CITY OF DALTON

GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2013



CITY OF DALTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended
December 31, 2013

Cindy Jackson, CPA
Director of Finance

By Authority of
Mayor and Council

City of Dalton, Georgia
Comprehensive Annual Financial Report
For The Year Ended December 31, 2013

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June 20, 2014

Honorable George Sadosuk, Mayor Pro Tem,
Members of the City Council, and
Citizens of Dalton, Georgia

Ladies and Gentlemen:

The Comprehensive Annual Financial Report ("CAFR") of the City of Dalton, Georgia, for the year ended December 31, 2013 is hereby submitted. Georgia state law and local ordinances require that every general-purpose local government publish within six months of the close of each fiscal year, unless an extension is approved, a complete set of audited financial statements.

Management assumes full responsibility for the completeness and reliability of the information presented in this report, based on a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. 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 results 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 and they have rendered an unqualified (clean) opinion for the year ended December 31, 2013. The independent auditors' report is presented in the financial section of this report.

The independent audit of the financial statements of the City of Dalton for the year ended December 31, 2013 included a federally mandated single audit designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the single audit section of this report.

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

Profile of the Government

Dalton is located in northwest Georgia at the foothills of the Appalachian Mountains. Dalton is conveniently located off Interstate 75, eighty-five miles north of Atlanta and twenty-eight miles south of Chattanooga, Tennessee and is within a day's drive of half the United States population. Dalton is served by two major railroads, CSX and Norfolk Southern.

Equal Opportunity Employer

The community was originally founded in 1837 as the village of Cross Plains. In honor of founder Captain Edward White's mother, the name was officially changed to Dalton and chartered December 29, 1847. In 1851, Dalton was named the seat of government for the newly created Whitfield County. In the 1890s, Catherine Evans Whitener, using an American tufting technique known as candlewick embroidery, began making bedspreads. The demand spurred the creation of Evans Manufacturing Company in 1917, and her handcrafted tufting designs lined U.S. Highway 41 from the Tennessee line to Adairsville, Georgia. The road became known as Chenille or Bedspread Alley, and was often referred to as Peacock Alley in reference to the most popular bedspread design which featured a peacock. The industrialization of tufting evolved into carpet manufacturing with the introduction of wall-to-wall carpeting. In the 1950s, carpet production surpassed the tufted bedspread and other tufted products to become an American consumer staple.

Dalton occupies 20 square miles and serves an estimated daytime population of 63,000. According to the 2010 U.S. Census, Dalton has a population of 33,123, with Whitfield County's population at 102,599. The Census Bureau estimates the 2012 population for Dalton at 33,413. Dalton is the 22nd largest City in Georgia.

The City operates under a council-administration form of government. The City Council is comprised of a Mayor and a four member council elected by the residents on a nonpartisan ballot for four year terms. The Mayor is elected at large and the council members are elected by voters in each of the four separate wards. The City Council serves as the legislative and policymaking body of the City. They enact laws, determine policies, and adopt the annual budget. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to annex property into the City limits.

The financial statements of the City include all government activities, organizations, and functions for which the City is financially accountable as defined by GASB. The City of Dalton Building Authority meets the guidelines of GASB Statement No. 14, as amended by GASB Statement No. 61, and is included as a discretely presented component unit in the City of Dalton's CAFR.

The City of Dalton provides a full range of services to its citizens. These services include police and fire protection, a court system, highway and street maintenance, sanitation, recreational facilities, a golf course, an airport, a senior center, utilities, a trade center (a joint venture), and a landfill (a joint venture). Selected demographic information is provided within the statistical section of this report. In addition, the City exercises fiduciary responsibility of the pension trust fund and OPEB 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 is the economic hub of northwest Georgia and continues to benefit economically by being the Carpet Capital of the World. Dalton is home to the two largest carpet producers in the world (Shaw Industries and Mohawk Industries) and is the third largest manufacturing community per capita in Georgia. Dalton produces 65% of the 90% of the US carpet market supplied by Georgia mills.

Dalton's unemployment rate continues to improve as evidenced by the April 2014 rate of 8.2%, which is the lowest rate since 2008. The 2013 year ended with an unemployment rate of 10.4%, down from 11.4% at the close of 2012. The director of the University of Georgia's Selig Center for Economic Growth, Jeffrey Humphries, stated in a recent address to the Dalton community that 2014 forecasts predict a 3% job growth in the Dalton metro-area. This anticipated growth is attributable to the state and local economic development policies and resurgence of the national housing industry.

Dalton's economic development policies are implemented by the Dalton-Whitfield Joint Development Authority ("JDA"). The JDA reports that during 2013, 15 projects were awarded that will create 2,019 direct jobs, 999 indirect jobs, and $511 million in new capital investment in the Dalton Metropolitan Statistical Area. Of the 2,019 direct jobs, 1,900 are new flooring industry jobs. The largest project awarded was the Dalton based Engineered Floors, LLC planned plant expansion of $450 million which will create 2,000 new jobs over the next five years. Engineered Floors, LLC earned the Georgia Economic Developers Association regional deal of the year award for the planned expansion. Shaw Industries announced a $100 million investment that includes expanding a Dalton extrusion plant and building 535,000 square feet of warehouse space south of the City. It is estimated that this project will create 175 new jobs. Mohawk Industries also announced a $55 million investment in Dalton that will create 420 jobs over the next two years.

The City's 2103 taxable digest experienced a slight decrease of 1% when compared to the prior year, but the City continued its commitment to lowering the tax burden on industrial, commercial, and residential residents by reducing the millage rate for the sixth consecutive year. The cumulative reduction over the six years is equivalent to .99 mills (property within the City is taxed at 100%) which equates to a 28% reduction in the millage rate.

Major Initiatives and Planning for the Future

Conservative decision-making coupled with insightful timing has afforded the City the ability to maintain a healthy fund balance while lowering the millage rate. Dalton leadership continues to focus on maintaining a strong economic base, increasing diversification of industry, and enhancing residents' quality of life through health, recreational, and leisure aspects of the community.

In the spring of 2014, Dalton and its Northwest Georgia partners were deemed one of the first twelve communities to be designated a Manufacturing Community by the U. S. Commerce Department as a part of the Manufacturing Communities Partnership initiative. Seventy communities applied for this program which is designed to accelerate the resurgence of manufacturing in communities nationwide by supporting the development of long-term economic strategies to assist communities in attracting and expanding private investment in the manufacturing sector and to increase international trade and exports. In order to earn this designation, communities had to demonstrate the significance of manufacturing already present in the region and develop strategies to make investments in six areas: 1) workforce and training, 2) advanced research, 3) infrastructure and site development, 4) supply chain support, 5) trade and international investment, and 6) operational improvement and capital access.

The City's greenway redevelopment initiative continues to progress with the first phase completed in 2013. Phase one consisted of hiking trails, picnic shelters, and a bathroom facility constructed in the historic Crown Mill area. This initial phase was funded primarily with grant funds from the Georgia Department of Natural Resources and the City's Community Development Block Grant. The greenway is designed to enhance the City's natural resources, which include a lake, mountain, and river. The greenway is also designed to connect these resources to the downtown area with walking, biking, and hiking trails.

The City's commitment to reduce the amount of blight and improve the overall curb appeal continues through the Carpet Capital Makeover initiative. To support this endeavor, the City Council approved the addition of one police officer in 2013 and another in 2014. The Community Development Block Grant will partially fund the positions added for code enforcement within the designated service area. Vacant and dilapidated buildings have been demolished at two locations and green space has been added. The City was awarded a Community Home Improvement Program grant in the amount of $304,980 for the improvement and repair of homes in the Crown Mill areas.

Substantial changes can be seen at the City's municipal airport. Federal and state funding of $1.9 million was received for obstruction clearance projects to the run way protection zone. The City also assumed management responsibilities of the airport beginning in 2013; previously a fixed based operator form of management was utilized. The twenty T-hangar rental spaces are full and a contract was let for an on-site mechanic.

The City's public utility continues to maintain high standards across the state. The WLSF Commission's Loopers Wastewater Treatment Plant was named the 2013 Wastewater Treatment Plant of the Year by Georgia Association of Water Professionals (GAWP). In April 2013, the City of Dalton's police department was awarded Advanced Accreditation from the Commission on Accreditation for Law Enforcement. Only 38 of approximately 700 law enforcement agencies in Georgia are accredited. The City of Dalton fire department boasts an ISO Class 2 emergency service provider rating.

2013 marked the return of intercollegiate athletics to Dalton State College ("DSC") as they entered the Southern States Athletic Conference. The DSC Roadrunners are competing in the NAIA Division and offer athletic programs in basketball, golf, cross country, tennis, volleyball, and competition cheerleading. In 2014, soccer will be added to the program. Dalton recreation facilities host DSC's tennis events, and the basketball games are played at the Northwest Georgia Trade and Convention Center, a City-County owned facility. The City owned Lakeshore Park received improvements in anticipation of hosting the 2014 soccer games.

Relevant Financial Policies

The City has implemented policies to ensure that the City's resources are prudently managed.

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 2013, the City's general fund unrestricted fund balance was equal to 74% of operating 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.

Investments are made in accordance with the City's investment policy. The objectives of the investment policy, in order of priority, are to ensure: 1) compliance with federal, state and local laws, safety, 2) principal is protected from loss with secure investment practices and collateralization, 3) investments are readily converted to cash when needed without losses, and 4) earnings are maximized without diminishing the other objectives.

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 CAFR for the fiscal year ended December 31, 2012. This is the eleventh 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 CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Excellence in Financial Reporting is valid for a period of one year. We believe that our current CAFR continues to meet the GFOA's requirements, and are submitting it in anticipation of receiving the Certificate of Excellence in Financial Reporting once again.

The preparation of this report on a timely basis was made possible by the dedicated service of the finance staff and our auditors 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,
Director of Finance

Government Finance Officers Association

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, 2012



Executive Director/CEO

City of Dalton, Georgia
City Officials and Administration
December 31, 2013

David Pennington
Mayor

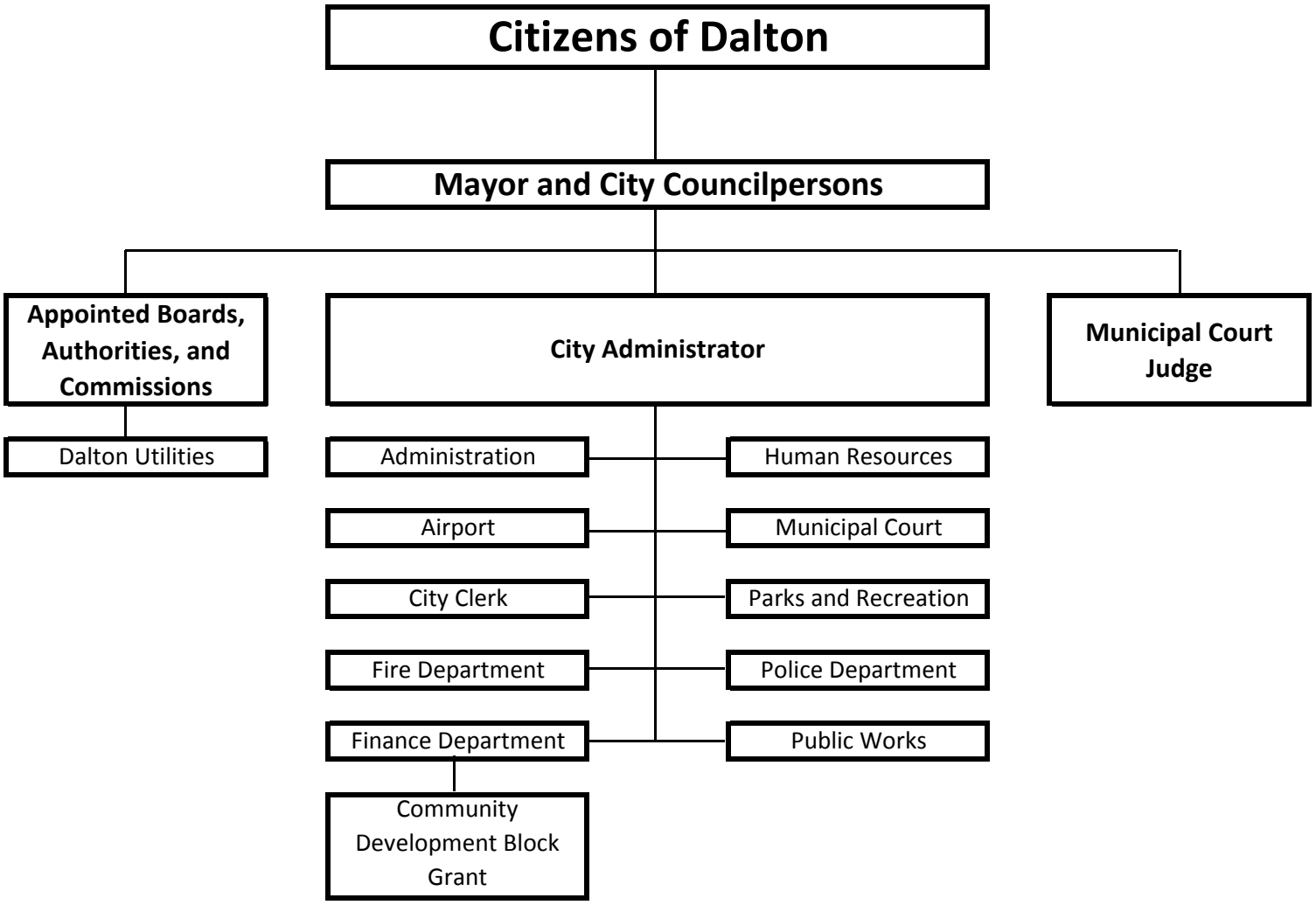
City Council

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, 2013



ESTES & WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Water, Light, and Sinking Fund Commission, which is both a major fund and 97%, 97%, and 99%, of the assets, net position, and revenues of the business-type activities, respectively. Those financial statements were audited by other auditors whose report thereon has ben furnished to us, and our opinion, insofar as it relates to the amounts included for the Water, Light, and Sinking Fund Commission, is based solely 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia, as of December 31, 2013, 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 accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-16 and the required supplementary information on pages 75-76 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dalton, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, 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* in considering the City of Dalton, Georgia's internal control over financial reporting and compliance.

Estes & Williams

Dalton, Georgia
June 20, 2014

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2013
(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, 2013. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures that follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by $901.7 million (net position) for the calendar year reported. This represents an increase of $8.1 million from the prior year.

- Total net position is comprised of the following:
    - Capital assets, net of related debt of $771.7 million includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
    - Net position of $73.6 million is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
    - Unrestricted net position of $56.4 million represents 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 $21.2 million this year. This represents an increase of $1.3 million from the prior year.

- At the end of the current calendar year, unassigned fund balance for the general fund was $20.7 million, or 73.8% of total general fund expenditures.

- The business-type activities enterprise funds reported total ending net position of $816.3 million as of December 31, 2013. This reflects an increase of $9.7 million from the prior year. The Water, Light, and Sinking Fund Commission ("WLSF Commission") is the City's only major enterprise fund and provides utility services including electric, gas, water, wastewater, and information technology. The WLSF Commission transferred $8.9 million to the general fund during the year ended December 31, 2013. The WLSF Commission passes the cost of this transfer along to their customers. 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 STATEMENTS

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

Government-wide Financial Statements

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

The City's government-wide financial statements include the statement of net position and the statement of activities. The government-wide statement of net position presents information that includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. The City reports assets when it acquires ownership and reports liabilities when incurred. Over time, increases or decreases in net position 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 position. 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 position 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 a 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 sector, which includes electric, natural gas, water, wastewater, and information technology, along with a municipal golf course and a municipal airport, are included as business-type activities. 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 17 through 19 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 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 are 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 20 through 24 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's 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 in the government-wide statement.

  The basic enterprise fund financial statements are presented on pages 25 through 31 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 position and a comparative statement of changes in net position. These statements may be found on pages 32 and 33 of this report. The municipal court agency fund is custodial in nature, and the balances are reported in the statement of fiduciary net position.

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 34 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 75 and 76 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 77.

The City has one discretely presented component unit, the City of Dalton Building Authority. The City of Dalton Building Authority does not issue separate financial statements. The City of Dalton Building Authority's financial statements are presented in the financial section of this report on pages 133 through 135. Additional information about the component unit can be found in Note 1-A.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Dalton, assets exceeded liabilities and deferred inflows of resources by $901.7 million at the close of the current year.

The most substantial portion of the City's net position is net investment in capital assets of $771.7 million (86%). This represents the City's machinery, equipment, and infrastructure less any related debt used to purchase or construct those capital assets. The City uses these assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City reports restricted net position of $73.6 million (8.1%). These are funds that are subject to external restrictions on how they may be used. The remaining net position of $56.4 million (6.3%) is unrestricted and may be used to meet the ongoing operations and obligations of the City. This amount does not take into consideration any unfunded liabilities such as pension and other post-employment benefits.

Although net position of the business-type activities represents 90% of total City-wide net position, the City generally can only uses these resources to finance the continuing operations of the business-type activities.

City of Dalton, Georgia
Summary Statement of Net Position
Fiscal Years 2013 and 2012

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current assets	$ 25,595,136	$ 23,349,419	$ 52,637,528	$ 48,032,593	$ 78,232,664	$ 71,382,012
Capital assets	79,914,006	78,647,279	735,522,762	723,174,798	815,436,768	801,822,077
Other long-term assets	31,340	49,952	98,958,061	100,329,937	98,989,401	100,379,889
Total assets	$ 105,540,482	$ 102,046,650	$ 887,118,351	$ 871,537,328	$ 992,658,833	$ 973,583,978
Liabilities:						
Current liabilities	3,696,462	3,783,107	24,263,790	20,174,653	27,960,252	23,957,760
Long-term liabilities	12,259,659	10,100,467	44,449,648	45,912,464	56,709,307	56,012,931
Total liabilities	15,956,121	13,883,574	68,713,438	66,087,117	84,669,559	79,970,691
Deferred inflows of resources	-	-	6,276,000	-	6,276,000	-
Net position:						
Net investment in capital assets	73,630,581	72,911,193	698,090,762	687,108,798	771,721,343	760,019,991
Restricted	251,557	240,347	73,322,000	75,034,000	73,573,557	75,274,347
Unrestricted	15,702,223	15,011,536	40,716,151	43,307,413	56,418,374	58,318,949
Total net position	$ 89,584,361	$ 88,163,076	$ 812,128,913	$ 805,450,211	$ 901,713,274	$ 893,613,287

At the end of the current fiscal year, the City reported positive balances in all categories of net position for its governmental and business-type activities. As a whole, the City of Dalton's net position increased by $8.1 million during 2013. The business-type activities net position increased by $6.7 million while the governmental activities net position increased by $1.4 million.

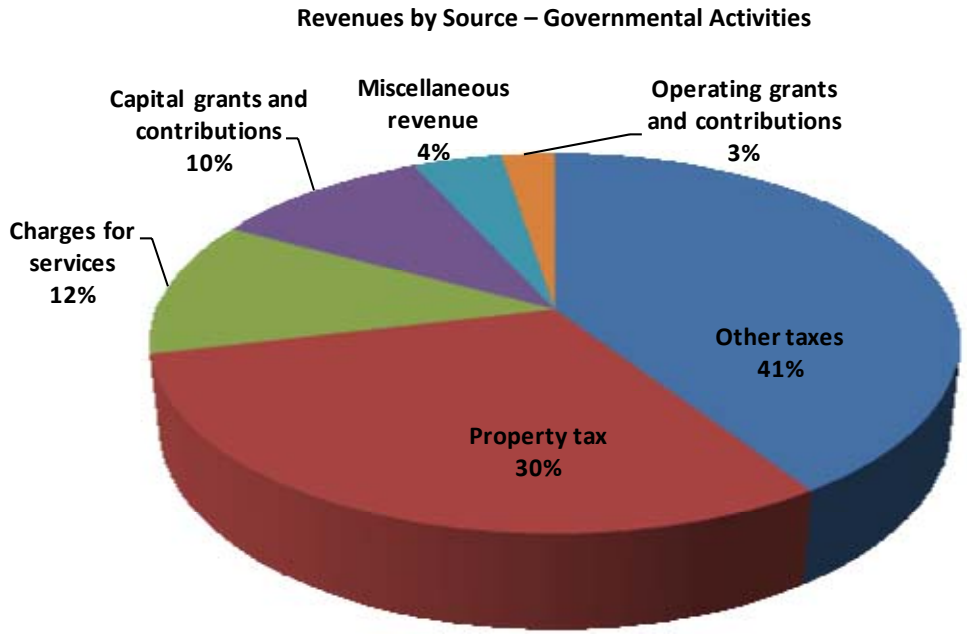
City of Dalton, Georgia
Summary Statement of Activities
Fiscal Years 2013 and 2012

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program:						
Charges for services	$ 2,998,773	$ 2,872,522	$ 186,753,148	$ 178,093,111	$ 189,751,921	$ 180,965,633
Operating grants	657,771	2,258,686	-	-	657,771	2,258,686
Capital grants	2,669,259	1,182,154	-	597,000	2,669,259	1,779,154
General:						
Property taxes	7,876,135	9,308,368	-	-	7,876,135	9,308,368
Other taxes	10,550,833	7,197,486	-	-	10,550,833	7,197,486
Investment earnings	241,177	253,696	(4,695,126)	1,192,689	(4,453,949)	1,446,385
Other	861,096	2,416,306	191,000	333,000	1,052,096	2,749,306
Total revenues	25,855,044	25,489,218	182,249,022	180,215,800	208,104,066	205,705,018
Program Expenses:						
General government	2,633,853	3,302,093	-	-	2,633,853	3,302,093
Judicial	397,765	369,253	-	-	397,765	369,253
Public safety	15,095,340	13,990,949	-	-	15,095,340	13,990,949
Public works	8,447,680	9,010,672	-	-	8,447,680	9,010,672
Health and welfare	487,293	488,545	-	-	487,293	488,545
Culture and recreation	5,088,564	4,967,978	-	-	5,088,564	4,967,978
Housing and development	389,213	379,694	-	-	389,213	379,694
Interest	274,506	459,985	-	-	274,506	459,985
Utilities	-	-	164,607,105	152,289,916	164,607,105	152,289,916
Trade Center	-	-	557,720	547,930	557,720	547,930
Landfill	-	-	439,487	365,350	439,487	365,350
Golf course	-	-	981,056	858,544	981,056	858,544
Airport	-	-	604,497	518,119	604,497	518,119
Total expenses	32,814,214	32,969,169	167,189,865	154,579,859	200,004,079	187,549,028
Excess (deficiency)	(6,959,170)	(7,479,951)	15,059,157	25,635,941	8,099,987	18,155,990
Transfers	8,380,455	9,281,511	(8,380,455)	(9,281,511)	-	-
Change in net position	1,421,285	1,801,560	6,678,702	16,354,430	8,099,987	18,155,990
Beginning net position	88,163,076	86,361,516	805,450,211	789,095,781	893,613,287	875,457,297
Ending net position	$ 89,584,361	$ 88,163,076	$ 812,128,913	$ 805,450,211	$ 901,713,274	$ 893,613,287

The City's total revenues increased $2.4 million (1.2%) and the total cost of services and programs provided increased $12.5 million (6.6%). Additional information is provided below regarding governmental and business-type activities changes in net position.

