,488	3,243,048	9.5%	30,757,143	34,000,191	100.0%
2004	36,284,746	30,593,267	84.3%	5,688,708	36,281,975	100.0%
2005	36,944,389	31,790,728	86.1%	5,149,493	36,940,221	100.0%
2006	39,066,393	32,976,187	84.4%	6,084,233	39,060,420	100.0%
2007	40,451,745	35,995,374	89.0%	4,432,762	40,428,136	99.9%
2008	10,717,290	4,315,761	40.3%	6,352,851	10,668,612	99.5%
2009	10,439,104	4,091,977	39.2%	6,245,039	10,337,016	99.0%
2010	9,208,612	6,935,407	75.3%	2,023,661	8,959,068	97.3%
2011	8,714,014	7,444,424	85.4%	-	7,444,424	85.4%

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
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	4.1%	1,132
2011	-	5,375,000	827,045	11,820,000	18,022,045	NA	NA

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

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
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%	-
2011	-	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, 2011
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Applicable Percentage	Estimated Share of Direct and Overlapping Debt
Debt repaid with revenues other than property taxes			
Dalton Public School System agreement with City - notes payable	$ 161,186	100.0%	$ 161,186
Dalton Public School System capital leases	995,194	100.0%	995,194
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	8,480,000	100.0%	8,480,000
Total overlapping debt			11,636,380
City direct debt			6,040,859
Total direct and overlapping debt			$ 17,677,239

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: 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,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	$ 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	$ 358,953,829
Total net debt applicable to limit	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	15,848,035
Legal debt margin	$ 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	$ 343,105,794
Total net debt applicable to limit as a % of debt limit	6.1%	3.7%	3.0%	7.8%	7.2%	9.6%	8.6%	6.3%	6.4%	4.4%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	$ 3,312,806,455
Add: exempt real property	276,731,830
Total assessed value	3,589,538,285
	10.0%
Debt limit (10% of assessed value)	$ 358,953,829
Debt applicable to limit	
Total bonded debt	$ 27,675,000
Less: Utility revenue bonds	11,820,000
Amount available for repayment of general obligation bonds	6,965
Total debt applicable to limit	$ 15,848,035
Legal debt margin	$ 343,105,794

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

Fiscal Year	Utility Revenue Bonds					
				Debt Service		
	Utility Service Charges	Utility Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
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	2,191,000	2.3
2011	162,948,000	120,490,000	42,458,000	11,820,000	702,000	3.4

Note: Details regarding the City's outstanding debt can be found in Note 3-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
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	910,059	27,471	12.4%	6,972
2011	NA	NA	NA	12.1%	7,225

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)

	2011			2002		
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	1,769	3	5.3%	NA	NA	NA
Beaulieu of America, Inc.	1,686	4	5.1%	NA	NA	NA
Dalton Public School System	855	5	2.6%	NA	NA	NA
City of Dalton, Georgia	665	6	2.0%	NA	NA	NA
TANDUS Group (formerly Collins & Aikman)	610	7	1.8%	NA	NA	NA
J & J Industries, Inc.	551	8	1.7%	NA	NA	NA
Shiroki Georgia, LLC (formerly SWM Georgia, LLC)	310	9	0.9%	NA	NA	NA
Cherokee Carpet Industries, Inc.	292	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,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Administration and elected officials	9	11	12	13	11	15	14	13	16	19
Human Resources	2	2	3	4	4	4	4	3	3	3
City Clerk	6	6	3	2	2	4	4	4	4	4
Finance	-	-	5	5	5	4	5	4	4	4
Building Inspection	4	5	5	5	5	5	5	5	-	-
Municipal Court	9	9	5	11	9	9	10	9	8	4
Public Safety										
Police										
Officers	86	89	84	79	92	95	98	86	81	82
Civilians	9	10	10	20	11	11	12	14	15	13
Fire										
Firefighters and officers	81	90	87	83	89	89	91	87	85	88
Civilians	2	2	2	2	2	1	-	-	-	1
Streets and Sanitation										
Refuse collection	30	33	32	32	32	32	32	32	31	31
Streets	28	25	24	22	15	32	10	10	10	11
Other	65	59	55	57	54	31	23	23	23	24
DWRSWMA (Landfill)	39	44	39	43	38	38	38	38	38	38
WLSF (Dalton Utilities)	289	310	320	323	322	320	309	310	402	307
Culture and Recreation										
Recreation	31	34	34	37	38	37	37	24	25	25
Golf Course	10	11	11	11	11	11	11	9	9	7
Senior Center	3	3	2	3	4	4	4	5	5	4
Trade Center	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,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Building permits issued	490	360	582	505	459	424	298	160	-	-
Public Safety										
Police										
Physical arrests	3,852	3,759	4,024	3,926	4,080	8,048	2,852	2,647	3,221	3,868
Traffic citations and warnings	19,801	19,719	17,772	15,501	16,331	17,473	19,140	11,727	9,384	12,621
Fire										
Calls answered	1,201	1,228	1,396	1,439	1,608	1,460	1,323	1,323	1,517	2,766
Inspections conducted	1,056	1,073	897	677	478	275	170	616	469	468
Culture and Recreation										
Youth athletic enrollment	NA	NA	NA	2,420	2,306	2,571	2,725	2,850	3,098	3,575
Adult athletic enrollment	NA	NA	NA	2,534	2,510	2,380	2,390	2,390	2,441	2,398
Special events	NA	NA	NA	9,511	9,830	9,860	10,500	12,000	20,000	25,000
Tournaments	NA	NA	NA	2,355	10,856	16,664	17,200	16,000	18,225	21,655