Governmental Activities

The following chart depicts revenues of the governmental activities for the year ended December 31, 2013:



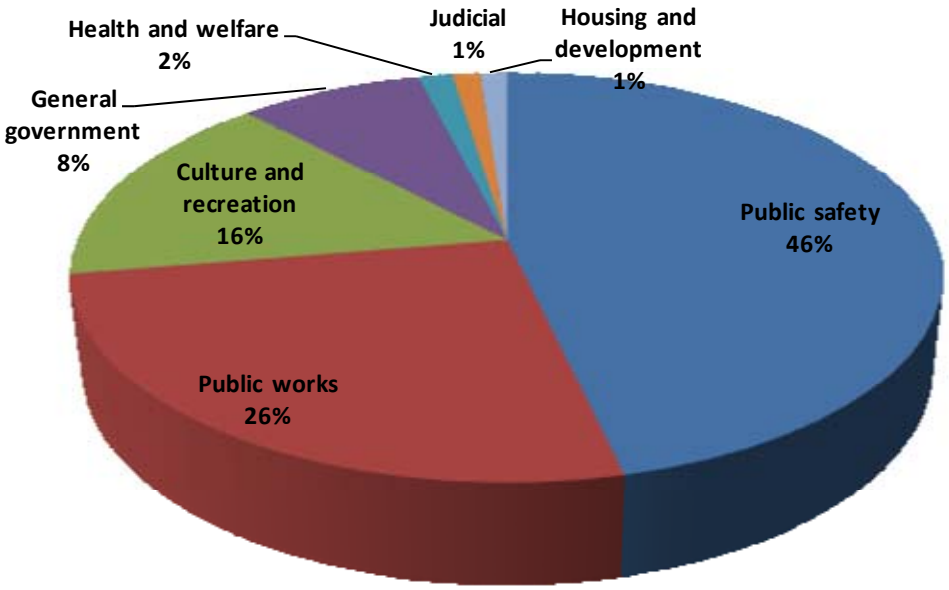
As indicated by the revenue chart, other taxes was the largest revenue source for governmental activites. Other taxes includes sales tax, insurance premium tax, hotel-motel tax, title advalorem tax, franchise tax, and alcohol beverage tax. Property tax was the second largest revenue source. The City's governmental activities total revenues increased slightly, by $366,000 (1.4%).

Key elements regarding the increase and fluctuations are discussed below:

- Other taxes comprise 41% of total revenue and increased 47%.
    - Sales tax increased $2.5 million due to the renegotiation of the local option sales tax revenue distribution among local governments within Whitfield County.
    - Title ad valorem tax, new to Georgia, was imposed in March of 2013 and resulted in revenue of $756,000. This tax will eventually replace the vehicle tax revenue stream.
- 2013 marked the first year that property taxes were not the City's primary source of revenue. As previously mentioned, the City has lowered property taxes for six consectuive years. This reduction, coupled with a slight reduction in taxable assessed property values, resulted in a decrease in property taxes of $1.4 million.
- Operating grants decreased $1.6 million due to the renegotiation of the public works service delivery agreement with Whitfield County in conjunction with the local option sales tax distribution.
- Captial grants increased $1.5 million due to grants awarded for obstruction and clearance projects at the muncipal airport.
- Other revenue decreased $1.6 million when compared to 2012 because substantial property donations were received and recorded as donations in 2012.

The following chart depicts expenses of the governmental activities for the year ended December 31, 2013:

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 $155,000 (< 1%).

- Public safety represents 46% of total expenses and increased 7.9% when compared to the prior year. The $1.1 million increase is due mainly to increases in personal services such as the allocable increase for the net pension obligation to the public safety function of $422,000, an increase in the pension match for the defined benefit pension plan, employee raises, health insurance, and allocable compensated absences to the public safety function totaling $298,000, and various other operating costs of $380,000.
- Public works represents 26% of total expenses and decreased 6.2%. The decrease of $563,000 is due primarily to a reduction in road paving projects funded by SPLOST.
- The general government category decreased 20.2%. The $668,000 reduction is due primarily to the allocation of the changes in the net pension and net OPEB obligations. In prior years, the entire change in the obligations was reported in the general government category. In 2012, these expenses totaled $815,000. In the current year, the net pension obligation and net OPEB obligation are allocated ratably to governmental functions and business-type activities.

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 placed on the City's taxpayers by each of these functions.

	Governmental activities	
	Total cost of services	Net cost of services
General government	$ 2,633,853	$ (53,207)
Judicial	397,765	(353,915)
Public safety	15,095,340	14,409,689
Public works	8,447,680	7,426,076
Health and welfare	487,293	230,702
Culture and recreation	5,088,564	4,343,849
Housing and development	389,213	297,188
Interest	274,506	188,029
Total	$ 32,814,214	$ 26,488,411

The general government net cost of services indicates that revenues generated exceed the cost to provide the service. Grant funding of $1.6 million, which is reported in the transportation enhancement grant special revenue fund for work performed at the municipal airport, is included in this category. The judicial net cost of service indicates revenues generated by the court covered the cost of this function.

Business-type Activities

The City's business-type activities total revenues increased $2.0 million (1.1%) and expenses increased $12.6 million (8.2%).

Revenues:
The increase in charges for services of $8.7 million is primarily attributable to the City's utility as follows:

- Electric system revenues increased $4.4 million due to increased consumption of 4.5% for all customer classes.
- Natural gas system revenue increased $4.9 million due to increased market based index prices coupled with increased consumption of 4.4% for all customer classes, which is partially driven by new customer load.
- Water system revenue decreased $300,000 due to decreased consumption of 5.3% for all customer classes. Consumption was down due to continued reduced demand from industrial customers, economic conditions, and water conservation efforts.
- Wastewater system revenue decreased $200,000 due to decreased consumption of 1.2% for all customer classes.
- Information technology system revenue increased $300,000 due to a slight increase in enhanced services for cable television.

Expenses:
The increase in cost of services of $12.6 million is primarily attributable to the City's utility as follows:

- Production expenses remained flat, due primarily to a decrease in the market price of coal offset by an increase in maintenance costs.
- Purchased electricity expense increased $5.4 million due to an increase in consumption for industrial customers coupled with an increase in capacity surcharge.
- Natural gas expense increased $2.4 million due to an increase in the consumption for all customer classes, coupled with an increase in the average monthly index cost of natural gas. The average monthly index cost of natural gas increased 31.3% and was $3.65 per Dth for 2013 as compared to $2.78 Dth for 2012.
- Distribution expense increased $1.2 million due to an increase in television content expenses.
- Depreciation and amortization expense decreased slightly by $300,000 due to a reduction in amortization expense as a result of amortization of the deferred gain on the sale of ITS equipment in the prior year.
- General and administrative expenses increased by $800,000 due to an increase in retirement contribution and postage.
- Changes in the net pension obligation and the net OPEB obligation were previously accounted for in the governmental activities general government function. In 2013, the City allocated those obligations among both governmental and business-type activities, as the WLSF Commission employees constitute a significant portion of the balance. Net pension and net OPEB costs totaling $3.1 million were allocated among business-type activities in 2013, with $252,000 allocable to the City's landfill, $115,000 allocable to the municipal golf course, and $2.8 million allocable to the utilities.

General Revenues:
The decrease in general revenues of $6.0 million is primarily attributable to the City's utility as follows:

- Interest income increased $400,000 due to the reinvestment of portfolio securities at higher interest rates.
- The fair value of investments decreased $6.3 million as a result of decline in overall bond market.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

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 $21,221,028. Of this year-end total, 97.3% ($20,650,533) is unassigned fund balance that is available for spending at the City's discretion. The remainder is nonspendable ($212,643), restricted for particular purposes ($220,217), or assigned ($137,635).

The total ending fund balances of governmental funds reflect an increase of $1,274,496 (6.4%) from the prior year. The general fund reported an increase in fund balance of $1,244,674 (6.3%) and the other governmental funds reported an increase in fund balances of $29,822 (30.0%).

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 2013, the fund balance of the general fund was $21.1 million. Unassigned fund balance represents 73.8% of general fund expenditures, an increase from the prior year, which was at 68.9% of total expenditures.

The general fund total revenues of $21.3 million were over budget by $132,353, total expenditures of $28.0 million were under budget by $976,320, and other financing sources and uses were over budget by $149,716.

The general fund increased fund balance $1.2 million during the current fiscal year. This increase is due primarily to non-filled positions in the public safety sector. The fire department and police department had six unfilled positions during the year.

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 WLSF Commission provides electric, natural gas, water, wastewater, and information technology services to customers in Dalton/Whitfield County and portions of Murray, Gordon, Catoosa, and Floyd counties.

The WLSF Commission net position represents 96.6% of total proprietary net position. Financial analysis in regards to the WLSF Commission can be found in the business-type activities section.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Dalton's general fund budget is prepared in accordance with Georgia law and over the course of the year was amended by the City Council. The amendments to the general fund resulted in a net increase to budgeted revenues of $452,941, a net increase to budgeted expenditures of $1,047,213, and net increase to other financing sources (uses) of $580,577. The following addresses the major differences between the original adopted and final adjusted budget:

Revenues:

- Increase of $326,658 for property donations.
- Increase of $85,000 for concession revenue due to increased volume in sales.
- Increase of $35,288 for insurance reimbursement for damaged property.

Expenditures:

- Increase of $1.2 million for capital lease of 100 ft. ladder truck for the fire department.
- Increase of $326,658 for donated real estate.

Other Financing Sources (Uses):

- Increase in proceeds from capital leases of $1.2 million to record capital lease revenue.
- Increase in transfers in of $221,855 for hotel-motel tax revenue transferred to the general fund.
- Increase in transfers out of $91,790 for capital grant matches for airport obstruction and clearing project.
- Increase in transfers out of $411,802 for recreation, road, and building remodel projects.
- Increase in transfers out of $237,720 for debt service payment on capital lease.

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental and business-type activities at December 31, 2013 was $80.0 million and $735.5 million, respectively. The book value of the governmental activities net investment in capital assets increased by $719,388. The book value of the business-type activities net investment in capital assets increased by $11.0 million. Depreciated cost for capital assets of the City as a whole increased by $13.6 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 balances by asset type.

City of Dalton, Georgia
Capital Assets, Net of Accumulated Depreciation
Fiscal Years 2013 and 2012

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Non-depreciable assets:						
Land	$ 19,134,446	$ 17,306,743	$ 1,664,722	$ 1,664,722	$ 20,799,168	$ 18,971,465
Construction in progress	1,494,854	1,041,057	93,788,000	79,538,000	95,282,854	80,579,057
Total non-depreciable	20,629,300	18,347,800	95,452,722	81,202,722	116,082,022	99,550,522
Depreciable assets:						
Land improvements	26,921,888	25,634,526	7,819,408	7,819,408	34,741,296	33,453,934
Buildings and improvements	34,204,336	34,048,868	3,763,488	3,763,488	37,967,824	37,812,356
Machinery, equipment, and furniture	19,337,481	17,869,762	2,223,401	2,143,491	21,560,882	20,013,253
Intangibles	1,078,222	1,054,698	-	-	1,078,222	1,054,698
Utility plant	-	-	1,067,583,000	1,043,879,000	1,067,583,000	1,043,879,000
Infrastructure	106,040,431	106,040,431	-	-	106,040,431	106,040,431
Total depreciable assets	187,582,358	184,648,285	1,081,389,297	1,057,605,387	1,268,971,655	1,242,253,672
Less accumulated depreciation	128,297,652	124,348,806	461,309,257	434,666,311	589,606,909	559,015,117
Book value - depreciable assets	59,284,706	60,299,479	620,080,040	622,939,076	679,364,746	683,238,555
Percentage depreciated	68.4%	67.3%	42.7%	41.1%	46.5%	45.0%
Nuclear fuel, at amortized cost	-	-	19,990,000	19,033,000	19,990,000	19,033,000
Book value - all assets	$ 79,914,006	$ 78,647,279	$ 735,522,762	$ 723,174,798	$ 815,436,768	$ 801,822,077

Long-term Debt

At the end of the calendar year, the City had total capital leases and notes outstanding of $6.1 million. This is an increase of $585,221 from the prior year. Refer to Note 3-H for additional information regarding the City's long-term debt.

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Capital leases payable	$ 5,831,137	$ 5,150,000	$ -	$ -	$ 5,831,137	$ 5,150,000
Notes	318,000	453,484	-	-	318,000	453,484
Total	$ 6,149,137	$ 5,603,484	$ -	$ -	$ 6,149,137	$ 5,603,484

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Dalton's current unemployment rate of 8.2% continues to exceed the state and national rates. The rate is steadily declining as local manufacturing companies expand in the Dalton area. The flooring industry, a dominate component of the economy in Dalton, will continue to improve along with the national housing industry.

The 2014 general fund budget reflects a 1.7% ($360,000) decrease in revenues when compared to 2013 actual revenues. Budgeted expenditures for 2014 reflect a 3.6% ($1.0 million) increase when compared to actual 2013 expenditures. The adopted 2014 general fund operating budget anticipates revenues will be adequate to cover expenditures and other financing sources (uses), thus requiring no utilization of fund balance. Select factors considered when preparing the 2014 budget were as follows:

Revenues:

- Property taxes revenues are expected to decrease $127,000 due to an anticipated decrease in assessed property values of 2%. The tax rate is budgeted to remain at 2.616 mills. New and existing manufacturing concerns have been given tax abatement incentives to develop or expand existing businesses in the Dalton metro area. These new developments will not impact the City's revenues for at least five years.
- Other taxes are expected to increase $203,000. The most significant changes are the title ad valorem tax ("TAVT") implemented in March 2013 and the elimination of the sales tax on energy effective January 2013 (phased in over 4 years). Actual revenues far exceeded projected 2013 TAVT revenue. Thus far there has been nominal impact in regards to the elimination of the sales tax on energy.
- Local option sales tax revenue ("LOST") allocations among local governments within Whitfield County were renegotiated in 2013. The City's share of LOST revenues will remain at 32% for 2014.

Expenditures:

- One new position was added in the budget for the judicial function and the public safety function budgeted personal costs and benefits as 100% staffed.
- The public works budget increased due to the exhaustion of the SPLOST funds for paving City roads.
- The defined benefit pension plan employer contribution rate increased from 22.4% to 35.21%. The plan is closed to new members hired after July 1, 2002.
- The City anticipates an increase in health insurance premiums of 6.5% due to a premium increase and additional costs associated with the Affordable Care Act. A portion of the cost (1%) was passed along to the employee.
- The OPEB trust fund balance will cover the cost of current retiree health care premiums. Once the trust fund is depleted, the City will no longer offer health care for retirees.
- Merit and cost-of-living increases were not factored into the 2014 budget.
- The City will continue to evaluate the level of services desired by citizens and will work to provide those services as economically as possible.

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 Position
December 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Assets				
Current Assets				
Cash and cash equivalents	$ 20,877,253	$ 11,963,363	$ 32,840,616	$ 1,505,493
Investments	933,428	-	933,428	-
Receivables:				
Accounts	1,286,393	13,108,650	14,395,043	-
Taxes	1,142,578	-	1,142,578	-
Intergovernmental	1,142,841	-	1,142,841	-
Capital leases	-	-	-	825,000
Unbilled revenues	-	7,336,000	7,336,000	-
Accrued interest	-	277,000	277,000	-
Fuel stocks	-	6,169,000	6,169,000	-
Inventory	202,846	10,542,515	10,745,361	-
Prepaid items and deposits	9,797	601,000	610,797	-
Restricted funds	-	2,640,000	2,640,000	-
Total Current Assets	25,595,136	52,637,528	78,232,664	2,330,493
Noncurrent Assets				
Nondepreciable capital assets	20,629,300	95,452,722	116,082,022	-
Depreciable capital assets, net	59,284,706	640,070,040	699,354,746	-
Restricted combined renewals and extensions fund	-	21,146,000	21,146,000	-
Restricted nuclear decommissioning	-	49,536,000	49,536,000	-
Regulatory asset	-	9,883,000	9,883,000	-
Capital leases receivable	-	-	-	7,295,000
Investment in joint ventures	31,340	18,393,061	18,424,401	-
Total Noncurrent Assets	79,945,346	834,480,823	914,426,169	7,295,000
Total Assets	$ 105,540,482	$ 887,118,351	$ 992,658,833	$ 9,625,493

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
December 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	$ 1,728,818	$ 19,828,244	$ 21,557,062	$ 1,505,493
Internal balances	(1,154,456)	1,154,456	-	-
Accrued interest payable	134,288	-	134,288	-
Deferred credit - TVA right of use	-	50,000	50,000	-
Claims payable	374,290	-	374,290	-
Unearned revenue	1,313,564	17,290	1,330,854	-
Compensated absences payable	790,000	23,800	813,800	-
Notes payable	53,000	-	53,000	-
Revenue bonds payable	-	-	-	590,000
Recovery zone economic development bonds payable	-	-	-	235,000
Capital leases payable	456,958	-	456,958	-
Customer deposits	-	3,190,000	3,190,000	-
Total Current Liabilities	3,696,462	24,263,790	27,960,252	2,330,493
Long-Term Liabilities				
Accrued construction retention	-	2,560,000	2,560,000	-
Asset retirement obligations	-	38,479,000	38,479,000	-
Compensated absences payable (less current portion)	3,357,093	64,536	3,421,629	-
Deferred credit - TVA right of use (less current portion)	-	217,000	217,000	-
Notes payable (less current portion)	265,000	-	265,000	-
Revenue bonds payable (less current portion)	-	-	-	610,000
Recovery zone bonds payable (less current portion)	-	-	-	4,685,000
QZAB bonds payable	-	-	-	2,000,000
Capital leases payable (less current portion)	5,374,179	-	5,374,179	-
Net pension obligation	934,911	1,253,088	2,187,999	-
Net OPEB obligation	2,328,476	1,876,024	4,204,500	-
Total Long-Term Liabilities	12,259,659	44,449,648	56,709,307	7,295,000
Total Liabilities	15,956,121	68,713,438	84,669,559	9,625,493
Deferred Inflows of Resources	-	6,276,000	6,276,000	-
Net Position				
Net investment in capital assets	73,630,581	698,090,762	771,721,343	-
Restricted for:				
Debt service	7,442	-	7,442	-
Capital projects	-	21,146,000	21,146,000	-
Public safety	121,744	-	121,744	-
Culture and recreation	-	-	-	-
Development	31,342	-	31,342	-
Cemetery chapel renovations	91,029	-	91,029	-
Customer deposit fund and nuclear decommissioning	-	52,176,000	52,176,000	-
Unrestricted	15,702,223	40,716,151	56,418,374	-
Total Net Position	$ 89,584,361	$ 812,128,913	$ 901,713,274	$ -

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Activities
For the Year Ended December 31, 2013

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 Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Building Authority
Primary Government								
General government	$ 2,633,853	$ 982,441	$ 203,573	$ 1,501,046	$ 53,207	$ -	$ 53,207	$ -
Judicial	397,765	751,680	-	-	353,915	-	353,915	-
Public safety	15,095,340	657,613	20,040	7,998	(14,409,689)	-	(14,409,689)	-
Public works	8,447,680	157,151	53,420	811,033	(7,426,076)	-	(7,426,076)	-
Health and welfare	487,293	54,355	202,236	-	(230,702)	-	(230,702)	-
Culture and recreation	5,088,564	395,533	-	349,182	(4,343,849)	-	(4,343,849)	-
Housing and development	389,213	-	92,025	-	(297,188)	-	(297,188)	-
Interest on long-term debt	274,506	-	86,477	-	(188,029)	-	(188,029)	-
Total Governmental Activities	32,814,214	2,998,773	657,771	2,669,259	(26,488,411)	-	(26,488,411)	-
Business-Type Activities:								
WLSF:								
Electric system	87,048,375	106,843,000	-	-	-	19,794,625	19,794,625	-
Gas system	18,785,179	20,828,000	-	-	-	2,042,821	2,042,821	-
Water system	17,926,588	19,119,000	-	-	-	1,192,412	1,192,412	-
Wastewater system	20,623,351	19,204,000	-	-	-	(1,419,351)	(1,419,351)	-
Information technology systen	20,223,612	19,620,000	-	-	-	(603,612)	(603,612)	-
Landfill	439,487	-	-	-	-	(439,487)	(439,487)	-
Trade Center	557,720	-	-	-	-	(557,720)	(557,720)	-
Municipal golf course	981,056	927,834	-	-	-	(53,222)	(53,222)	-
Municipal airport	604,497	211,314	-	-	-	(393,183)	(393,183)	-
Total Business-Type Activities	167,189,865	186,753,148	-	-	-	19,563,283	19,563,283	-
Total - Primary Government	$ 200,004,079	$ 189,751,921	$ 657,771	$ 2,669,259	(26,488,411)	19,563,283	(6,925,128)	-
		General Revenues						
		Property taxes levied for:						
		General purposes			7,876,135	-	7,876,135	-
		Selective taxes			9,380,518	-	9,380,518	-
		Hotel/motel taxes			1,170,315	-	1,170,315	-
		Investment earnings			241,177	(4,695,126)	(4,453,949)	-
		Donations - unrestricted			346,807	-	346,807	-
		Miscellaneous			514,289	191,000	705,289	-
		Total General Revenues			19,529,241	(4,504,126)	15,025,115	-
		Transfers			8,380,455	(8,380,455)	-	-
		Total General Revenues and Transfers			27,909,696	(12,884,581)	15,025,115	-
		Change in Net Position			1,421,285	6,678,702	8,099,987	-
		Net Position Beginning of Year			88,163,076	805,450,211	893,613,287	-
		Net Position End of Year			$ 89,584,361	$ 812,128,913	$ 901,713,274	$ -

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

City of Dalton, Georgia
Balance Sheet
Governmental Funds
December 31, 2013

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 19,439,364	$ 128,808	$ 19,568,172
Investments	885,428	-	885,428
Receivables:			
Accounts	1,187,813	98,580	1,286,393
Taxes	1,142,578	-	1,142,578
Intergovernmental - federal	-	327,440	327,440
Intergovernmental - state	-	10,463	10,463
Intergovernmental - local	665,130	139,808	804,938
Interfund	271,133	81,893	353,026
Inventory, at cost	202,846	-	202,846
Prepaid items	9,797	-	9,797
Total Assets	$ 23,804,089	$ 786,992	$ 24,591,081
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 695,469	$ 409,682	$ 1,105,151
Accrued expenditures	621,323	-	621,323
Accrued interest payable	-	134,288	134,288
Interfund payable	81,893	113,834	195,727
Deferred revenue	1,313,564	-	1,313,564
Total Liabilities	2,712,249	657,804	3,370,053
Fund Balances			
Nonspendable	212,643	-	212,643
Restricted for:			
Public safety	-	121,744	121,744
Housing and development	-	2	2
Debt service	-	7,442	7,442
Cemetery chapel	91,029	-	91,029
Unrestricted:			
Assigned (trail grants and airport)	137,635	-	137,635
Unassigned	20,650,533	-	20,650,533
Total Fund Balances	21,091,840	129,188	21,221,028
Total Liabilities and Fund Balances	$ 23,804,089	$ 786,992	$ 24,591,081

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 Position
December 31, 2013

Total Governmental Fund Balances		$ 21,221,028
Amounts reported for Governmental Activities in the Statement of Net Position 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	208,211,658	
Less accumulated depreciation	(128,297,652)	79,914,006
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net position:		
Interfund receivables	(195,727)	
Interfund payables	195,727	-
Liabilities, including notes, bonds, capital leases, 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 position:		
Notes payable	(318,000)	
Bonds payable	(4,920,000)	
Capital leases payable	(911,137)	
Compensated absences	(4,147,093)	(10,296,230)
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 position 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		31,340
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 position.		980,447
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 attributable to governmental activities is reported as a liability in the governmental activities column in the statement of net position as net pension obligation.		(934,911)
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 attributable to governmental activities is reported as a liability in the governmental activities column in the statement of net position as net OPEB obligation.		(2,328,476)
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.		997,157
Net Position of Governmental Activities		$ 89,584,361

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, 2013

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 17,256,653	$ 1,170,315	$ 18,426,968
Licenses and permits	982,441	-	982,441
Intergovernmental - federal	12,253	2,112,134	2,124,387
Intergovernmental - state	6,412	288,379	294,791
Intergovernmental - local	201,712	706,140	907,852
Charges for services	1,336,866	-	1,336,866
Fines and forfeitures	393,580	91,150	484,730
Investment earnings	119,336	118,707	238,043
Miscellaneous	980,881	13,753	994,634
Total Revenues	21,290,134	4,500,578	25,790,712
Expenditures			
Current:			
General government	1,916,182	303,679	2,219,861
Judicial	381,534	-	381,534
Public safety	13,902,346	63,579	13,965,925
Public works	6,062,893	683,166	6,746,059
Health and welfare	398,464	49,236	447,700
Culture and recreation	3,155,267	387,668	3,542,935
Housing and development	292,380	78,601	370,981
Capital Outlay			
General government	345,542	1,501,046	1,846,588
Judicial	6,578	-	6,578
Public safety	1,305,610	241,625	1,547,235
Public works	186,503	715,718	902,221
Culture and recreation	25,409	1,164,792	1,190,201
Debt Service:			
Principal retirement	-	603,204	603,204
Interest and fiscal charges	-	274,506	274,506
Total Expenditures	27,978,708	6,066,820	34,045,528
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,688,574)	(1,566,242)	(8,254,816)
Other Financing Sources (Uses)			
Proceeds from issuance of debt	1,148,857	-	1,148,857
Transfers in	9,165,855	2,381,464	11,547,319
Transfers out	(2,381,464)	(785,400)	(3,166,864)
Total Other Financing Sources (Uses)	7,933,248	1,596,064	9,529,312
Net Change in Fund Balances	1,244,674	29,822	1,274,496
Fund Balances Beginning of Year	19,847,166	99,366	19,946,532
Fund Balances End of Year	$ 21,091,840	$ 129,188	$ 21,221,028

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, 2013

Net Changes in Fund Balances - Total Governmental Funds		$ 1,274,496
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period:		
Depreciation expense	(4,220,687)	
Capital outlay	5,492,823	1,272,136
Write off of capital assets not reported at the fund level		(5,409)
Elimination of transfers between governmental funds:		
Transfers in	(2,603,319)	
Transfers out	2,603,319	-
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		135,484
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 position.		230,000
Issuance of debt through capital leases is an other financing source in the governmental funds, but is capitalized and reduced annually by debt payments in the statement of net position.		(1,148,857)
Repayment of capital lease debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		237,720
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		(180,722)
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	176,362	(18,612)
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.		207,474
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 position. The change in the asset or liability is as follows:		
Increase in net pension obligation attributable to governmental activities	666,049	
Decrease in net OPEB obligation attributable to governmental activities	(83,624)	582,425
Change in Net Position of Governmental Activities		$ 2,586,135

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, 2013

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	$ 17,036,500	$ 17,036,500	$ 17,256,653	$ 220,153
Licenses and permits	975,000	975,000	982,441	7,441
Intergovernmental - federal	6,100	18,060	12,253	(5,807)
Intergovernmental - state	2,330	2,330	6,412	4,082
Intergovernmental - local	198,700	201,700	201,712	12
Charges for services	1,350,310	1,399,710	1,336,866	(62,844)
Fines and forfeitures	533,100	533,100	393,580	(139,520)
Investment earnings	120,000	120,050	119,336	(714)
Miscellaneous	482,800	871,331	980,881	109,550
Total Revenues	20,704,840	21,157,781	21,290,134	132,353
Expenditures				
Current:				
General government	2,571,770	2,048,745	1,916,182	132,563
Judicial	419,150	411,450	381,534	29,916
Public safety	14,696,760	14,347,255	13,902,346	444,909
Public works	6,214,990	6,143,565	6,062,893	80,672
Health and welfare	435,000	414,350	398,464	15,886
Culture and recreation	3,212,245	3,279,695	3,155,267	124,709
Housing and development	303,400	303,400	292,380	11,020
Total Current	27,853,315	26,948,460	26,109,066	839,675
Capital Outlay				
General government	34,500	392,748	345,542	47,206
Judicial	-	6,600	6,578	22
Public safety	20,000	1,345,940	1,305,610	40,330
Public works	-	235,590	186,503	49,087
Culture and recreation	-	25,690	25,409	-
Total Capital Outlay	54,500	2,006,568	1,869,642	136,645
Total Expenditures	27,907,815	28,955,028	27,978,708	976,320
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,202,975)	(7,797,247)	(6,688,574)	1,108,673
Other Financing Sources (Uses)				
Proceeds from capital lease	-	1,188,600	1,148,857	(39,743)
Transfers in	8,866,000	9,087,855	9,165,855	78,000
Transfers out	(1,663,025)	(2,492,923)	(2,381,464)	111,459
Total Other Financing Sources (Uses)	7,202,975	7,783,532	7,933,248	149,716
Net Change in Fund Balances	$ -	$ (13,715)	1,244,674	$ 1,258,389
Fund Balances Beginning of Year			19,847,166	
Fund Balances End of Year			$ 21,091,840	

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2013

	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	$ 11,591,000	$ 372,363	$ 11,963,363	$ 1,309,081
Investments	-	-	-	48,000
Accounts receivable	13,108,000	650	13,108,650	-
Unbilled revenues	7,336,000	-	7,336,000	-
Interest receivable	277,000	-	277,000	-
Fuel stocks	6,169,000	-	6,169,000	-
Inventory	10,461,000	81,515	10,542,515	-
Prepaid expenses and deposits	601,000	-	601,000	-
Restricted customer deposit fund	2,640,000	-	2,640,000	-
Total Current Assets	52,183,000	454,528	52,637,528	1,357,081
Noncurrent Assets:				
Land	-	1,664,722	1,664,722	-
Construction in progress	93,788,000	-	93,788,000	-
Depreciable capital assets, net	632,771,000	7,299,040	640,070,040	-
Restricted combined renewals and extensions fund	21,146,000	-	21,146,000	-
Restricted nuclear decommissioning	49,536,000	-	49,536,000	-
Regulatory asset	9,883,000	-	9,883,000	-
Investment in joint ventures	-	18,393,061	18,393,061	-
Total Noncurrent Assets	807,124,000	27,356,823	834,480,823	-
Total Assets	$ 859,307,000	$ 27,811,351	$ 887,118,351	$ 1,357,081

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2013

	Business-type Activities - Enterprise Funds			
	Water, Light and Sinking Fund Commission	Other Proprietary Funds	Total Funds	Governmental Activities - Internal Service Funds
Liabilities				
Current Liabilities:				
Accounts payable and accrued expenses	$ 19,762,000	$ 66,244	$ 19,828,244	$ 2,344
Unearned revenue	-	17,290	17,290	-
Interfund payable	-	157,299	157,299	-
Claims payable	-	-	-	374,290
Compensated absences	-	23,800	23,800	-
Deferred credit - TVA right of use	50,000	-	50,000	-
Customer deposits	3,190,000	-	3,190,000	-
Total Current Liabilities	23,002,000	264,633	23,266,633	376,634
Long-Term Liabilities:				
Deferred credit - TVA right of use (less current portion)	217,000	-	217,000	-
Accrued construction retention	2,560,000	-	2,560,000	-
Asset retirement obligations	38,479,000	-	38,479,000	-
Compensated absences (less current portion)	-	64,536	64,536	-
Total Long-Term Liabilities	41,256,000	64,536	41,320,536	-
Total Liabilities	64,258,000	329,169	64,587,169	376,634
Deferred Inflows of Resources	6,276,000	-	6,276,000	-
Net Position				
Net investment in capital assets	689,127,000	8,963,762	698,090,762	-
Restricted for:				
Capital projects	21,146,000	-	21,146,000	-
Customer deposit fund, nuclear decommissioning, restricted cash, and natural gas derivative	52,176,000	-	52,176,000	-
Unrestricted	26,324,000	18,518,420	44,842,420	980,447
Total Net Position	$ 788,773,000	$ 27,482,182	$ 816,255,182	$ 980,447

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Statement of Net Position of Proprietary Funds
to the Statement of Net Position
December 31, 2013

Total Statement of Net Position - Proprietary Funds Net Position	$ 816,255,182
Amounts reported for Business-Type Activities in the Statement of Net Position are different because:	
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 attributable to business-type activities for the cumulative effect of current and past underfunding of the ARC is reported as a liability in the business-type activities column in the statement of net position as net pension obligation.	(1,253,088)
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 attributable to business-type activities for the cumulative effect of current and past underfunding of the ARC is reported as a liability in the business-type activities in the statement of net position as net OPEB obligation.	(1,876,024)
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.	(997,157)
Net Position of Business-Type Activities	$ 812,128,913

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2013

	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	$ 185,614,000	$ 913,808	$ 186,527,808	$ 804,960
Merchandise sales	-	60,380	60,380	-
Tournaments	-	96,527	96,527	-
Concessions	-	64,952	64,952	-
Miscellaneous	-	3,481	3,481	-
Total Operating Revenues	185,614,000	1,139,148	186,753,148	804,960
Operating Expenses				
Cost of sales and services	133,951,000	513,527	134,464,527	292,095
Personal services and benefits	-	455,275	455,275	-
Depreciation	27,964,000	501,946	28,465,946	-
Claims	-	-	-	238,109
Total Operating Expenses	161,915,000	1,470,748	163,385,748	530,204
Operating Income (Loss)	23,699,000	(331,600)	23,367,400	274,756
Non-Operating Revenues (Expenses)				
Interest income	1,329,000	874	1,329,874	3,134
Net increase (decrease) in fair value of investments	(6,025,000)	-	(6,025,000)	-
Miscellaneous income	191,000	-	191,000	-
Income (loss) from joint ventures	-	(745,421)	(745,421)	-
Total Non-Operating Revenues (Expenses)	(4,505,000)	(744,547)	(5,249,547)	3,134
Income Before Contributions and Transfers	19,194,000	(1,076,147)	18,117,853	277,890
Transfers in (out)	(8,944,000)	563,545	(8,380,455)	-
Change in Net Position	10,250,000	(512,602)	9,737,398	277,890
Net Position Beginning of Year	778,523,000	27,994,784	806,517,784	702,557
Net Position End of Year	$ 788,773,000	$ 27,482,182	$ 816,255,182	$ 980,447

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Net Position of Proprietary Funds to the Statement of Activities
For the Year Ended December 31, 2013

Changes in Fund Net Position - Total Business-Type Activities		$ 9,737,398
Amounts reported for Business-Type Activities in the Statement of Activities are different because:		
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 position. The change in the asset or liability is as follows:		
Increase in net pension obligation attributable to business-type activities	(1,253,088)	
Increase in net OPEB obligation attributable to business-type activities	(1,876,024)	(3,129,112)
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.		70,416
Change in Net Position of Business-Type Activities		$ 6,678,702

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013

	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	$ 181,219,000	$ 1,148,559	$ 182,367,559	$ -
Cash received from overparity in transmission facilities	2,177,000	-	2,177,000	-
Cash received from interfund services provided	-	-	-	756,960
Cash payments to employees for services	(20,079,000)	(451,120)	(20,530,120)	-
Cash payments for goods, services, claims, and fees	(105,873,000)	(522,309)	(106,395,309)	(635,220)
Net Cash Provided by (Used in) Operating Activities	57,444,000	175,130	57,619,130	121,740
Cash Flows from Investing Activities				
Interest on investments	1,263,000	874	1,263,874	3,134
Sales and maturity of investment securities	30,316,000	-	30,316,000	-
Purchases of investment securities	(34,629,000)	-	(34,629,000)	-
Net Cash Provided by (Used in) Investing Activities	(3,050,000)	874	(3,049,126)	3,134
Cash Flows from Noncapital Financing Activities				
Proceeds from interfund loans	-	15,775	15,775	-
Transfers out	(8,944,000)	-	(8,944,000)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	(8,944,000)	15,775	(8,928,225)	-
Cash Flows from Capital and Related Financing Activities				
Payments on interfund loan	-	(62,500)	(62,500)	-
Acquisition of capital assets	(43,697,000)	(79,910)	(43,776,910)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(43,697,000)	(142,410)	(43,839,410)	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,753,000	49,369	1,802,369	124,874
Cash and Cash Equivalents Beginning of Year	9,838,000	322,994	10,160,994	1,184,207
Cash and Cash Equivalents End of Year	$ 11,591,000	$ 372,363	$ 11,963,363	$ 1,309,081

(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, 2013

	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)	$ 23,699,000	$ (331,600)	$ 23,367,400	$ 274,756
Adjustments:				
Depreciation	27,964,000	501,946	28,465,946	-
Amortization	4,542,000	-	4,542,000	-
(Increase) Decrease in Assets:				
Accounts receivable	(2,229,000)	845	(2,228,155)	(48,000)
Interfund receivable	-	24,975	24,975	-
Fuel stocks	(739,000)	-	(739,000)	-
Inventory	(81,000)	(68,411)	(149,411)	-
Increase (Decrease) in Liabilities:				
Accounts payable	4,539,000	8,935	4,547,935	-
Interfund payable	-	25,719	25,719	-
Unearned revenue	-	8,566	8,566	-
Accrued wages	-	438	438	-
Other	(251,000)	3,717	(247,283)	-
Claims payable	-	-	-	(105,016)
Net Cash Provided by (Used in) Operating Activities	$ 57,444,000	$ 175,130	$ 57,619,130	$ 121,740
Noncash Investing, Capital, and Financing Activities				
Net increase (decrease) in fair value of investments	$ (6,025,000)	$ -	$ (6,025,000)	$ -
Accrued property additions at year end	$ 1,400,000	$ -	$ 1,400,000	$ -

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Fiduciary Funds
December 31, 2013

	Pension Trust Fund	OPEB Trust Fund	Municipal Court Agency Fund
Assets			
Cash and cash equivalents	$ 560,625	$ -	$ 61,613
Investments, at fair value:			
Georgia Municipal Employees Benefit System OPEB Trust Fund	-	4,699,904	-
MetLife large cap index equity fund	32,724,389	-	-
MetLife small cap index equity fund	9,539,607	-	-
MetLife fixed income guaranteed account	32,265,461	-	-
Contributions receivable	552,274	-	-
Total Assets	75,642,356	4,699,904	61,613
Liabilities			
Current Liabilities:			
Accounts payable	2,335	-	17,097
Other liabilities	-	-	44,516
Total Current Liabilities	2,335	-	61,613
Net Position			
Held in trust for pension and other post employment benefits	$ 75,640,021	$ 4,699,904	$ -

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 Position - Fiduciary Funds
For the Year Ended December 31, 2013

	Pension Trust Fund	OPEB Trust Fund
Additions		
Contributions:		
Employer	$ 4,374,373	$ -
Plan members	856,937	159,644
Total contributions	5,231,310	159,644
Investment income:		
Interest and dividends	743,561	103,944
Net increase (decrease) in fair value of investments	9,443,161	822,301
Total investment income	10,186,722	926,245
Less: investment expense	138,138	15,282
Net investment earnings	10,048,584	910,963
Total Additions (Reductions)	15,279,894	1,070,607
Deductions		
Administrative expenses	48,360	9,050
Premium payments	-	687,316
Benefit payments	6,350,442	-
Total Deductions	6,398,802	696,366
Change in Net Position	8,881,092	374,241
Net Position Beginning of Year	66,758,929	4,325,663
Net Position End of Year	$ 75,640,021	$ 4,699,904

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Notes to the Basic Financial Statements
December 31, 2013

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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 the DDDA. The DDDA's power to issue bonds, notes, or other obligations is not subject to approval by 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, 2013, 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: 100 S. Hamilton Street, 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, 2013, the City paid $50,020 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 position 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 position 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 position 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 eleven 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 – The City's nonmajor governmental funds include special revenue funds, capital projects funds, and a debt service fund. The special revenue funds include the community development block grant, community home investment grant, hotel motel tax, confiscated assets, transportation enhancement grant, airport improvement grant, and trail grant funds. The capital projects funds include the capital projects fund, the SPLOST fund, and the capital acquisition fund.

1-B Basis of Presentation (continued)

Proprietary funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, 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, a public utility providing electric, natural gas, water, wastewater, and information technology services to the City and to customers in Dalton, Whitfield County, and portions of Murray, Gordon, Catoosa, and Floyd counties.

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 position. 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 position. 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 position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total position. 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 position presents the trust funds' assets, liabilities, and net position. The statement of changes in fiduciary net position reports additions and deductions to net position. 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 GASB accounting for the effects of rate regulation. In the event that a portion of the WLSF Commission's operations are no longer subject to the provisions of GASB'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 of 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. 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, and certain reserve requirements. In addition, no funds obtained from ad valorem taxes are to be used for operating and maintenance expenses of the WLSF 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 $7,300,000 for the year ended December 31, 2013.

In the information technology sector, the WLSF Commission has adopted the industry standard of billing customers in advance for telecommunication services. Such amounts are recorded on the statement of net position and recognized as revenues in the periods the services are provided. Unearned revenues included in accounts payable and accrued expenses were $556,000 for the year ended December 31, 2013.