(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,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
WLSF (Dalton Utilities) (1) (2)										
Electric System										
Number of service connections	15,001	15,034	15,273	15,446	15,612	15,858	15,904	15,691	15,532	15,500
Daily average consumption	3,822	3,792	3,978	4,090	3,997	3,725	4,164	4,005	4,178	3,977
Maximum daily peak (MW's)	260	258	258	266	264	262	262	262	262	262
Natural Gas System										
Number of service connections	8,810	8,365	8,659	8,532	8,374	8,255	8,031	8,013	7,789	7,602
Daily average consumption	8,020	7,260	6,785	6,730	5,925	5,840	5,532	5,170	6,305	5,679
Maximum daily peak (Dkthms)	21,867	20,304	17,651	17,078	14,992	15,380	17,868	19,154	19,055	16,487
Sewer system										
Number of service connections	11,321	11,356	11,610	11,930	12,185	12,490	12,466	12,393	12,323	12,317
Daily average treatment	32	32	34	34	34	30	24	24	21	21
Maximum daily capacity (Mil/gallons)	45	45	40	40	40	40	67	67	67	67
Water system										
Number of service connections	31,431	32,894	33,853	34,717	35,218	35,513	32,457	35,790	35,559	35,501
Daily average consumption (Mil/gallons	38	38	37	38	38	32	24	21	21	1
Maximum daily capacity (Mil/gallons)	57	57	59	59	59	59	66	66	66	66
Optilink (Telecom) System										
Number of service connections	97	97	3,746	6,280	8,163	10,334	11,650	11,930	11,776	11,827

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

Function/Program	For the year ending December 31,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	53	58	58	58	58	58	58	57	58	58
Fire										
Number of stations	4	5	5	5	5	5	5	5	5	5
Streets and Sanitation										
Miles of streets	174	165	167	168	169	169	169	173	173	174
Streetlights	3,960	3,960	3,960	4,002	4,052	4,420	4,435	4,472	4,485	4,505
Culture and Recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Parks	11	11	11	11	11	11	11	11	12	12
Park acreage	405	405	459	459	459	459	459	459	644	644
Golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	1	1
Tennis courts	16	16	16	14	14	18	18	16	22	22
WLSF (Dalton Utilities)										
Electric System										
Miles of distribution	190	195	195	195	195	197	197	199	204	206
Number of substations	8	8	8	8	9	9	9	9	9	9
Water system										
Miles of distribution	249	249	251	251	251	255	255	256	276	277
Sewer system										
Miles of sewer	240	240	260	260	260	284	278	284	298	299
Number of treatment plants	3	3	4	4	4	4	5	5	5	5
Water system										
Miles of water mains	1,100	1,250	1,415	1,390	1,390	1,291	1,288	1,285	1,259	1,259
Number of fire hydrants	900	990	3,326	4,297	4,297	4,950	5,299	5,190	5,230	5,004
Optilink (Telecom) System										
Miles of fiber optics	230	230	230	241	321	570	578	586	592	601

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, 2011. 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, 2011, in conformity with accounting principles generally accepted in the United States of America.

Estes & Williams

Dalton, Georgia
June 11, 2012

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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, 2011

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	$ 2,883,028	$ 513,758	$ 3,396,786	29%
Total	$ 30,384,359	$ 11,710,215	$ 2,883,028	$ 513,758	$ 3,396,786	

Note: Current year expenditures on this schedule, totaling $513,758, is less than total current year expenditures in the Capital Projects Fund (page 106), totaling $7,108,009. The remaining expenditures of $6,594,251 were funded by other sources, including transfers in from other governments ($1,593,721), donations ($61,000), net transfers in/out ($309,623), interest earnings ($7,638), and proceeds from a prior year issuance of debt held in cash/fund balance ($4,622,269).

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, 2011, which collectively comprise the City of Dalton, Georgia's basic financial statements and have issued our report thereon dated June 8, 2012. 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.

Internal Control Over Financial Reporting

Management of City of Dalton, Georgia, is responsible for establishing and maintaining effective 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 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 responses that we consider to be significant deficiencies in internal control over financial reporting. FS11-1 and FS11-2. 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 the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Dalton, Georgia, in a separate letter dated June 8, 2012.

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 8, 2012

City of Dalton, Georgia
Schedule of Findings and Responses
December 31, 2011

Findings – Financial Statement Audit

FS11-1	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.
FS11-2	Condition:	Controls related to payroll processing are not consistent among departments.
	Criteria:	Written procedures and related controls should be in place in order to consistently and sufficiently report payroll information to the City's central payroll office.
	Cause:	Departments lack formal guidance on how to gather and report payroll information consistently.
	Effect:	Departments use disparate methods to accumulate and report payroll information to the central payroll office, and the information reported can be incorrect.
	Recommendation:	Management should create and implement written procedures to dictate how employees track and report their time, and how that information is accumulated and reported to the central payroll office. Further, all payroll records should be maintained at the central payroll office.
	Management Response:	We concur. We will discuss controls that could be implemented.