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 2013, total MWhs sold back to Southern Power Company totaled 18,300, with proceeds of $600,000, which are 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 position.

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
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- 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 Position 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 position.

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 position, 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.

The WLSF Commission values inventory, including fuel stocks, using the average cost method. Storage gas inventory is stated at the lower of cost or market using the weighted average cost method. No lower of cost or market adjustment was recorded as of December 31, 2013

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2013 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 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 position 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 position and in the enterprise funds' statement of net position.

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 obligated under certain capital leases, independently and with the City of Dalton Building Authority, a component unit, as disclosed in Note 3-H, as of December 31, 2013.

Participation in electric generation and transmission facilities - 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 following facilities:

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%

In addition, the WLSF Commission is a joint owner of the new nuclear units under construction at Plant Vogtle ("Vogtle Units 3 and 4"). At December 31, 2013, the portion of total work in progress related to Vogtle Units 3 and 4 was $90.6 million. See Note 4-B for additional information about the Vogtle nuclear development projects.

The WLSF Commissions' proportionate share of direct expenses for joint operation of the above plants is included in the corresponding operating expense captions in the accompanying statements of revenues, expenses, and changes in fund net position. The WLSF Commission is responsible for providing its own financing for its ownership in the above plants.

1-E-7 Capital Assets (continued)

WSLF Commission utility plant - Utility plant constructed or purchased by the WLSF Commission is stated at cost, which includes material and labor costs and applicable overheads. Property received as a contribution is recorded at its estimated fair value on the date received. The costs 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 capital asset system for all post-1998 utility plant records. 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 WLSF Commission defines capital assets 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 disposed of in the normal course of business which does not have detailed property records is estimated by management. Property retirements and disposals totaled $900,000 during 2013. The property retired or disposed of in the normal course of business approximates its original cost.

In accordance with GASB's accounting for the impairment of capital assets, the WLSF Commission periodically evaluates the carrying value of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The WLSF Commission is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the WLSF Commission will be reported at the lower of carrying value or fair value. There were no impairments in 2013.

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 $4,500,000 during 2013.

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 2.6% in 2013, 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
Wastewater system	40-50 years
Information technology system	5-20 years

Depreciation studies are conducted periodically to update the composite rates that are approved by the Commission Board. When property subject to composite rates is retired or otherwise disposed of in the normal course of business, its original cost, together with the cost of removal, less salvage, is charged to accumulated depreciation. For other property dispositions, the applicable cost and accumulated depreciation are removed from the statement of net position accounts and a gain or loss is recognized.

1-E-7 Capital Assets (continued)

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 sufficient funds to the external trust to ensure that, over time, the deposits and earnings of the trust will provide the minimum funding amounts prescribed by the NRC.

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 completed in 2012 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	2068	2071
Site study cost	$ 1,458,905,000	$ 1,409,239,000
WLSF's portion	2.2%	1.6%
	$ 32,096,000	$ 22,548,000

The decommissioning periods and site study costs for Plant Vogtle Units 1 and 2 reflect the extended operating license approved by the NRC in 2009. 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 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, 2013, 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.

1-E-8 Parity Income (continued)

The WLSF Commission's total investment in ITS facilities at December 31, 2013 was $83,700,000. During 2012, the Commission sold 60.7 line miles from its ITS parity investment to Georgia Transmission Corporation for cash considerations of $8,400,000. The Commission realized a gain of approximately $6,500,000 on the sale of its transmission line, which will be recognized to income ratably over the remaining useful life it its ITS facilities (approximately 38 years). In 2013, the WLSF Commission increased its investment in ITS facilities based on its forecasted use of the ITS system, which was previously approved by the Georgia Transmission Corporation and the Municipal Electric Authority of Georgia. Parity income for the year ended December 31, 2013 totaled $2,200,000.

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 Unearned Revenue

WLSF Commission unearned revenue - TVA right of use - During 1999, the WLSF Commission granted a right of use over a portion of its 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 unearned revenue and is recognizing the revenue from this agreement on a straight-line basis over the twenty-year period.

1-E-12 Bond Premiums, Discounts, and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, 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-13 Net Position and Fund Balances

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

Net investment in capital assets - 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 net investment in capital assets.

Restricted net position - 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 position - Unrestricted net position represents 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.

It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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 majority vote of the City Council, the City's highest level of decision making authority, by resolution. Commitments may only be modified or rescinded by a majority vote of the Council. Commitments must be adopted prior to the end of the year; however, the amount to be committed may be determined up to 120 days after year end. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

4) **Assigned fund balance** - Amounts intended by the City Council for specific purposes. Under the City's adopted policy, amounts may be assigned by the finance committee, under the authorization of the City Council. Amounts appropriated to eliminate a projected deficit in the subsequent year's budget shall constitute assignments and are documented by adoption of the City's annual operating budget. Equity amounts reported in special revenue funds, capital projects funds, and debt service funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments of fund balance.

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 position on the statement of net position. Committed, assigned, non-spendable, and unassigned fund balances are considered unrestricted net position on the statement of net position.

1-E-13 Net Position and Fund Balances (continued)

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-14 Deferred Outflows/Inflows of Resources

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of January 1, 2012. These new standards establish accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of financial position.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category.

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

The WLSF Commission implemented the above statements effective January 1, 2013. GASB Statement No. 65 requires that the $6,500,000 deferred gain on the sale of transmission assets be reported as a deferred inflow of resources instead of a liability.

1-E-15 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, wastewater, 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 and changes in the fair value of investments. Non-operating expenses include interest expense on debt.

1-E-16 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.

1-E-16 Interfund Activity (continued)

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-17 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. Significant management estimates include the estimation of pension and OPEB liabilities and the useful lives of depreciable assets. Significant management estimates related to the WLSF Commission include the estimation of unbilled revenues, the impacts of regulation, and the valuation of investments.

1-E-18 Major Customers

WLSF Commission sales to one major customer for the year ended December 31, 2013 comprised approximately 14% of total sales and 15% of electricity sales. No other customer accounted for more than ten percent of the WLSF Commission's sales during 2012.

The DWRSWMA's fee revenue from four major customers during the year ended December 31, 2013 totaled approximately 36% of total fee revenue. The largest of these comprised 11% of fee revenue for the year then ended.

1-E-19 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 2012 amounts have been reclassified to conform to the 2013 presentation, with no material impact on total assets, total liabilities, total net position, 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 – 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 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	$ 32,724,389	Not Rated
MetLife Small Cap Index Fund	9,539,607	Not Rated
MetLife Guaranteed Adjusted Index Value Account	32,265,461	Not Rated
Total Pension Trust Fund Investments	$ 74,529,457	
Georgia Municipal Employees Benefit System OPEB Trust Account	$ 4,699,904	Not Rated
Total OPEB Trust Fund Investments	$ 4,699,904	

Investments (WLSF Commission) – 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 WLSF Commission's formal investment policy does not limit 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 WLSF 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 and cash equivalents	Not Rated	$ 4,359,000	$ 4,359,000	$ -	$ -	$ -
Federal Home Loan Bank	AAA/Aaa	29,076,000	-	5,158,000	3,354,000	20,564,000
Federal Home Loan Mortgage Corporation	AAA/Aaa	1,491,000	-	-	1,491,000	-
Federal National Mortgage Association	AAA/Aaa	17,600,000	-	4,004,000	1,905,000	11,691,000
Federal Farm Credit Banks	AAA/Aaa	9,125,000	-	6,177,000	2,948,000	-
Coupons (U.S. Strip)	AAA/Aaa	5,142,000	-	5,142,000	-	-
Coupons (Resolution Fund Corporation)	AAA/Aaa	6,529,000	-	2,189,000	4,340,000	-
Total		$ 73,322,000	$ 4,359,000	$ 22,670,000	$ 14,038,000	$ 32,255,000

3-B Receivables

Receivables at December 31, 2013 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, 2013 consists of uncollected property taxes levied during the year ended December 31, 2013 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 2013	$	939,755
Tax year 2012		109,034
Tax year 2011		45,793
Tax year 2010		13,584
Tax year 2009		20,891
Tax year 2008		19,671
Tax year 2007		4,280
Tax year 2006		307
Tax year 2005		778
Tax years 2004 and prior		26
Total taxes receivable		1,154,119
Allowance for uncollectible taxes		(11,541)
Reported property tax receivable	$	1,142,578
Taxes uncollected 60 days subsequent to year end, net of allowance, reported as deferred revenue	$	917,500

3-D Capital Assets

Governmental capital asset activity for the year ended December 31, 2013, was as follows:

	Balance 12/31/2012	Additions	Reclass-ifications	Disposals	Balance 12/31/2013
Capital assets not being depreciated:					
Land	$ 17,306,743	$ 1,827,703	$ -	$ -	$ 19,134,446
Construction in progress	1,041,057	820,192	(366,395)	-	1,494,854
Total capital assets not being depreciated	18,347,800	2,647,895	(366,395)	-	20,629,300
Other capital assets:					
Land improvements	25,634,526	1,061,879	225,483	-	26,921,888
Buildings	31,000,216	-	-	-	31,000,216
Building improvements	3,048,652	14,556	140,912	-	3,204,120
Vehicles	5,067,917	311,156	-	(250,207)	5,128,866
Machinery	10,163,731	133,206	-	-	10,296,937
Equipment	2,461,422	1,300,607	-	(27,043)	3,734,986
Furniture & fixtures	176,692	-	-	-	176,692
Intangibles	1,054,698	23,524	-	-	1,078,222
Bridge and bridge culvert	8,752,560	-	-	-	8,752,560
Streets and streetscape	97,023,653	-	-	-	97,023,653
Mast arm lighting	264,218	-	-	-	264,218
Total other capital assets	184,648,285	2,844,928	366,395	(277,250)	187,582,358
Total cost	202,996,085	5,492,823	-	(277,250)	208,211,658
Accumulated depreciation:					
Land improvements	12,751,592	1,229,745	-	-	13,981,337
Buildings	7,309,316	631,116	-	-	7,940,432
Building improvements	826,179	143,282	-	-	969,461
Vehicles	4,568,615	159,819	-	(250,207)	4,478,227
Machinery	8,476,680	380,454	-	-	8,857,134
Equipment	1,981,682	188,000	-	(21,634)	2,148,048
Furniture & fixtures	129,035	27,045	-	-	156,080
Intangibles	860,384	176,395	-	-	1,036,779
Bridge and bridge culvert	5,793,566	175,051	-	-	5,968,617
Streets and streetscape	81,532,568	1,096,569	-	-	82,629,137
Mast arm lighting	119,189	13,211	-	-	132,400
Total accumulated depreciation	124,348,806	4,220,687	-	(271,841)	128,297,652
Governmental activities capital assets, net	$ 78,647,279	$ 1,272,136	$ -	$ (5,409)	$ 79,914,006

3-D Capital Assets (continued)

Governmental activities depreciation expense

General government	$ 373,786
Judicial	3,384
Public safety	674,868
Public works	1,640,213
Culture and recreation	1,498,770
Health and welfare	29,666
Total governmental activities depreciation expense	$ 4,220,687

Business-type capital asset activity for the year ended December 31, 2013, was as follows:

	Balance at 12/31/12	Additions	Disposals and Reclassifications	Balance at 12/31/13
Capital assets not being depreciated:				
Land	$ 1,664,722	$ -	$ -	$ 1,664,722
Construction in progress	79,538,000	14,250,000	-	93,788,000
Total capital assets not being depreciated	81,202,722	14,250,000	-	95,452,722
Other capital assets:				
Land improvements	7,819,408	-	-	7,819,408
Buildings	3,692,434	-	-	3,692,434
Building improvements	71,054	-	-	71,054
Vehicles	60,814	-	-	60,814
Machinery	183,296	-	-	183,296
Equipment	1,899,381	79,910	-	1,979,291
Utility plant	1,043,879,000	26,427,000	(2,723,000)	1,067,583,000
Total other capital assets	1,057,605,387	26,506,910	(2,723,000)	1,081,389,297
Total cost	1,138,808,109	40,756,910	(2,723,000)	1,176,842,019
Accumulated depreciation:				
Land improvements	3,335,603	292,689	-	3,628,292
Buildings	1,657,375	79,972	-	1,737,347
Building improvements	65,871	216	-	66,087
Vehicles	60,814	-	-	60,814
Machinery	133,655	6,443	-	140,098
Equipment	751,993	122,626	-	874,619
Utility plant	428,661,000	27,964,000	(1,823,000)	454,802,000
Total accumulated depreciation	434,666,311	28,465,946	(1,823,000)	461,309,257
Nuclear fuel, at amortized cost	19,033,000	5,499,000	(4,542,000)	19,990,000
Business-type activities capital assets, net	$ 723,174,798	$ 17,789,964	$ (5,442,000)	$ 735,522,762

3-E Interfund Balances and Transfers

Interfund balances at December 31, 2013 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, 2013 consisted of the following:

	Payable from:			
Payable to:	General fund	Non-major governmental funds	Non-major enterprise funds	Total
General fund	$ -	$ 113,834	$ 157,298	$ 271,132
Non-major governmental funds	81,893	-	-	81,893
Total	$ 81,893	$ 113,834	$ 157,298	$ 353,025

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, 2013 consisted of the following:

	Transfer from:			
Transfer to:	General fund	WLSF Commission fund	Non-major governmental funds	Total
General fund	$ -	$ 8,944,000	$ 221,855	$ 9,165,855
Non-major governmental funds	2,381,464	-	-	2,381,464
Non-major enterprise funds	-	-	563,545	563,545
Total	$ 2,381,464	$ 8,944,000	$ 785,400	$ 12,110,864

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 2013 was approximately $18,000. The annual minimum lease payments under operating leases as of December 31, 2013 are as follows:

2014	$	9,173
2015		6,058
2016		1,620
2017		270
2018		-

3-H Long-term Debt

Notes Payable - On April 8, 2011, 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. The implicit interest rate on the agreement is 0%.

On January 10, 1998, the City, in conjunction with the City of Dalton Board of Education, 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. The outstanding balance on this note at December 31, 2013 is $0. The full amount of the outstanding obligation and related payments are reported in the government-wide statements. The City of Dalton Board of Education is responsible for funding 40% of the annual debt service on the note. Payments received from the City of Dalton Board of Education are reported as program revenue against interest on long term debt on the statement of activities and as intergovernmental revenue in the debt service fund.

On January 10, 1998, the City, in conjunction with the City of Dalton Board of Education, 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. The outstanding balance on this note at December 31, 2013 is $0. The full amount of the outstanding obligation and related payments are reported in the government-wide statements. The City of Dalton Board of Education is responsible for funding 40% of the annual debt service on the note. Payments received from the City of Dalton Board of Education are reported as program revenue against interest on long term debt on the statement of activities and as intergovernmental revenue in the debt service fund.

Note payable debt service requirements to maturity are as follows:

	Principal	Interest	Total
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
	$ 318,000	$ -	$ 318,000

3-H Long-term Debt (continued)

Building Authority Recovery Zone Economic Development Bonds, dated April 8, 2011, were issued in the amount of $5,600,000, with an effective interest rate of 5.4%. The bonds have a 45% federal subsidy rebate on the interest expense, reducing the effective interest rate to 3.0%. 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
2014	$ 235,000	$ 268,577	$ (120,859)	$ 382,718
2015	235,000	260,587	(117,264)	378,323
2016	240,000	251,657	(113,245)	378,412
2017	250,000	241,337	(108,601)	382,736
2018 - 2022	1,345,000	1,017,158	(457,721)	1,904,437
2023 - 2027	1,550,000	621,500	(279,674)	1,891,826
2028 - 2030	1,065,000	134,376	(60,469)	1,138,907
	$ 4,920,000	$ 2,795,192	$ (1,257,833)	$ 6,457,359

During 2012, the City became aware that sequestration cuts at the federal level would result in the above federal subsidy being reduced by an unknown amount. We have not received any formal notification at this time, but the subsidy for 2013 was reduced by $5,383 (4%) from $123,757 to $118,374. The federal government has indicated sequestration cuts will continue, but the duration and amount of those cuts is unknown at this time. However, the City does not believe it will have a material effect on its financial statements.

On January 25, 2013, the City entered into a capital lease agreement with Leasing 2, Inc. for the purchase of a fire truck valued at $1,148,857. The lease, along with interest, totals $1,188,602, and is payable in 5 annual installments beginning January 2013 through January 2017.

Capital lease obligations to maturity are as follows:

Date Due	Payments
2014	$ 237,720
2015	237,721
2016	237,720
2017	237,721
Total minimum lease payments	950,882
Less: amounts representing interest	(39,745)
Present value of minimum lease payments	$ 1,862,019

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 WLSF 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, 2013.

3-H Long-term Debt (continued)

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 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. The net pension obligation will be paid from the pension trust fund. The net OPEB obligation will be paid from the OPEB trust fund. Any remaining net pension obligation or net OPEB obligation which can not be satisfied by those funds will be paid from funds which have participants that comprise the obligation balance. Those will primarily include the general fund and the WLSF Commission fund.

Asset retirement obligations and other costs of removal – The WLSF Commission records asset retirement obligations 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 WLSF 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 statement of net position. These other removal costs are included as an offset to regulatory assets in the statement of net position.

The asset retirement obligation recognized to retire long-lived assets primarily relates to the WLSF Commissions' ownership interests in the jointly owned nuclear plants Hatch and Vogtle, as well as coal ash ponds related to jointly owned coal-fired plants Wansley and Scherer. The WLSF Commission recognizes in the statement of revenues, expenses, and change in fund net position 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.

Changes in long-term liabilities - The City's long-term obligations consisted of the following at December 31, 2013:

	Outstanding 12/31/2012	Additions	Reductions	Outstanding 12/31/2013	Amounts Due in One Year
Governmental activities:					
Capital leases payable	$ 5,150,000	$ 1,148,857	$ (467,720)	$ 5,831,137	$ 456,958
Notes payable	453,484	-	(135,484)	318,000	53,000
Compensated absences	3,966,371	974,365	(793,643)	4,147,093	790,000
Total governmental activities	$ 9,569,855	$ 2,123,222	$ (1,396,847)	$ 10,296,230	$ 1,299,958
Business-type activities					
Deferred credit - TVA right of use	$ 317,000	$ -	$ (50,000)	$ 267,000	$ 50,000
Deferred gain on sale of transmission	6,448,000	-	(6,448,000)	-	-
Accrued construction retention	2,180,000	380,000	-	2,560,000	-
Asset retirement obligations	36,954,000	1,525,000	-	38,479,000	-
Compensated absences	84,619	23,848	(20,131)	88,336	23,800
Total business-type activities	$ 45,983,619	$ 1,928,848	$ (6,518,131)	$ 41,394,336	$ 73,800

3-I Pensions

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

The Pension Plan is a defined benefit single employer public employee retirement system. All full-time employees of a participating employer who were hired prior to July 1, 2002 are eligible to participate in the Pension Plan after completing six months of service as a covered employee, except that the Mayor, Councilmembers, Commissioners, and Authority Members are not eligible to participate in the Pension Plan. Participating employers include: the City, including the Public Safety Commission, the WLSF Commission, and the Recreation Commission; the Northwest Georgia Trade and Convention Center Authority; the Dalton-Whitfield Convention and Visitors Bureau; and the Dalton-Whitfield Regional Solid Waste Management Authority. Employees who began work after this July 1, 2002 are eligible for participation in the defined contribution plan (Note 3-K). The Pension 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 1.8% of their average monthly compensation, multiplied by their years of credited service for which they were employed by a participating employer 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 participant's average monthly compensation is equal to the average of the participant's highest 36 consecutive basic monthly earnings during their last 120 months of employment; basic monthly earnings are equal to total compensation for a calendar year, excluding lump sum payments for severance and unused sick and vacation leave, and are deemed to be earned uniformly throughout each calendar year; annual compensation is limited to $200,000 per year. Monthly pension benefits will be paid as a life annuity to the participant, with ten years guaranteed. Pension Plan provisions include a 55% survivor annuity payable to the participant's surviving spouse, commencing after the ten years of the full benefit amount. The surviving spouse may receive death benefits for life.

Pension Plan 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 by which the participants early retirement age precedes their normal retirement age.

Current membership of active and inactive participants as of the most recent Pension Plan valuation date of January 1, 2014 is as follows:

Actively employed participants		311
Average age		47.6 years
Average service		17.9 years
Total annualized compensation for the prior year	$	16,663,389
Participants receiving a benefit		
Service retirees		270
Beneficiaries		57
Inactive participants - deferred; vested		13

3-I Pensions (continued)

Funding policy - In accordance with the most recent actuarial report for the year ended December 31, 2013, the Pension Plan's funding policy for employers should be increased from 35.21% (at the last valuation date for the year ended December 31, 2012) to 39.4% of covered payroll to adequately fund the Pension Plan's ongoing costs and an amortization of the unfunded actuarial accrued liability over a 10 year period with level dollar payments. Employees are required to pay 5% of their pensionable earnings to the Pension Plan. The funding policy of the Pension Plan is established and may be amended by the Mayor and the Council.

A schedule of the Pension Plan's annual required employer contributions is as follows:

Schedule of employer contributions

Year Ended December 31,	Employer contribution	Annual required contribution	Percentage contributed	Annual pension cost	Percentage contributed	Net pension obligation
2013	$ 4,374,373	$ 6,393,950	68%	$ 6,397,235	68%	$ 2,187,999
2012	4,495,686	4,394,917	102%	4,391,961	102%	165,137
2011	3,977,435	4,034,768	99%	4,032,416	99%	268,862
2010	3,657,993	3,866,060	95%	3,865,995	95%	213,881
2009	3,214,925	3,572,850	90%	3,571,073	90%	5,879
2008	2,624,838	2,833,927	93%	2,835,259	93%	(350,269)

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 Pension 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 statement of net position. Benefits and refunds of the Pension Plan are recognized when due and payable in accordance with the terms of the Pension Plan. All contributions to the Pension Plan, less any administrative expenses paid out, are invested into insurance contracts with the Metropolitan Life Insurance Company. The Pension Plan's investment contracts are 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. As of the latest actuarial valuation, for the year ended December 31, 2013, the actuarial value of assets was $75,640,022 and the accrued actuarial liability was $114,079,626, resulting in an unfunded accrued actuarial liability of $38,439,604. The Pension Plan has a current funded ratio of 66%. Covered payroll for the year totaled $17,324,713. The unfunded accrued actuarial liability as a percentage of covered payroll is 222%.

3-I Pensions (continued)

Annual pension cost – The City's last valuation was dated January 1, 2014, effectively for the 2013 year. The City is required to obtain an actuarial valuation once every two years. The City's annual pension cost and net pension obligation per the January 1, 2014 valuation and effective at December 31, 2013, were determined as follows:

Development of the net pension obligation		
Net pension obligation as of December 31, 2012	$	165,137
Annual pension cost for the 2013 plan year		6,397,235
Employer contributions for the 2013 plan year		(4,374,373)
Net pension obligation as of December 31, 2013	$	2,187,999
Development of the annual required contribution		
Employer normal cost	$	1,655,275
Amortization of the unfunded accrued actuarial liability		4,823,750
Amortization of the net pension obligation		291,142
Interest adjustment		241,491
Annual required contribution	$	7,011,658
Development of the annual pension cost		
Annual required contribution	$	7,011,658
Interest on the net pension obligation		153,160
Adjustment to the annual required contribution		(291,142)
Annual pension cost	$	6,873,676
Basis of valuation		
Current valuation date		January 1, 2014
Actuarial cost method		Projected unit credit
Amortization method		Level dollar; open
Remaining amortization period		15 years; open
Asset valuation method		Market value
Discount rate		7.0%
Salary increase rate (Merit 4%, inflation 0%)		4.0%
COLA increases		0.0%

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

3-J Other Post Employment Benefits

Plan description - The City of Dalton OPEB Plan ("OPEB Plan") was established to provide other post employment benefits for eligible retirees and beneficiaries. The OPEB 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 OPEB Plan administrator. The Mayor and Council hold the authority to amend or establish benefit provisions and employee and employer contribution rates. The OPEB Plan does not issue separate financial statements.

3-J Other Post Employment Benefits (continued)

The OPEB Plan is a single employer defined benefit healthcare plan, providing both health and life insurance at the same levels afforded to active employees. The OPEB 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 OPEB 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 OPEB 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.

Membership in the Plan consisted of the following at December 31, 2011:

Active participants	599
Average age	42.57
Average service	12.08
Inactive participants (retirees & spouses)	131
Average age	58.32

Funding policy - The City had an actuarial valuation performed as of January 1, 2012. The Mayor and Council determine the funding level on an annual basis. The City intends to maintain the trust fund for the OPEB Plan until it has been depleted. The City does not intend to make any further contributions to the trust. The City intends to discontinue benefits to retirees once the trust fund has been depleted.

Eligible retirees and dependents are required to share in the cost of health insurance coverage. Annual contribution rates for 2013 are as follows:

Coverage	Annual rate
Employee	$ 780
Employee + 1	2,580
Family	3,600

The OPEB Plan's annual required employer contributions for the plan years 2013, 2012, and 2011 were $940,300, $914,400, and $1,365,000, respectively. Employer contributions for the plan years 2013, 2012, and 2011 were $0, $0, and $534,734, respectively, equal to 0%, 0%, and 40% of the annual required contribution for each year.

Summary of significant accounting policies – The 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 OPEB Plan. The net appreciation (depreciation) in the fair value of investments held by the OPEB Plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the statement of net position. All contributions to the OPEB Plan, less any administrative expenses paid out, 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 OPEB Plan is as follows, based upon the most recent actuarial valuation as of January 1, 2012. No additional actuarial valuations will be obtained, as it is the City's intention to discontinue benefits and close the OPEB Plan once the trust fund has been depleted.

Schedule of funding progress

Year ended December 31,	Actuarial value of assets	Actuarial accrued liability (AAL)	Unfunded AAL (UAAL)	Funded ratio	Covered payroll	UAAL as a % of covered payroll
2011	$4,322,800	$ 11,519,500	$ 7,196,700	38%	$ 26,861,093	27%
2009	3,813,200	14,237,100	10,423,900	27%	25,166,142	41%
2007	-	14,401,403	14,401,403	0%	29,210,495	49%
2005	-	15,746,132	15,746,132	0%	29,181,022	54%

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
2013	$ 3,297,000	$ 940,300	$ 175,800	$ (208,600)	$ 907,500	$ -	$ 4,204,500
2012	2,412,100	914,400	174,900	(204,400)	884,900	-	3,297,000
2011	1,579,300	1,365,000	123,800	(139,300)	1,349,500	534,700	2,412,100
2010	866,700	1,302,000	67,200	(74,700)	1,294,500	563,900	1,597,300
2009	854,200	1,838,000	68,300	(71,600)	1,834,700	1,822,300	866,700

Derivation of Annual OPEB Cost	
Annual required contribution	$ 940,300
Interest on net OPEB obligation	175,800
Annual required contribution adjustment	(208,600)
Annual OPEB cost	$ 907,500

Derivation of Net OPEB Obligation	
Net OPEB obligation as of December 31, 2012	$ 3,297,000
Annual OPEB cost	907,500
Employer contributions	-
Net OPEB obligation as of December 31, 2013	$ 4,204,500

Basis of Valuation	
Current valuation date	January 1, 2012
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, closed, 29 years
Remaining amortization period	25 years
Asset valuation method	Market value
Investment rate of return	7.25%
Inflation rate	2.50%
Medical cost trend rate	8.5%, decreasing at .5% per year until a rate of 5.0% is reached

3-J Other Post Employment Benefits (continued)

Actuarial valuations of an ongoing OPEB 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 OPEB Plan and the annual required contribution 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 OPEB Plan at the time of each valuation and on the pattern of sharing costs between the employer and OPEB Plan members to that point.

Trend information for the OPEB Plan:

Schedule of employer contributions

Year Ended December 31,	Employer contribution	Annual required contribution	Percentage contributed	Annual OPEB cost	Percentage contributed	Net OPEB obligation
2013	$ -	$ 940,300	0%	$ 907,500	0%	$ 4,204,500
2012	-	914,400	0%	884,900	0%	3,297,000
2011	534,734	1,365,000	39%	1,349,500	40%	2,412,100
2010	563,866	1,302,000	43%	1,294,500	44%	1,597,300
2009	1,822,300	1,838,000	99%	1,834,800	99%	866,700
2008	1,971,700	1,812,600	109%	1,809,600	109%	854,200

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 Pension Plan (Note 3-I). 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 approved the Retirement Plan, maintain it, and are the authority under which the contribution requirements are established or may be amended. The Mayor and Council engaged VALIC to administer the Retirement Plan. All full-time employees who have completed six months of continuous service are eligible to participate in the Retirement Plan. The Retirement 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 2013, employee contributions totaled $298,538 and employer contributions totaled $195,945.

3-L Net Position

Net investment in capital assets reported on the government-wide statement of net position as of December 31, 2013 is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Cost of captial assets	$ 208,211,658	$ 1,196,832,019	$ 1,405,043,677
Less: accumulated depreciation	128,297,652	461,309,257	589,606,909
Book value	79,914,006	735,522,762	815,436,768
Less: capital related debt and accrued interest	6,283,425	-	6,283,425
Less: asset retirement obligations	-	38,479,000	38,479,000
Less: accrued construction retention	-	2,560,000	2,560,000
Less: deferred inflows of resources	-	6,276,000	6,276,000
Add: regulatory asset	-	9,883,000	9,883,000
Net investment in capital assets	$ 73,630,581	$ 698,090,762	$ 771,721,343

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, 2013, interutility sales were as follows:

Electric	$ 4,431,000
Natural gas	13,000
Water	202,000
Wastewater	135,000
Information technology	2,406,000
Total	$ 7,187,000

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	$ 1,170,315
Expenditures for promotion of tourism and support:	
Northwest Georgia Trade and Convention Center Authority	563,545
Dalton Area Convention and Visitors Bureau	339,549
Other tourism expenditures	269,974
Total expenditures	$ 1,173,068
Percentage of expenditures to revenue	100.2%

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 eventually be closed and remaining activity will be reported in the general fund. 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 workers compensation 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, 2013. The private insurance carriers estimated claims incurred but not paid at December 31, 2013 were $374,290. 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, 2013, 2012, and 2011 there were no settlements in excess of insurance coverage.

The City of Dalton Board of Education also participates in the workers' compensation fund. Nineteen percent of the liability is attributable to the City of Dalton Board of Education. The City of Dalton Board of Education is a separate and distinct organization operating under state legislation and is not a component unit of the City.

4-B Risk Management (continued)

Year	Beginning of fiscal year liability	Current year claims and changes in estimates	Current year claim payments	End of fiscal year liability
Workers compensation fund:				
2013	$ 479,306	$ 412,201	$ (517,217)	$ 374,290
2012	603,035	459,620	(583,349)	479,306
2011	1,099,412	574,087	(1,070,464)	603,035
Health insurance fund				
2013	$ -	$ 4,986	$ (4,986)	$ -
2012	-	(1,303)	1,303	-
2011	-	(1,220)	1,220	-

The workers' compensation and health insurance internal service funds had a net increase in net position in 2013. This change in net position 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. The following table shows the allocation of the net change to each function and activity.

	Net income allocated
Governmental activities:	
General government	$ (1,592)
Public safety	49,786
Public works	150,077
Culture & recreation	9,203
Total governmental activities	207,474
Bueiness-type activities:	
WLSF Commission	70,416
Total business-type activities	70,416
	$ 277,890

Of the total allocation to the governmental activities public works function, $59,648 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 $127,317,750 per incident for each licensed reactor operated by it, but not more than $18,963,000 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 $1,981,304 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

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 original estimated certified cost for the WLSF Commissions' 1.6% of the total cost was $174 million. The sources of construction funds for the WLSF 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, 2013, the WLSF Commission has spent $90.6 million on the new nuclear units under construction, all of which is included in "construction in progress" in the financial statements.

In April 2008, GPC, acting as agent for Georgia Power Company, Oglethorpe Power Corporation, the Municipal Electric Authority of Georgia, and the WLSF Commission (collectively, "Owners"), and a consortium consisting of Westinghouse Electric Company LLC ("Westinghouse") and Stone & Webster, Inc. (collectively, "Contractor") 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 Contractor 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 Contractor under the Vogtle 3 & 4 Agreement.

4-C Commitments and Contingent Liabilities (continued)

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 Contractor. The Contractor may terminate the Vogtle 3 & 4 Agreement under certain circumstances, including delays in the receipt of the combined construction and operating license ("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 COLs were received on February 10, 2012. Receipt of the COLs allowed full construction to begin on Vogtle Units 3 and 4.

In 2012, the Owners and the Contractor began negotiations regarding the costs associated with design changes to the design control document ("DCD") and the delays in the timing of approval of the DCD and the issuance the COLs, including the assertion by the Contractor that the Owners are responsible for these costs under the terms of the Vogtle 3 and 4 Agreement. The Contractor's estimated adjustments attributable to the WLSF Commission, based on its ownership interest, are approximately $14 million with respect to these issues. The Contractor also has asserted it is entitled to further schedule extensions. The Owners have not agreed with either the proposed cost or schedule adjustments or that they have any responsibility for costs related to these issues. In 2012, the Owners filed suit against the Contractor in the U.S. District Court for the Southern District of Georgia seeking a declaratory judgment that the Owners are not responsible for these costs. Later in 2012, the Contractor filed suit against the Owners in the U.S. District Court for the District of Columbia alleging the Owners are responsible for these costs. In August 2013, the U.S. District Court for the District of Columbia dismissed the Contractor's suit, ruling that the proper venue is the U.S. District Court for the Southern District of Georgia. The Contractor appealed the decision to the U.S. Court of Appeals for the District of Columbia Circuit in September 2013. While litigation has commenced and the Owners intend to vigorously defend their position, the Owners expect negotiations with the Contractor to continue with respect to cost and schedule, during which negotiations the parties may reach a mutually acceptable compromise of their positions.

In February 2013, GPC requested an amendment to the certificate to increase the estimated in-service capital cost of Vogtle Units 3 and 4 and to extend the estimated in-service dates to the fourth quarter of 2017 and the fourth quarter of 2018 for Vogtle Units 3 and 4, respectively. The WLSF Commissions' share of the expected cost increase would be approximately $14 million.

In addition, processes are in place that are designed to assure compliance with the requirements specified in the DCD and the COLs, including 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. As a result of such compliance processes, certain license amendment requests have been filed and approved or are pending before the NRC. Various design and other licensing based compliance issues are expected to arise as construction proceeds, which may result in additional license amendments or require other resolution. If any license amendment requests are not resolved in a timely manner, there may be delays in the project schedule that could result in increased costs either to the Owners, the Contractor, or both.

As construction continues, the risk remains that additional challenges in the fabrication, assembly, delivery, and installation of structural modules, delays in the receipt of the remaining permits necessary for the operation of Plant Vogtle Units 3 & 4, or other issues could arise and may further impact project schedule and cost. Additional claims by the Contractor or the Owners are also likely to arise throughout construction. These claims may be resolved through formal or informal dispute resolution procedures under the Vogtle 3 and 4 Agreement, but also may be resolved through litigation.

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

4-C Commitments and Contingent Liabilities (continued)

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.S. 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 WLSF 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 indefinite extension by the EPD on its existing permit while its application for a reissuance of the five year permit is evaluated.

Fuel commitments - The WLSF Commission has entered into various long-term commitments for the procurement and deliver of natural gas and electricity to consumers, which are not recognized on the statement of net position. In 2013, the WLSF Commission incurred purchased gas expense of $14,100,000 and purchased electricity expense of $43,700,000, the majority of which was purchased under long-term commitments. The WLSF Commission expects that a substantial amount of its future gas and purchased electricity needs will continue to be purchased under long-term commitments.

4-D Joint Ventures

The City participates with Whitfield County in the Dalton-Whitfield Regional Solid Waste Management Authority. All budgetary and financial records are maintained by the City of Dalton. The DWRSWMA issued separate audited financial statements dated May 1, 2014.

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 reported as an enterprise 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.

4-D Joint Ventures (continued)

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	$ 2,220,000	$ 1,765,000	$ 7,205,000
Post-closure	$ 700,000	$ 1,707,000	2,150,000	1,490,000	1,243,000	7,290,000
	700,000	1,707,000	5,370,000	3,710,000	3,008,000	14,495,000
Percentage of total landfill capacity used as of December 31, 2013	100.0%	100.0%	100.0%	49.6%	57.6%	
	700,000	1,707,000	5,370,000	1,840,000	1,733,000	11,350,000
Land acquisition	50,000	-	-	-	-	50,000
Accrual at 12/31/13	$ 750,000	$ 1,707,000	$ 5,370,000	$ 1,840,000	$ 1,733,000	$ 11,400,000

The DWRSWMA will record the remaining estimated cost of closure and post-closure care costs of $3,095,000 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 2013. 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 July 18, 2013, the DWRSWMA was in compliance for closure and post-closure care financial assurance requirements for the 2012 year.

4-D Joint Ventures (continued)

Condensed audited financial statements for the DWRSWMA at December 31, 2013 are as follows:

Assets		
Current assets	$	15,705,218
Capital assets-net		20,559,759
Total assets	$	36,264,977
Liabilities and Net Position		
Current liabilities	$	417,486
Non-current liabilities		11,857,814
Net position		23,989,677
Total liabilities and net position	$	36,264,977
Statement of Revenues and Expenses		
Operating revenues	$	5,404,311
Operating expenses		(4,039,556)
Depreciation		(1,466,334)
Operating income (loss)		(101,579)
Non-operating revenues (expenses)		(273,921)
Change in net position		(375,500)
Beginning net position		24,365,177
Ending net position	$	23,989,677

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 Trade Center issued separate audited financial statements dated April 28, 2014.

The City and Whitfield County share equally in operations of the Trade Center, 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 reported as an enterprise 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.

4-D Joint Ventures (continued)

Condensed audited financial statements for the Trade Center at December 31, 2013 are as follows:

Assets		
Current assets	$	559,269
Capital assets-net		9,526,153
Total assets	$	10,085,422
Liabilities and Net Position		
Current liabilities	$	292,818
Net position		9,792,604
Total liabilities and net position	$	10,085,422
Statement of Revenues and Expenses		
Operating revenues	$	1,173,294
Operating expenses		(1,895,936)
Depreciation		(393,470)
Operating income (loss)		(1,116,112)
Non-operating revenues (expenses)		8,672
Transfers in		1,119,090
Change in net position		11,650
Beginning net position		9,780,954
Ending net position	$	9,792,604

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 JDA, which is housed at the Dalton-Whitfield Chamber of Commerce. The JDA issued separate audited financial statements dated February 28, 2014.

The City and Whitfield County share equally in operations of the JDA, 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 position. 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.

4-D Joint Ventures (continued)

Condensed audited financial statements for the JDA at December 31, 2013 are as follows:

Assets		
Current assets	$	194,524
Capital assets-net		11,125
Total assets	$	205,649
Liabilities and Net Position		
Current liabilities	$	142,969
Net position		62,680
Total liabilities and net position	$	205,649
Statement of Activities		
Program revenues	$	299,670
General revenues		347,436
Economic development		(684,330)
Change in net position		(37,224)
Beginning net position		99,904
Ending net position	$	62,680

4-E Component Unit

The City of Dalton 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 reports only investment earnings and debt sinking fund payments as revenues and 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 $1,125,955 for the year ended December 31, 2013. 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 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 Board of Education. The amount of the bonds outstanding as of December 31, 2013 is $2,000,000.

The City of Dalton Building Authority issued revenue bonds during 2005 to finance capital improvements within the City of Dalton Board of Education. The amount of the bonds outstanding as of December 31, 2013 is $1,200,000.

PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

City of Dalton, Georgia
Pension Trust Fund
Schedule of Employer Contributions
December 31, 2013

Year Beginning January 1,	Annual Required Contribution	Percentage Contributed
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%
2012	4,394,917	102%
2013	6,393,950	68%

City of Dalton, Georgia
Pension Trust Fund
Schedule of Funding Progress
December 31, 2013

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
1/1/2004	$ 48,717,335	$ 70,116,207	$ 21,398,872	69%	$ 25,247,408	85%
1/1/2005	52,617,082	67,353,669	14,736,587	78%	24,117,608	61%
1/1/2006	54,466,921	70,208,760	15,741,839	78%	23,777,732	66%
1/1/2007	59,715,221	75,197,188	15,481,967	79%	23,619,574	66%
1/1/2008	61,815,554	80,326,128	18,510,574	77%	24,817,638	75%
1/1/2009	50,049,875	74,982,215	24,932,340	67%	23,258,581	107%
1/1/2010	55,261,296	90,051,325	34,790,029	61%	21,418,412	162%
1/1/2011	60,436,552	94,177,910	33,741,358	64%	21,461,361	157%
1/1/2012	61,883,573	96,181,160	34,297,587	64%	19,632,308	175%
1/1/2013	66,758,929	103,250,126	36,491,197	65%	17,874,717	204%
1/1/2014	75,640,022	114,079,626	38,439,604	66%	17,324,713	222%

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 Funds

The Capital Projects Funds are used to account for the resources that are restricted, committed, or assigned for certain capital outlays. Ongoing capital outlays that are accounted for in these funds include the City's portion of SPLOST projects managed by Whitfield County, various LOST projects performed by Whitfield County, and Lakeshore Park.

City of Dalton, Georgia
Combining Balance Sheet - By Fund Type
Nonmajor Governmental Funds
December 31, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 121,366	$ 7,442	$ -	$ 128,808
Receivables:				
Accounts	98,580	-	-	98,580
Intergovernmental - federal	327,440	-	-	327,440
Intergovernmental - state	10,463	-	-	10,463
Intergovernmental - local	-	134,288	5,520	139,808
Interfund	2,230	-	79,663	81,893
Total Assets	$ 560,079	$ 141,730	$ 85,183	$ 786,992
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 330,019	$ -	$ 79,663	$ 409,682
Accrued interest payable	-	134,288	-	134,288
Interfund payable	108,314	-	5,520	113,834
Total Liabilities	438,333	134,288	85,183	657,804
Fund Balances				
Restricted for:				
Public safety	121,744	-	-	121,744
Housing and development	2	-	-	2
Debt service	-	7,442	-	7,442
Total Fund Balances	121,746	7,442	-	129,188
Total Liabilities and Fund Balances	$ 560,079	$ 141,730	$ 85,183	$ 786,992

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, 2013

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Hotel/motel tax	$ 1,170,315	$ -	$ -	$ 1,170,315
Intergovernmental - federal	2,112,134	-	-	2,112,134
Intergovernmental - state	43,589	-	244,790	288,379
Intergovernmental - local	-	86,477	619,663	706,140
Fines and forfeitures	91,150	-	-	91,150
Investment earnings	244	118,463	-	118,707
Miscellaneous	2,753	-	11,000	13,753
Total Revenues	3,420,185	204,940	875,453	4,500,578
Expenditures				
Current:				
General government	303,679	-	-	303,679
Public safety	63,579	-	-	63,579
Public works	-	-	683,166	683,166
Health and welfare	49,236	-	-	49,236
Culture and recreation	387,668	-	-	387,668
Housing and development	78,601	-	-	78,601
Capital Outlay				
General government	1,501,046	-	-	1,501,046
Public safety	-	-	241,625	241,625
Public works	-	-	715,718	715,718
Culture and recreation	377,863	-	786,929	1,164,792
Debt Service:				
Principal retirement	-	603,204	-	603,204
Interest and fiscal charges	-	274,506	-	274,506
Total Expenditures	2,761,672	877,710	2,427,438	6,066,820
Excess (Deficiency) of Revenues Over (Under) Expenditures	658,513	(672,770)	(1,551,985)	(1,566,242)
Other Financing Sources (Uses)				
Transfers in	164,075	670,310	1,547,079	2,381,464
Transfers out	(785,400)	-	-	(785,400)
Total Other Financing Sources (Uses)	(621,325)	670,310	1,547,079	1,596,064
Net Change in Fund Balances	37,188	(2,460)	(4,906)	29,822
Fund Balances Beginning of Year	84,558	9,902	4,906	99,366
Fund Balances End of Year	$ 121,746	$ 7,442	$ -	$ 129,188

GENERAL FUND

The General Fund accounts for all sources of financial resources applicable to the general operations of the City which are not account for in another fund.

City of Dalton, Georgia
General Fund
Comparative Balance Sheet
December 31, 2013

	2013	2012
Assets		
Cash and cash equivalents	$ 19,439,364	$ 12,481,720
Investments	885,428	5,938,438
Receivables:		
Accounts	1,187,813	925,577
Taxes	1,142,578	1,353,083
Intergovernmental - federal	-	4,699
Intergovernmental - state	-	1,517
Intergovernmental - local	665,130	605,120
Interfund	271,133	422,512
Inventory, at cost	202,846	187,752
Prepaid items	9,797	19,787
Total Assets	$ 23,804,089	$ 21,940,205
Liabilities and Fund Balances		
Liabilities		
Accounts payable	695,469	494,256
Accrued expenditures	621,323	561,924
Interfund payable	81,893	198,734
Deferred revenue	1,313,564	838,125
Total Liabilities	2,712,249	2,093,039
Fund Balances		
Nonspendable	212,643	207,539
Restricted - cemetery chapel	91,029	91,029
Unrestricted		
Assigned (trail grants and airport)	137,635	110,315
Unassigned	20,650,533	19,438,283
Total Fund Balances	21,091,840	19,847,166
Total Liabilities and Fund Balances	$ 23,804,089	$ 21,940,205

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Taxes					
Real and personal property tax	$ 8,225,000	$ 8,225,000	$ 7,876,135	$ (348,865)	$ 9,303,685
Vehicle tax	280,500	280,500	405,707	125,207	423,440
Title ad valorem tax	150,000	150,000	755,692	605,692	-
Sales tax	5,540,000	5,540,000	5,196,993	(343,007)	2,733,981
Insurance premium tax	1,600,000	1,600,000	1,708,874	108,874	1,650,441
Recording intangibles	47,000	47,000	30,659	(16,341)	53,483
Franchise tax	480,000	480,000	529,871	49,871	481,914
Real estate transfer tax	9,000	9,000	10,693	1,693	10,187
Beer tax	500,000	500,000	528,267	28,267	536,674
Wine tax	70,000	70,000	72,801	2,801	72,863
Liquor tax	75,000	75,000	81,131	6,131	78,963
Mixed drink tax	60,000	60,000	59,830	(170)	61,723
Total taxes	17,036,500	17,036,500	17,256,653	220,153	15,407,354
Licenses and permits:					
Alcoholic beverage licenses	235,000	235,000	244,042	9,042	235,542
Occupation taxes	740,000	740,000	737,999	(2,001)	751,120
Other permits	-	-	400	400	200
Total licenses and permits	975,000	975,000	982,441	7,441	986,862
Intergovernmental:					
Whitfield County	150,000	153,000	153,000	-	954,173
Housing Authority	48,700	48,700	48,712	12	48,712
Federal grants and contracts	6,100	18,060	12,253	(5,807)	7,620
State grants and contracts	2,330	2,330	6,412	4,082	5,457
Total intergovernmental	207,130	222,090	220,377	(1,713)	1,015,962
Charges for services:					
Senior center	83,000	57,700	54,355	(3,345)	46,253
Program admission and fees	123,350	112,800	114,739	1,939	130,560
Concession revenue	171,300	256,550	275,844	19,294	194,388
Garbage and recycling revenue	4,500	4,500	5,030	530	7,763
Public works fees	55,000	55,000	59,533	4,533	52,725
Municipal court and probation fees	849,160	849,160	751,680	(97,480)	767,234
Public safety fees	39,000	39,000	39,345	345	36,130
Cemetery fees	25,000	25,000	36,340	11,340	27,960
Total charges for services	1,350,310	1,399,710	1,336,866	(62,844)	1,263,013
Fines and forfeitures	533,100	533,100	393,580	(139,520)	377,421
Investment earnings	120,000	120,050	119,336	(714)	124,692

(Continued)

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Miscellaneous:					
Penalties and fines	78,600	78,600	66,407	(12,193)	129,393
Rental income	217,000	244,000	263,529	19,529	250,832
Donations	10,700	340,408	346,807	6,399	1,820,028
Sale of property	-	1,545	14,195	12,650	27,752
Reimbursements	125,000	155,288	174,936	19,648	156,991
Miscellaneous	51,500	51,490	115,007	63,517	163,296
Total miscellaneous	482,800	871,331	980,881	109,550	2,548,292
Total revenues	$ 20,704,840	$ 21,157,781	$ 21,290,134	$ 132,353	$ 21,723,596

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Current:					
General Government:					
Legislative					
Personal services and benefits	$ 63,170	$ 62,125	$ 62,051	$ 74	$ 60,583
Other	79,645	80,690	78,168	2,522	66,348
Total	142,815	142,815	140,219	2,596	126,931
Administrative					
Personal services and benefits	167,290	167,290	163,482	3,808	150,678
Other	757,335	209,380	162,475	46,905	179,788
Capital outlay	-	3,010	3,008	2	26,000
Total	924,625	379,680	328,965	50,715	356,466
City Clerk					
Personal services and benefits	193,265	193,265	192,716	549	188,413
Other	57,340	54,340	43,960	10,380	47,379
Total	250,605	247,605	236,676	10,929	235,792
Elections					
Other	25,000	20,870	8,524	12,346	20
Total	25,000	20,870	8,524	12,346	20
Finance					
Personal services and benefits	311,115	287,050	256,620	30,430	283,650
Other	255,920	272,975	266,935	6,040	327,534
Capital outlay	-	7,010	7,008	2	-
Total	567,035	567,035	530,563	36,472	611,184
Human Resources					
Personal services and benefits	239,790	244,000	241,308	2,692	231,960
Other	70,585	60,375	51,106	9,269	113,177
Capital outlay	-	4,000	4,000	-	-
Total	310,375	308,375	296,414	11,961	345,137
Technology					
Personal services and benefits	73,225	73,370	73,223	147	65,924
Other	96,590	120,945	93,073	27,872	65,690
Capital outlay	24,500	14,210	4,868	9,342	26,282
Total	194,315	208,525	171,164	37,361	157,896
Buildings and Grounds					
Other	181,500	202,070	196,635	5,435	-
Total	181,500	202,070	196,635	5,435	-

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Infrastructure					
Other	-	-	25,906	(25,906)	174,153
Capital outlay	10,000	364,518	326,658	37,860	1,782,368
Total	10,000	364,518	352,564	11,954	1,956,521
Total General Government	2,606,270	2,441,493	2,261,724	179,769	3,789,947
Judicial:					
Municipal Court					
Personal services and benefits	185,845	194,995	193,344	1,651	186,716
Other	233,305	216,455	188,190	28,265	175,299
Capital outlay	-	6,600	6,578	22	-
Total	419,150	418,050	388,112	29,938	362,015
Total Judicial	419,150	418,050	388,112	29,938	362,015
Public Safety:					
Fire Department					
Personal services and benefits	6,286,130	6,186,235	5,996,628	189,607	5,803,193
Other	1,291,540	1,127,890	1,048,221	79,669	921,110
Capital outlay	-	1,223,425	1,183,643	39,782	33,941
Total	7,577,670	8,537,550	8,228,492	309,058	6,758,244
Police Department					
Personal services and benefits	5,750,145	5,720,350	5,577,843	142,507	5,593,920
Other	1,368,945	1,312,780	1,279,654	33,126	987,418
Capital outlay	20,000	122,515	121,967	548	99,295
Total	7,139,090	7,155,645	6,979,464	176,181	6,680,633
Total Public Safety	14,716,760	15,693,195	15,207,956	485,239	13,438,877
Public Works:					
Public Works					
Personal services and benefits	3,739,135	3,764,380	3,756,922	7,458	3,662,551
Other	2,475,855	2,339,290	2,288,736	50,554	2,291,805
Capital outlay	-	143,770	143,691	79	-
Total	6,214,990	6,247,440	6,189,349	58,091	5,954,356

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Infrastructure					
Other	-	39,895	17,235	22,660	695,239
Capital outlay	-	91,820	42,812	49,008	-
Total	-	131,715	60,047	71,668	695,239
Total Public Works	6,214,990	6,379,155	6,249,396	129,759	6,649,595
Health and Welfare:					
Senior Center					
Personal services and benefits	229,055	233,250	230,466	2,784	222,756
Other	175,945	151,100	137,998	13,102	117,626
Capital outlay	-	-	-	-	156,732
Total	405,000	384,350	368,464	15,886	497,114
Special Projects					
Other	30,000	30,000	30,000	-	33,731
Total	30,000	30,000	30,000	-	33,731
Infrastructure					
Other	-	-	-	-	875
Total	-	-	-	-	875
Total Health and Welfare	435,000	414,350	398,464	15,886	531,720
Culture and Recreation:					
Recreation Department					
Personal services and benefits	1,756,290	1,798,355	1,780,839	17,516	1,754,127
Other	1,212,145	1,237,530	1,130,618	106,912	1,115,455
Capital outlay	-	25,690	25,409	281	37,338
Total	2,968,435	3,061,575	2,936,866	124,709	2,906,920
Special Projects					
Other	243,810	243,810	243,810	-	248,530
Total	243,810	243,810	243,810	-	248,530
Total Culture and Recreation	3,212,245	3,305,385	3,180,676	124,709	3,155,450

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Housing and Development:					
Special Projects					
Other	303,400	303,400	292,380	11,020	295,028
Total	303,400	303,400	292,380	11,020	295,028
Total Housing and Development	303,400	303,400	292,380	11,020	295,028
Total expenditures	$ 27,907,815	$ 28,955,028	$ 27,978,708	$ 976,320	$ 28,222,632

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Police Department					
Administration					
Personal services and benefits	$ 535,790	$ 531,045	$ 482,237	48,808	$ 401,673
Other	477,065	417,230	411,877	5,353	254,213
Capital outlay	-	21,000	21,000	-	99,295
Total	1,012,855	969,275	915,114	54,161	755,181
Patrol					
Personal services and benefits	3,557,590	3,530,590	3,461,901	68,689	3,449,005
Other	577,960	572,865	561,057	11,808	462,890
Capital outlay	14,300	23,000	22,998	2	-
Total	4,149,850	4,126,455	4,045,956	80,499	3,911,895
Criminal Investigation Division					
Personal services and benefits	988,905	998,760	995,962	2,798	1,009,545
Other	152,255	153,685	148,778	4,907	117,702
Capital outlay	5,700	51,615	51,164	451	-
Total	1,146,860	1,204,060	1,195,904	8,156	1,127,247
Support Services					
Personal services and benefits	667,860	659,955	637,743	22,212	733,697
Other	161,665	169,000	157,942	11,058	152,613
Capital outlay	-	26,900	26,805	95	-
Total	829,525	855,855	822,490	33,365	886,310
Total Police Department	$ 7,139,090	$ 7,155,645	$ 6,979,464	$ 176,181	$ 6,680,633

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Public Works Department					
Administration					
Personal services and benefits	$ 349,500	$ 385,550	$ 385,522	$ 28	$ 366,093
Other	711,490	669,470	661,713	7,757	676,967
Capital outlay	-	101,520	101,498	22	-
Total	1,060,990	1,156,540	1,148,733	7,807	1,043,060
Street					
Personal services and benefits	632,875	701,565	697,663	3,902	655,415
Other	359,040	208,440	204,086	4,354	187,386
Capital outlay	-	9,000	9,000	-	-
Total	991,915	919,005	910,749	8,256	842,801
Sanitation					
Personal services and benefits	1,637,375	1,560,535	1,560,339	196	1,573,019
Other	278,380	281,100	280,582	518	257,740
Total	1,915,755	1,841,635	1,840,921	714	1,830,759
Shop					
Personal services and benefits	443,310	430,365	427,668	2,697	402,351
Other	804,975	859,590	824,553	35,037	831,583
Total	1,248,285	1,289,955	1,252,221	37,734	1,233,934
Traffic engineer					
Personal services and benefits	342,585	351,325	350,783	542	337,002
Other	96,945	119,170	117,312	1,858	120,317
Capital outlay	-	13,250	13,250	-	-
Total	439,530	483,745	481,345	2,400	457,319
Landscaping					
Personal services and benefits	333,490	335,040	334,947	93	328,671
Other	225,025	201,520	200,490	1,030	217,812
Capital outlay	-	20,000	19,943	57	-
Total	558,515	556,560	555,380	1,180	546,483
Total Public Works	$ 6,214,990	$ 6,247,440	$ 6,189,349	$ 58,091	$ 5,954,356

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Recreation Department					
Administration					
Personal services and benefits	$ 768,495	$ 788,425	$ 788,054	$ 371	$ 767,759
Other	158,760	141,655	138,210	3,445	141,632
Total	927,255	930,080	926,264	3,816	909,391
Programs					
Personal services and benefits	249,070	263,980	248,610	15,370	245,328
Other	354,650	376,640	358,709	17,931	371,522
Total	603,720	640,620	607,319	33,301	616,850
Parks					
Personal services and benefits	738,725	745,950	744,175	1,775	741,040
Other	698,735	719,235	633,699	85,536	602,301
Capital outlay	-	25,690	25,409	281	37,338
Total	1,437,460	1,490,875	1,403,283	87,592	1,380,679
Total Recreation Department	$ 2,968,435	$ 3,061,575	$ 2,936,866	$ 124,709	$ 2,906,920

NONMAJOR SPECIAL REVENUE FUNDS

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.

Transportation Enhancement Grant – Established to account for grant proceeds from the Georgia Department of Transportation for the Crown Mill Trail Project.

Airport Improvement Grant – Established to account for grant proceeds from the Georgia Department of Transportation for improvements at the Dalton Municipal Airport.

Trail Grant – Established to account for grant proceeds from the Georgia Department of Natural Resources for the Crown Mill Trail Project.

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2013

	Hotel Motel Tax	Confiscated Assets	Community Development Block Grant	Community HOME Invest. Program Grant	Transportation Enhancement Grant	Airport Improvement Grant	Trail Grant	Total Nonmajor Special Revenue Funds
Assets								
Cash and cash equivalents	$ -	$ 121,364	$ 1	$ 1	$ -	$ -	$ -	$ 121,366
Receivables:								
Accounts	98,580	-	-	-	-	-	-	98,580
Intergovernmental - federal	-	-	29,552	3,750	-	268,867	25,271	327,440
Intergovernmental - state	-	-	-	-	-	10,463	-	10,463
Interfund	-	380	-	1,850	-	-	-	2,230
Total Assets	$ 98,580	$ 121,744	$ 29,553	$ 5,601	$ -	$ 279,330	$ 25,271	$ 560,079
Liabilities and Fund Balances								
Liabilities								
Accounts payable	$ 58,862	$ -	$ 17,193	$ 5,600	$ -	$ 248,364	$ -	$ 330,019
Interfund payable	39,718	-	12,359	-	-	30,966	25,271	108,314
Total Liabilities	98,580	-	29,552	5,600	-	279,330	25,271	438,333
Fund Balances								
Restricted for:								
Public safety	-	121,744	-	-	-	-	-	121,744
Housing and development	-	-	1	1	-	-	-	2
Total Fund Balances	-	121,744	1	1	-	-	-	121,746
Total Liabilities and Fund Balances	$ 98,580	$ 121,744	$ 29,553	$ 5,601	$ -	$ 279,330	$ 25,271	$ 560,079

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2013

	Hotel Motel Tax	Confiscated Assets	Community Development Block Grant	Community HOME Invest. Program Grant	Transportation Enhancement Grant	Airport Improvement Grant	Trail Grant	Total Nonmajor Special Revenue Funds
Revenues								
Hotel/motel taxes	$ 1,170,315	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,170,315
Intergovernmental - federal	-	9,373	402,308	43,313	-	1,560,252	96,888	2,112,134
Intergovernmental - state	-	-	-	-	-	43,589	-	43,589
Fines & forfeitures	-	91,150	-	-	-	-	-	91,150
Investment earnings	-	244	-	-	-	-	-	244
Miscellaneous	2,753	-	-	-	-	-	-	2,753
Total Revenues	1,173,068	100,767	402,308	43,313	-	1,603,841	96,888	3,420,185
Expenditures								
Current:								
General government	-	-	77,816	-	-	225,863	-	303,679
Public safety	-	63,579	-	-	-	-	-	63,579
Health and welfare	-	-	49,236	-	-	-	-	49,236
Culture and recreation	387,668	-	-	-	-	-	-	387,668
Housing and development	-	-	-	78,601	-	-	-	78,601
Total Current	387,668	63,579	127,052	78,601	-	225,863	-	882,763
Capital Outlay:								
General government	-	-	22,962	-	-	1,478,084	-	1,501,046
Culture and recreation	-	-	252,294	-	22,454	-	103,115	377,863
Total Capital Outlay	-	-	275,256	-	22,454	1,478,084	103,115	1,878,909
Total Expenditures	387,668	63,579	402,308	78,601	22,454	1,703,947	103,115	2,761,672
Excess (Deficiency) of Revenues Over (Under) Expenditures	785,400	37,188	-	(35,288)	(22,454)	(100,106)	(6,227)	658,513
Other Financing Sources (Uses)								
Transfers in (out)	(785,400)	-	-	35,288	22,454	100,106	6,227	(621,325)
Net Change in Fund Balances	-	37,188	-	-	-	-	-	37,188
Fund Balances Beginning of Year	-	84,556	1	1	-	-	-	84,558
Fund Balances End of Year	$ -	$ 121,744	$ 1	$ 1	$ -	$ -	$ -	$ 121,746

City of Dalton, Georgia
Hotel/Motel Tax Fund
Comparative Balance Sheet
December 31, 2013 and 2012

	2013	2012
Assets		
Accounts receivable	$ 98,580	$ 88,884
Prepaid expenditures	-	4,000
Total Assets	$ 98,580	$ 92,884
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 58,862	$ 22,823
Interfund payable	39,718	70,061
Total Liabilities	$ 98,580	$ 92,884

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, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Hotel/motel taxes	$ 1,080,000	$ 1,077,200	$ 1,170,315	$ 93,115	$ 1,093,798
Miscellaneous	-	2,800	2,753	(47)	9,840
Total Revenues	1,080,000	1,080,000	1,173,068	93,068	1,103,638
Expenditures					
Current:					
Culture and recreation:					
Other	607,035	516,455	387,668	128,787	382,955
Total Expenditures	607,035	516,455	387,668	128,787	382,955
Excess (Deficiency) of Revenues Over (Under) Expenditures	472,965	563,545	785,400	221,855	720,683
Other Financing (Uses)					
Transfers out	(472,965)	(785,400)	(785,400)	-	(720,683)
Net Change in Fund Balances	$ -	$ (221,855)	-	$ 221,855	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

City of Dalton, Georgia
Confiscated Assets Fund
Comparative Balance Sheet
December 31, 2013 and 2012

	2013	2012
Assets		
Cash	$ 121,364	$ 84,641
Interfund receivable	380	-
Total Assets	$ 121,744	$ 84,641
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ 85
Total Liabilities	-	85
Fund Balances		
Restricted - public safety	121,744	84,556
Total Fund Balances	121,744	84,556
Total Liabilities and Fund Balances	$ 121,744	$ 84,641

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, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 40,000	$ 40,000	$ 9,373	$ (30,627)	$ 53,755
Fines & forfeitures	30,000	30,000	91,150	61,150	75,924
Investment earnings	175	175	244	69	160
Total Revenues	70,175	70,175	100,767	30,592	129,839
Expenditures					
Current:					
Public Safety:					
Other	53,250	59,250	63,579	(4,329)	51,773
Capital Outlay:					
Public Safety:					
Capital outlay	10,000	8,000	-	8,000	18,500
Total Expenditures	63,250	67,250	63,579	3,671	70,273
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 6,925	$ 2,925	37,188	$ 34,263	59,566
Fund Balances Beginning of Year			84,556		24,990
Fund Balances End of Year			$ 121,744		$ 84,556

City of Dalton, Georgia
Community Development Block Grant Fund
Comparative Balance Sheet
December 31, 2013 and 2012

	2013	2012
Assets		
Cash	$ 1	$ 1
Intergovernmental receivable - federal	29,552	192,975
Total Assets	$ 29,553	$ 192,976
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 17,193	$ 116,229
Interfund payable	12,359	76,746
Total Liabilities	29,552	192,975
Fund Balances		
Restricted - housing and development	1	1
Total Liabilities and Fund Balances	$ 29,553	$ 192,976

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CDBG Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 245,000	$ 512,000	$ 402,308	$ (109,692)	$ 414,341
Total Revenues	245,000	512,000	402,308	(109,692)	414,341
Expenditures					
Current:					
General Government:					
Other	15,000	80,010	77,816	2,194	71,912
Health and Welfare:					
Other	55,000	112,835	49,236	63,599	88,617
Capital outlay:					
General Government:					
Capital outlay	-	53,900	22,962	30,938	-
Culture and Recreation:					
Capital outlay	175,000	265,255	252,294	12,961	89,740
Total Expenditures	245,000	512,000	402,308	109,692	250,269
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	164,072
Other Financing (Uses)					
Transfers out	-	-	-	-	(164,072)
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, 2013 and 2012

	2013	2012
Assets		
Cash	$ 1	$ 1
Receivables:		
Intergovernmental - federal	3,750	-
Interfund	1,850	631
Total Assets	$ 5,601	$ 632
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 5,600	$ 631
Total Liabilities	5,600	631
Fund Balances		
Restricted - housing and development	1	1
Total Liabilities and Fund Balances	$ 5,601	$ 632

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CHIP Grant
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 75,550	$ 45,262	$ 43,313	$ (1,949)	$ 25,702
Total Revenues	75,550	45,262	43,313	(1,949)	25,702
Expenditures					
Current:					
Housing and Development:					
Other	80,550	80,550	78,601	1,949	27,597
Total Expenditures	80,550	80,550	78,601	1,949	27,597
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(35,288)	(35,288)	-	(1,895)
Other Financing Sources					
Transfers in	5,000	35,288	35,288	-	1,895
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			1		1
Fund Balances End of Year			$ 1		$ 1

City of Dalton, Georgia
Transportation Enhancement Grant Fund
Comparative Balance Sheet
December 31, 2013 and 2012

	2013	2012
Assets		
Receivables:		
Interfund	$ -	$ 8,161
Total Assets	$ -	$ 8,161
Liabilities		
Accounts payable	$ -	$ 8,161
Total Liabilities	$ -	$ 8,161

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-Transportation Enhancement Grant Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 500,000	$ 500,000	$ -	$ (500,000)	$ -
Total Revenues	500,000	500,000	-	(500,000)	-
Expenditures					
Capital Outlay:					
Culture and Recreation:					
Capital outlay	595,000	558,885	22,454	536,431	78,617
Total Expenditures	595,000	558,885	22,454	536,431	78,617
Excess (Deficiency) of Revenues Over (Under) Expenditures	(95,000)	(58,885)	(22,454)	36,431	(78,617)
Other Financing Sources					
Transfers in	95,000	90,090	22,454	(67,636)	78,617
Net Change in Fund Balances	$ -	$ 31,205	-	$ (31,205)	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

City of Dalton, Georgia
Airport Improvement Grant Fund
Comparative Balance Sheet
December 31, 2013 and 2012

	2013	2012
Assets		
Receivables:		
Intergovernmental - federal	$ 268,867	$ 104,362
Intergovernmental - state	10,463	2,746
Total Assets	$ 279,330	$ 107,108
Liabilities		
Accounts payable	$ 248,364	$ 19,708
Interfund payable	30,966	87,400
Total Liabilities	$ 279,330	$ 107,108

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Airport Improvement Grant Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 301,185	$ 1,560,264	$ 1,560,252	$ (12)	$ 104,362
Intergovernmental - state	8,315	43,594	43,589	(5)	2,746
Total Revenues	309,500	1,603,858	1,603,841	(17)	107,108
Expenditures					
Current:					
General Government:					
Other	-	225,900	225,863	37	109,854
Capital outlay:					
General Government:					
Capital outlay	317,815	1,478,063	1,478,084	(21)	-
Total Expenditures	317,815	1,703,963	1,703,947	16	109,854
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,315)	(100,105)	(100,106)	(1)	(2,746)
Other Financing Sources					
Transfers in	8,315	100,105	100,106	1	2,746
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

City of Dalton, Georgia
Trail Grant Fund
Comparative Balance Sheet
December 31, 2013 and 2012

	2013	2012
Assets		
Receivables:		
Interfund	$ -	$ 778
Intergovernmental - federal	25,271	3,112
Total Assets	$ 25,271	$ 3,890
Liabilities		
Accounts payable	$ -	$ 3,890
Interfund payable	25,271	-
Total Liabilities	$ 25,271	$ 3,890

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Trail Grant Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 100,000	$ 96,890	$ 96,888	$ (2)	$ 3,112
Total Revenues	100,000	96,890	96,888	(2)	3,112
Expenditures					
Capital Outlay:					
Culture and Recreation:					
Capital outlay	107,000	103,115	103,115	-	3,890
Total Expenditures	107,000	103,115	103,115	-	3,890
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,000)	(6,225)	(6,227)	(2)	(778)
Other Financing Sources					
Transfers in	7,000	6,225	6,227	2	778
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

NONMAJOR DEBT SERVICE FUND

City of Dalton, Georgia
Comparative Balance Sheet
Debt Service Fund
December 31, 2013 and 2012

	2013	2012
Assets		
Cash and cash equivalents	$ 7,442	$ 9,453
Investments	-	316
Receivables:		
Property taxes	-	4,464
Intergovernmental - local	134,288	137,523
Total Assets	$ 141,730	$ 151,756
Liabilities and Fund Balances		
Liabilities		
Accrued interest payable	$ 134,288	$ 137,508
Deferred revenue	-	4,346
Total Liabilities	134,288	141,854
Fund Balances		
Restricted - debt service	7,442	9,902
Total Liabilities and Fund Balances	$ 141,730	$ 151,756

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, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Taxes:					
Real and personal property tax	$ -	$ -	$ -	$ -	$ 4,683
Vehicle tax	-	-	-	-	19
Intergovernmental - local	86,400	86,400	86,477	77	186,910
Investment earnings	122,310	122,310	118,463	(3,847)	126,039
Miscellaneous	-	-	-	-	573
Total Revenues	208,710	208,710	204,940	(3,770)	318,224
Expenditures					
Debt Service:					
Principal retirement	365,470	365,470	603,204	(237,734)	598,561
Interest and fiscal charges	275,830	275,830	274,506	1,324	293,792
Total Expenditures	641,300	641,300	877,710	(236,410)	892,353
Excess (Deficiency) of Revenues Over (Under) Expenditures	(432,590)	(432,590)	(672,770)	(240,180)	(574,129)
Other Financing Sources (Uses)					
Transfers in	432,590	670,310	670,310	-	577,066
Net Change in Fund Balances	$ -	$ 237,720	(2,460)	$ (240,180)	2,937
Fund Balances Beginning of Year			9,902		6,965
Fund Balances End of Year			$ 7,442		$ 9,902

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Fund – Established to account for all significant general capital projects undertaken by the City.

SPLOST Capital Projects Fund – Established to account for all SPLOST proceeds and related current and capital expenditures of SPLOST proceeds.

Capital Acquisition Fund – Established to account for other capital asset activity. The activity in this fund is primarily related to the purchase of machinery, equipment, vehicles, and furniture and fixtures.

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2013

	Capital Projects Fund	SPLOST Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Assets				
Receivables:				
Intergovernmental - local	$ -	$ 5,520	$ -	$ 5,520
Interfund	62,508	-	17,155	79,663
Total Assets	$ 62,508	$ 5,520	$ 17,155	$ 85,183
Liabilities				
Accounts payable	$ 62,508	$ -	$ 17,155	$ 79,663
Interfund payable	-	5,520	-	5,520
Total Liabilities	$ 62,508	$ 5,520	$ 17,155	$ 85,183

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2013

	Capital Projects Fund	SPLOST Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Revenues				
Intergovernmental - state	$ 244,790	$ -	$ -	$ 244,790
Intergovernmental - local	51,250	568,413	-	619,663
Miscellaneous	11,000	-	-	11,000
Total Revenues	307,040	568,413	-	875,453
Expenditures				
Current:				
Public works	680,996	2,170	-	683,166
Total Current	680,996	2,170	-	683,166
Capital Outlay:				
Public safety	-	-	241,625	241,625
Public works	-	566,243	149,475	715,718
Culture and recreation	724,531	-	62,398	786,929
Total Capital Outlay	724,531	566,243	453,498	1,744,272
Total Expenditures	1,405,527	568,413	453,498	2,427,438
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,098,487)	-	(453,498)	(1,551,985)
Other Financing Sources (Uses)				
Transfers in	1,093,581	-	453,498	1,547,079
Net Change in Fund Balances	(4,906)	-	-	(4,906)
Fund Balances Beginning of Year	4,906	-	-	4,906
Fund Balances End of Year	$ -	$ -	$ -	$ -

City of Dalton, Georgia
Capital Projects Fund
Comparative Balance Sheet
December 31, 2013 and 2012

	2013	2012
Assets		
Interfund receivable	$ 62,508	$ -
Intergovernmental receivable - local	-	5,041
Total Assets	$ 62,508	$ 5,041
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 62,508	$ 135
Total Liabilities	62,508	135
Fund Balances		
Restricted - capital projects	-	4,906
Total Liabilities and Fund Balances	$ 62,508	$ 5,041

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, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - state	$ 270,015	$ 249,695	$ 244,790	$ (4,905)	$ -
Intergovernmental - local	51,250	51,250	51,250	-	158,633
Investment earnings	-	-	-	-	58
Miscellaneous	-	11,000	11,000	-	-
Total Revenues	321,265	311,945	307,040	(4,905)	158,691
Expenditures					
Current:					
Public Works:					
Road projects	631,105	680,995	680,996	(1)	-
Total Current	631,105	680,995	680,996	(1)	-
Capital Outlay:					
General Government:					
Old Post Office	-	-	-	-	851,120
Culture and Recreation:					
Community Center	-	-	-	-	1,679,837
James Brown Park	-	-	-	-	502,207
Lakeshore Park	489,000	724,535	724,531	4	-
Total Capital Outlay	489,000	724,535	724,531	4	3,033,164
Total Expenditures	1,120,105	1,405,530	1,405,527	3	3,033,164
Excess (Deficiency) of Revenues Over (Under) Expenditures	(798,840)	(1,093,585)	(1,098,487)	(4,902)	(2,874,473)
Other Financing Sources (Uses)					
Transfers in	798,840	1,093,585	1,093,581	(4)	2,532,139
Total Other Financing Sources (Uses)	798,840	1,093,585	1,093,581	(4)	2,532,139
Net Change in Fund Balances	$ -	$ -	(4,906)	$ (4,906)	(342,334)
Fund Balances Beginning of Year			4,906		347,240
Fund Balances End of Year			$ -		$ 4,906

City of Dalton, Georgia
SPLOST Capital Projects Fund
Comparative Balance Sheet
December 31, 2013 and 2012

	2013	2012
Assets		
Accounts receivable	$ -	$ 10,000
Intergovernmental receivable - local	5,520	-
Total Assets	$ 5,520	$ 10,000
Liabilities		
Interfund payable	$ 5,520	$ 10,000
Total Liabilities	$ 5,520	$ 10,000

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - SPLOST Capital Projects Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - local	$ 750,000	$ 750,000	$ 568,413	$ (181,587)	$ 1,475,259
Total Revenues	750,000	750,000	568,413	(181,587)	1,475,259
Expenditures					
Current:					
Public Works:					
Road projects	750,000	85,000	2,170	82,830	586,823
Total Current	750,000	85,000	2,170	82,830	586,823
Capital Outlay:					
Public Works:					
Road projects	-	665,000	566,243	98,757	888,436
Total Expenditures	750,000	750,000	568,413	181,587	1,475,259
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

City of Dalton, Georgia
Capital Acquisition Fund
Comparative Balance Sheet
December 31, 2013 and 2012

	2013	2012
Assets		
Interfund receivable	$ 17,155	$ 164,189
Total Assets	$ 17,155	$ 164,189
Liabilities		
Accounts payable	$ 17,155	$ 164,189
Total Liabilities	$ 17,155	$ 164,189

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Acquisition Fund
For the Year Ended December 31, 2013
(With Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Original Budget	Final Budget	Actual	Variance	Actual
Expenditures					
Current:					
General Government:					
Equipment	$ -	$ -	$ -	$ -	$ 2,564
Public Safety:					
Equipment	-	-	-	-	87,753
Total Current	-	-	-	-	90,317
Capital Outlay:					
Public Safety:					
Equipment	116,280	296,250	241,625	54,625	75,932
Public Works:					
Equipment	150,000	150,000	149,475	525	305,827
Culture and Recreation:					
Equipment	50,000	82,280	62,398	19,882	-
Total Capital Outlay	316,280	528,530	453,498	75,032	381,759
Total Expenditures	316,280	528,530	453,498	75,032	472,076
Other Financing Sources (Uses)					
Transfers in	316,280	528,530	453,498	(75,032)	472,076
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

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 Position
Non-major Enterprise Funds
December 31, 2013

	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	$ 372,363	$ -	$ -	$ -	$ 372,363
Receivables:					
Accounts	-	650	-	-	650
Inventory	47,849	33,666	-	-	81,515
Total Current Assets	420,212	34,316	-	-	454,528
Noncurrent Assets:					
Capital Assets:					
Land	739,352	925,370	-	-	1,664,722
Depreciable capital assets, net	693,147	6,605,893	-	-	7,299,040
Other Assets:					
Investment in joint ventures	-	-	6,398,223	11,994,838	18,393,061
Total Noncurrent Assets	1,432,499	7,531,263	6,398,223	11,994,838	27,356,823
Total Assets	1,852,711	7,565,579	6,398,223	11,994,838	27,811,351
Liabilities					
Current Liabilities:					
Accounts payable	41,088	10,108	-	-	51,196
Accrued expenses	13,587	1,461	-	-	15,048
Unearned revenue	11,475	5,815	-	-	17,290
Interfund payable	131,580	25,719	-	-	157,299
Compensated absences payable	23,800	-	-	-	23,800
Total Current Liabilities	221,530	43,103	-	-	264,633
Long-Term Liabilities:					
Compensated absences payable, net of current portion	64,536	-	-	-	64,536
Total Long-Term Liabilities	64,536	-	-	-	64,536
Total Liabilities	286,066	43,103	-	-	329,169
Net Position					
Net investment in capital assets	1,432,499	7,531,263	-	-	8,963,762
Unrestricted	134,146	(8,787)	6,398,223	11,994,838	18,518,420
Total Net Position	$ 1,566,645	$ 7,522,476	$ 6,398,223	$ 11,994,838	$ 27,482,182

City of Dalton, Georgia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Non-major Enterprise Funds
For the Year Ended December 31, 2013

	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	$ 703,017	$ 210,791	$ -	$ -	$ 913,808
Merchandise sales	60,380	-	-	-	60,380
Tournaments	96,527	-	-	-	96,527
Concessions	64,952	-	-	-	64,952
Miscellaneous	2,958	523	-	-	3,481
Total Operating Revenues	927,834	211,314	-	-	1,139,148
Operating Expenses					
Cost of sales and services	340,493	173,034	-	-	513,527
Personal services and benefits	429,032	26,243	-	-	455,275
Depreciation	96,726	405,220	-	-	501,946
Total Operating Expenses	866,251	604,497	-	-	1,470,748
Operating Income (Loss)	61,583	(393,183)	-	-	(331,600)
Non-Operating Revenues					
Investment earnings	874	-	-	-	874
Income (loss) from joint venture	-	-	(557,720)	(187,701)	(745,421)
Total Non-Operating Revenues	874	-	(557,720)	(187,701)	(744,547)
Income (Loss) Before Transfers In	62,457	(393,183)	(557,720)	(187,701)	(1,076,147)
Transfers in	-	-	563,545	-	563,545
Change in Net Position	62,457	(393,183)	5,825	(187,701)	(512,602)
Net Postion Beginning of Year	1,504,188	7,915,659	6,392,398	12,182,539	27,994,784
Net Position End of Year	$ 1,566,645	$ 7,522,476	$ 6,398,223	$ 11,994,838	$ 27,482,182

City of Dalton, Georgia
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended December 31, 2013

	Municipal Golf Course	Municipal Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 930,780	$ 217,779	$ 1,148,559
Cash payments for personnel services	(425,784)	(25,336)	(451,120)
Cash payments for goods and services	(373,866)	(148,443)	(522,309)
Net Cash Provided by (Used in) Operating Activities	131,130	44,000	175,130
Cash Flows from Investing Activities			
Investment earnings	874	-	874
Cash Flows from Noncapital Financing Activities			
Proceeds from interfund loan	15,775	-	15,775
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(35,910)	(44,000)	(79,910)
Payments on interfund loan	(62,500)	-	(62,500)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(98,410)	(44,000)	(142,410)
Net Increase (Decrease) in Cash and Cash Equivalents	49,369	-	49,369
Cash and Cash Equivalents Beginning of Year	322,994	-	322,994
Cash and Cash Equivalents End of Year	$ 372,363	$ -	$ 372,363
Reconciliation of Operating Income (Loss) to Net Cash (Used in) Operating Activities			
Operating Income (Loss)	$ 61,583	$ (393,183)	$ (331,600)
Adjustments:			
Depreciation	96,726	405,220	501,946
(Increase) Decrease in Assets:			
Accounts receivable	-	845	845
Interfund receivable	-	24,975	24,975
Inventory	(34,745)	(33,666)	(68,411)
Increase (Decrease) in Liabilities:			
Accounts payable	1,372	7,563	8,935
Interfund payable	-	25,719	25,719
Unearned revenue	2,946	5,620	8,566
Accrued expenses	(469)	907	438
Compensated absences payable	3,717	-	3,717
Net Cash Provided by (Used in) Operating Activities	$ 131,130	$ 44,000	$ 175,130

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2013

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Assets						
Current Assets:						
Cash and cash equivalents	$ 6,723,000	$ 1,275,000	$ 1,159,000	$ 1,159,000	$ 1,275,000	$ 11,591,000
Accounts receivable, less doubtful accounts allowance	8,108,000	1,426,000	1,309,000	1,314,000	951,000	13,108,000
Unbilled revenues	3,679,000	1,775,000	1,109,000	773,000	-	7,336,000
Interest receivable	211,000	3,000	24,000	25,000	14,000	277,000
Fuel stocks	5,387,000	782,000	-	-	-	6,169,000
Inventories	8,891,000	254,000	561,000	76,000	679,000	10,461,000
Deposits and prepaid expenses	393,000	75,000	43,000	43,000	47,000	601,000
Restricted customer deposit fund	1,700,000	331,000	304,000	305,000	-	2,640,000
Total Current Assets	35,092,000	5,921,000	4,509,000	3,695,000	2,966,000	52,183,000
Noncurrent Assets:						
Construction in progress	93,788,000	-	-	-	-	93,788,000
Depreciable capital assets, net	217,661,000	11,711,000	169,297,000	164,388,000	69,714,000	632,771,000
Restricted combined utilities renewals/extensions fund	8,270,000	448,000	4,595,000	4,957,000	2,876,000	21,146,000
Restricted nuclear decommissioning fund	49,536,000	-	-	-	-	49,536,000
Regulatory asset, net	7,559,000	-	-	-	2,324,000	9,883,000
Total Noncurrent Assets	376,814,000	12,159,000	173,892,000	169,345,000	74,914,000	807,124,000
Total Assets	$ 411,906,000	$ 18,080,000	$ 178,401,000	$ 173,040,000	$ 77,880,000	$ 859,307,000

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2013

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Liabilities						
Current Liabilities:						
Accounts payable and accrued expenses	8,514,000	2,911,000	1,450,000	1,813,000	5,074,000	19,762,000
Deferred credit - TVA right of use	50,000	-	-	-	-	50,000
Customer deposits	2,054,000	400,000	367,000	369,000	-	3,190,000
Total Current Liabilities	10,618,000	3,311,000	1,817,000	2,182,000	5,074,000	23,002,000
Long-Term Liabilities:						
Deferred credit - TVA right of use	217,000	-	-	-	-	217,000
Accrued construction retention	2,560,000	-	-	-	-	2,560,000
Asset retirement obligations	38,479,000	-	-	-	-	38,479,000
Total Long-Term Liabilities	41,256,000	-	-	-	-	41,256,000
Total Liabilities	51,874,000	3,311,000	1,817,000	2,182,000	5,074,000	64,258,000
Deferred Inflows of Resources	6,276,000	-	-	-	-	6,276,000
Net Position						
Net investment in capital assets	271,693,000	11,711,000	169,297,000	164,388,000	72,038,000	689,127,000
Restricted for:						
Capital projects	8,270,000	448,000	4,595,000	4,957,000	2,876,000	21,146,000
Customer deposit fund and nuclear decommissioning	51,236,000	331,000	304,000	305,000	-	52,176,000
Unrestricted	22,557,000	2,279,000	2,388,000	1,208,000	(2,108,000)	26,324,000
Total Net Position	$ 353,756,000	$ 14,769,000	$ 176,584,000	$ 170,858,000	$ 72,806,000	$ 788,773,000

City of Dalton, Georgia
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
Water, Light, and Sinking Commission Fund
For the Year Ended December 31, 2013

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Operating Revenues						
Electric	$ 104,666,000	$ -	$ -	$ -	$ -	$ 104,666,000
Parity income	2,177,000	-	-	-	-	2,177,000
Natural gas	-	20,828,000	-	-	-	20,828,000
Water	-	-	19,119,000	-	-	19,119,000
Sewer	-	-	-	19,204,000	-	19,204,000
Information technology	-	-	-	-	19,620,000	19,620,000
Total Operating Revenues	106,843,000	20,828,000	19,119,000	19,204,000	19,620,000	185,614,000
Operating Expenses						
Production	25,094,000	-	3,994,000	9,165,000	-	38,253,000
Purchased electricity	43,749,000	-	-	-	-	43,749,000
Purchased natural gas	-	14,053,000	-	-	-	14,053,000
Distribution	5,646,000	1,674,000	3,214,000	1,573,000	11,271,000	23,378,000
Depreciation and amortization	7,566,000	749,000	5,674,000	6,849,000	7,126,000	27,964,000
General administration	4,553,000	2,143,000	4,222,000	2,247,000	1,353,000	14,518,000
Total Operating Expenses	86,608,000	18,619,000	17,104,000	19,834,000	19,750,000	161,915,000
Operating Income (Loss)	20,235,000	2,209,000	2,015,000	(630,000)	(130,000)	23,699,000
Non-Operating Revenues (Expenses)						
Interest income	1,153,000	46,000	42,000	42,000	46,000	1,329,000
Net increase (decrease) in fair value of investments and derivatives	(5,167,000)	(230,000)	(209,000)	(209,000)	(210,000)	(6,025,000)
Miscellaneous income (expense)	111,000	21,000	19,000	19,000	21,000	191,000
Total Non-Operating Revenues (Expenses)	(3,903,000)	(163,000)	(148,000)	(148,000)	(143,000)	(4,505,000)
Income Before Contributions and Transfers	16,332,000	2,046,000	1,867,000	(778,000)	(273,000)	19,194,000
Contributions and Transfers						
Reallocations	16,957,000	(387,000)	(5,194,000)	(4,490,000)	(6,886,000)	-
Transfers out	(5,187,000)	(805,000)	(984,000)	(984,000)	(984,000)	(8,944,000)
Total Contributions and Transfers	11,770,000	(1,192,000)	(6,178,000)	(5,474,000)	(7,870,000)	(8,944,000)
Change in Net Position	28,102,000	854,000	(4,311,000)	(6,252,000)	(8,143,000)	10,250,000
Net Position Beginning of Year	325,654,000	13,915,000	180,895,000	177,110,000	80,949,000	778,523,000
Net Position End of Year	$ 353,756,000	$ 14,769,000	$ 176,584,000	$ 170,858,000	$ 72,806,000	$ 788,773,000

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Net Position
December 31, 2013 and 2012

	2013	2012
Assets		
Current Assets:		
Cash and cash equivalents	$ 372,363	$ 322,994
Inventory	47,849	13,104
Total Current Assets	420,212	336,098
Noncurrent Assets:		
Capital Assets:		
Land	739,352	739,352
Depreciable capital assets, net	693,147	753,963
Total Noncurrent Assets	1,432,499	1,493,315
Total Assets	1,852,711	1,829,413
Liabilities		
Current Liabilities:		
Accounts payable	41,088	39,716
Accrued expenses	13,587	14,056
Unearned revenue	11,475	8,529
Interfund payable	131,580	178,305
Compensated absences payable	23,800	21,155
Total Current Liabilities	221,530	261,761
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	64,536	63,464
Total Liabilities	286,066	325,225
Net Position		
Net investment in capital assets	1,432,499	1,493,315
Unrestricted	134,146	10,873
Total Net Position	$ 1,566,645	$ 1,504,188

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2013 and 2012

	2013	2012
Operating Revenues		
Charges for services	$ 703,017	$ 783,166
Merchandise sales	60,380	76,082
Tournaments	96,527	100,564
Concessions	64,952	72,123
Miscellaneous	2,958	1,411
Total Operating Revenues	927,834	1,033,346
Operating Expenses		
Cost of sales and services	340,493	339,237
Personal services and benefits	429,032	432,275
Depreciation	96,726	87,032
Total Operating Expenses	866,251	858,544
Operating Income (Loss)	61,583	174,802
Non-Operating Revenues		
Investment earnings	874	689
Total Non-Operating Revenues	874	689
Income (Loss) Before Transfers In	62,457	175,491
Transfers in (out)	-	(286,528)
Change in Net Position	62,457	(111,037)
Net Position Beginning of Year	1,504,188	1,615,225
Net Position End of Year	$ 1,566,645	$ 1,504,188

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Net Position
December 31, 2013 and 2012

	2013	2012
Assets		
Current Assets:		
Receivables:		
Accounts	$ 650	$ 1,495
Interfund	-	24,975
Inventory	33,666	-
Total Current Assets	34,316	26,470
Noncurrent Assets:		
Capital Assets:		
Land	925,370	925,370
Depreciable capital assets, net	6,605,893	6,967,113
Total Noncurrent Assets	7,531,263	7,892,483
Total Assets	7,565,579	7,918,953
Liabilities		
Current Liabilities:		
Accounts payable	10,108	2,545
Accrued expenses	1,461	554
Interfund payable	25,719	-
Unearned revenue	5,815	195
Total Current Liabilities	43,103	3,294
Net Position		
Net investment in capital assets	7,531,263	7,892,483
Unrestricted	(8,787)	23,176
Total Net Position	$ 7,522,476	$ 7,915,659

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2013 and 2012

	2013	2012
Operating Revenues		
Charges for services	$ 210,791	$ 117,765
Miscellaneous	523	-
Total Operating Revenues	211,314	117,765
Operating Expenses		
Cost of sales and services	173,034	87,563
Personal services and benefits	26,243	25,928
Depreciation	405,220	404,628
Total Operating Expenses	604,497	518,119
Operating (Loss)	(393,183)	(400,354)
Transfers In/(Out)		
Transfers in	-	1,925
Transfers out	-	(2,280)
Net Transfers	-	(355)
Change in Net Position	(393,183)	(400,709)
Net Position Beginning of Year	7,915,659	8,316,368
Net Position End of Year	$ 7,522,476	$ 7,915,659

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 Position
Internal Service Funds
December 31, 2013

	Workers Compensation	Health Insurance	Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 1,309,081	$ -	$ 1,309,081
Accounts receivable	48,000	-	48,000
Total Current Assets	1,357,081	-	1,357,081
Liabilities			
Current Liabilities:			
Accounts payable	2,344	-	2,344
Claims payable	374,290	-	374,290
Total Current Liabilities	376,634	-	376,634
Net Position			
Unrestricted	980,447	-	980,447
Total Net Position	$ 980,447	$ -	$ 980,447

City of Dalton, Georgia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2013

	Workers Compensation	Health Insurance	Total
Operating Revenues			
Charges for services	$ 804,960	$ -	$ 804,960
Operating Expenses			
Claims	233,123	4,986	238,109
Premiums and administrative fees	292,095	-	292,095
Total Operating Expenses	525,218	4,986	530,204
Operating Income (Loss)	279,742	(4,986)	274,756
Non-Operating Revenues and Expenses			
Investment earnings	3,132	2	3,134
Total Non-Operating Revenues and Expenses	3,132	2	3,134
Change in Net Position	282,874	(4,984)	277,890
Net Position Beginning of Year	697,573	4,984	702,557
Net Position End of Year	$ 980,447	$ -	$ 980,447

City of Dalton, Georgia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2013

	Workers Compensation	Health Insurance	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from interfund services provided	$ 756,960	$ -	$ 756,960
Cash payments for claims and fees	(630,234)	(4,986)	(635,220)
Net Cash Provided by (Used in) Operating Activities	126,726	(4,986)	121,740
Cash Flows from Investing Activities			
Investment earnings	3,132	2	3,134
Net Increase (Decrease) in Cash and Cash Equivalents	129,858	(4,984)	124,874
Cash and Cash Equivalents Beginning of Year	1,179,223	4,984	1,184,207
Cash and Cash Equivalents End of Year	$ 1,309,081	$ -	$ 1,309,081
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	$ 279,742	$ (4,986)	$ 274,756
(Increase) Decrease in Assets:			
Accounts receivable	(48,000)	-	(48,000)
Increase (Decrease) in Liabilities:			
Claims payable	(105,016)	-	(105,016)
Net Cash Provided by (Used in) Operating Activities	$ 126,726	$ (4,986)	$ 121,740

City of Dalton, Georgia
Workers Compensation Fund
Comparative Statement of Net Position
December 31, 2013 and 2012

	2013	2012
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,309,081	$ 1,179,223
Accounts receivable	48,000	-
Total Current Assets	1,357,081	1,179,223
Liabilities		
Current Liabilities:		
Accounts payable	2,344	2,344
Claims payable	374,290	479,306
Total Current Liabilities	376,634	481,650
Net Position		
Unrestricted	980,447	697,573
Total Net Position	$ 980,447	$ 697,573

City of Dalton, Georgia
Workers Compensation Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2013 and 2012

	2013	2012
Operating Revenues		
Charges for services	$ 804,960	$ 800,000
Operating Expenses		
Claims	233,123	167,821
Premiums and administrative fees	292,095	322,089
Total Operating Expenses	525,218	489,910
Operating Income (Loss)	279,742	310,090
Non-Operating Revenues and Expenses		
Investment earnings	3,132	2,793
Total Non-Operating Revenues and Expenses	3,132	2,793
Change in Net Position	282,874	312,883
Net Position Beginning of Year	697,573	384,690
Net Position End of Year	$ 980,447	$ 697,573

City of Dalton, Georgia
Health Insurance Fund
Comparative Statement of Net Position
December 31, 2013 and 2012

	2013	2012
Assets		
Current Assets:		
Cash and cash equivalents	$ -	$ 4,984
Total Current Assets	-	4,984
Net Position		
Unrestricted	-	4,984
Total Net Position	$ -	$ 4,984

City of Dalton, Georgia
Health Insurance Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2013 and 2012

	2013	2012
Operating Expenses		
Claims	$ 4,986	$ (1,303)
Total Operating Expenses	4,986	(1,303)
Non-Operating Revenues (Expenses)		
Investment earnings	2	12
Change in Net Position	(4,984)	1,315
Net Position Beginning of Year	4,984	3,669
Net Position End of Year	$ -	$ 4,984

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, 2013 and 2012

	2012	Additions	Deductions	2013
Assets				
Cash and cash equivalents	$ 65,358	$ 1,974,915	$ (1,978,660)	$ 61,613
Liabilities				
Accounts payable	15,529	276,434	(274,866)	17,097
Interfund payable	-	1,702,474	(1,702,474)	-
Other liabilities	49,829	1,606,593	(1,611,906)	44,516
Total Liabilities	$ 65,358	$ 3,585,501	$ (3,589,246)	$ 61,613

DISCRETELY PRESENTED COMPONENT UNIT

The City of Dalton Building Authority is a component unit of the City of Dalton, Georgia. The City treats the Authority as a discretely presented component unit in the government-wide financial statements.

The Authority does not issue separate financial statements, so their activity is required to be disclosed in the financial section of the City's Comprehensive Annual Financial Report.

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Net Position
December 31, 2013 and 2012

	2013	2012
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,505,493	$ 1,316,967
Capital leases receivable	825,000	805,000
Total Current Assets	2,330,493	2,121,967
Noncurrent Assets:		
Capital leases receivable	7,295,000	8,120,000
Total Assets	$ 9,625,493	$ 10,241,967
Liabilities		
Current Liabilities:		
Accounts payable	1,505,493	1,316,967
Revenue bonds payable	590,000	575,000
Recovery zone economic development bonds payable	235,000	230,000
Total Current Liabilities	2,330,493	2,121,967
Liabilities		
Long-Term Liabilities:		
Revenue bonds payable	610,000	1,200,000
Recovery zone economic development bonds payable	4,685,000	4,920,000
QZAB gonds payable	2,000,000	2,000,000
Total Long-Term Liabilities:	7,295,000	8,120,000
Total Liabilities	$ 9,625,493	$ 10,241,967

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2013 and 2012

	2013	2012
Expenditures		
Debt Service:		
QZAB sinking fund payment on behalf of City of Dalton Board of Education	$ (188,526)	$ (182,804)
Non-Operating Revenues and Expenses		
Net investment earnings	38,526	32,804
Transfers		
Transfers in (inflows from the City and City of Dalton Board of Education)	1,275,955	7,451,875
Transfers out (principal and interest payments on debt)	(1,125,955)	(7,301,875)
Total Transfers	150,000	150,000
Change in Net Position	$ -	$ -

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Cash Flows
For The Years Ended December 31, 2013 and 2012

	2013	2012
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Investing Activities		
Net investment earnings	$ 38,526	$ 32,804
Cash Flows from Capital and Related Financing Activities		
Proceeds from City of Dalton and City of Dalton Board of Education	1,425,955	7,601,875
Acquisition of capital assets	-	(748,067)
Principal paid on capital debt	(805,000)	(6,930,000)
Interest paid on capital debt	(320,955)	(371,875)
Net Cash Provided by (Used in) Capital and Related Financing Activities	300,000	(448,067)
Net Increase (Decrease) in Cash and Cash Equivalents	338,526	(415,263)
Cash and Cash Equivalents Beginning of Year	1,316,967	1,882,230
Cash and Cash Equivalents End of Year	$ 1,655,493	$ 1,466,967

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	$ 65,145,853	$ 70,240,397	$ 75,019,657	$ 76,036,989	$ 77,111,490	$ 68,155,502	$ 69,252,168	$ 70,314,771	$ 72,911,193	$ 73,630,581
Restricted	6,575,030	3,269,618	1,284,713	1,260,953	1,117,309	2,637,360	5,617,799	577,427	240,347	251,557
Unrestricted	9,323,770	11,250,638	14,174,179	15,545,677	13,406,176	14,118,540	10,953,991	15,469,318	15,011,536	15,702,223
Total governmental activities	$ 81,044,653	$ 84,760,653	$ 90,478,549	$ 92,843,619	$ 91,634,975	$ 84,911,402	$ 85,823,958	$ 86,361,516	$ 88,163,076	$ 89,584,361
Business-type activities										
Net investment in capital assets	$ 343,684,581	$ 392,238,902	$ 520,340,969	$ 562,000,483	$ 586,400,998	$ 612,348,335	$ 649,134,503	$ 679,345,721	$ 687,108,798	$ 698,090,762
Restricted	256,382,000	210,062,000	158,172,000	129,344,000	113,054,000	96,992,000	90,783,000	77,948,000	75,034,000	73,322,000
Unrestricted	120,945,768	118,139,332	32,788,986	37,168,370	39,386,246	36,253,969	30,672,743	31,802,060	43,307,413	40,716,151
Total business-type activities	$ 721,012,349	$ 720,440,234	$ 711,301,955	$ 728,512,853	$ 738,841,244	$ 745,594,304	$ 770,590,246	$ 789,095,781	$ 805,450,211	$ 812,128,913
Primary government										
Net investment in capital assets	$ 408,830,434	$ 462,479,299	$ 595,360,626	$ 638,037,472	$ 663,512,488	$ 680,503,837	$ 718,386,671	$ 749,660,492	$ 760,019,991	$ 771,721,343
Restricted	262,957,030	213,331,618	159,456,713	130,604,953	114,171,309	99,629,360	96,400,799	78,525,427	75,274,347	73,573,557
Unrestricted	130,269,538	129,389,970	46,963,165	52,714,047	52,792,422	50,372,509	41,626,734	47,271,378	58,318,949	56,418,374
Total primary government	$ 802,057,002	$ 805,200,887	$ 801,780,504	$ 821,356,472	$ 830,476,219	$ 830,505,706	$ 856,414,204	$ 875,457,297	$ 893,613,287	$ 901,713,274

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
General government	$ 4,353,343	$ 4,071,038	$ 2,933,500	$ 2,839,767	$ 4,270,206	$ 2,530,960	$ 2,612,956	$ 3,312,603	$ 3,302,093	$ 2,633,853
Judicial	-	-	-	-	704,747	683,158	647,196	488,815	369,253	397,765
Public safety	12,691,382	13,077,718	13,631,626	15,145,033	14,903,803	14,587,205	14,539,913	14,459,706	13,990,949	15,095,340
Public works	9,778,344	10,322,707	10,762,882	12,790,923	10,136,329	7,934,126	9,265,438	7,841,578	9,010,672	8,447,680
Health and welfare	-	-	-	-	679,018	895,475	611,320	634,598	488,545	487,293
Culture and recreation	5,023,790	5,272,738	5,425,002	5,692,834	4,749,408	4,149,087	4,301,151	4,641,686	4,967,978	5,088,564
Housing and development	-	-	72,898	152,264	1,279,210	756,136	596,388	312,225	379,694	389,213
Education	28,668,083	27,593,227	27,450,015	29,237,233	240,061	-	-	-	-	-
Interest on long-term debt	807,791	615,149	584,478	272,296	226,898	178,413	325,111	354,337	459,985	274,506
Total governmental activities expenses	61,322,733	60,952,577	60,860,401	66,130,350	37,189,680	31,714,560	32,899,473	32,045,548	32,969,169	32,814,214
Business-type activities										
Electric system	69,127,132	78,075,006	77,704,298	75,149,652	73,614,065	79,230,193	85,200,911	87,423,887	80,988,971	87,048,375
Gas system	23,490,029	26,935,417	25,565,385	23,620,508	25,082,808	21,810,937	20,770,369	18,319,278	15,924,970	18,785,179
Water system	18,261,632	17,676,876	20,238,893	21,580,197	21,625,495	21,291,524	18,527,773	17,740,827	16,929,002	17,926,588
Wastewater system	18,442,853	18,927,394	19,497,405	20,367,610	19,532,011	21,271,307	20,783,836	19,242,572	19,170,608	20,623,351
Information technology system	12,264,206	15,403,179	14,261,918	16,463,005	19,156,275	17,814,163	17,948,994	18,585,143	19,276,365	20,223,612
Landfill	-	-	-	1,013,513	-	223,566	64,727	302,599	365,350	439,487
Trade Center	-	-	608,332	682,020	673,926	749,552	745,787	717,958	547,930	557,720
Municipal golf course	1,229,176	1,072,990	1,081,389	1,191,672	1,219,530	888,328	939,516	788,790	858,544	981,056
Municipal airport	-	-	-	-	-	459,636	482,586	503,145	518,119	604,497
Total business-type activities expenses	142,815,028	158,090,862	158,957,620	160,068,177	160,904,110	163,739,206	165,464,499	163,624,199	154,579,859	167,189,865
Total primary government expenses	$ 204,137,761	$ 219,043,439	$ 219,818,021	$ 226,198,527	$ 198,093,790	$ 195,453,766	$ 198,363,972	$ 195,669,747	$ 187,549,028	$ 200,004,079

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program revenues										
Governmental activities										
Charges for services										
General government	$ 1,769,075	$ 2,625,013	$ 3,021,900	$ 3,653,811	$ 1,335,624	$ 1,152,739	$ 964,306	$ 983,375	$ 986,862	$ 982,441
Judicial	-	-	-	-	1,585,097	1,098,525	1,066,062	739,273	767,234	751,680
Public safety	1,951,465	1,003,610	1,117,906	1,040,320	1,009,892	972,303	632,724	572,989	604,417	657,613
Public works	807,426	792,123	1,202,851	420,417	395,118	193,246	100,749	136,400	142,808	157,151
Health and welfare	-	-	-	-	207,792	54,500	68,581	56,612	46,253	54,355
Culture and recreation	422,379	718,029	683,328	781,469	485,980	361,532	322,813	223,093	324,948	395,533
Housing and development	-	-	-	-	-	-	215,308	-	-	-
Education	122,865	122,716	122,796	97,600	142,000	-	-	-	-	-
Operating grants and contributions	6,867,424	6,800,635	6,122,681	3,233,969	1,508,234	1,782,722	2,065,115	1,383,138	2,258,686	657,771
Capital grants and contributions	-	-	-	1,619,714	1,600,048	2,301,508	2,801,087	2,353,880	1,182,154	2,669,259
Total governmental activities program revenues	11,940,634	12,062,126	12,271,462	10,847,300	8,269,785	7,917,075	8,236,745	6,448,760	6,313,362	6,325,803

(continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities										
Charges for services										
Electric system	59,934,000	66,495,000	71,339,000	89,490,000	89,918,000	96,890,000	106,911,000	105,347,000	102,836,000	106,843,000
Gas system	24,877,000	30,728,000	26,227,000	24,155,000	25,694,000	17,787,000	21,001,000	19,701,000	15,938,000	20,828,000
Water system	15,378,000	17,150,000	19,595,000	20,438,000	18,216,000	18,302,000	20,170,000	20,039,000	19,449,000	19,119,000
Wastewater system	16,523,000	19,198,000	23,385,000	23,245,000	19,244,000	20,424,000	22,134,000	20,814,000	19,438,000	19,204,000
Information technology system	8,932,000	12,014,000	11,241,000	14,530,000	17,186,000	18,574,000	19,314,000	18,989,000	19,281,000	19,620,000
Joint ventures - Landfill & Trade Center	-	-	439,970	-	207,977	-	-	-	-	-
Municipal golf course	1,016,873	1,005,419	1,023,875	1,078,337	961,943	788,503	825,777	905,637	1,033,346	927,834
Municipal airport	-	-	-	-	-	90,848	91,349	103,407	117,765	211,314
Capital grants and contributions	580,000	431,000	180,300	124,000	112,000	332,856	-	-	597,000	-
Total business-type activities program revenues	127,240,873	147,021,419	153,431,145	173,060,337	171,539,920	173,189,207	190,447,126	185,899,044	178,690,111	186,753,148
Total primary government program revenues	$ 139,181,507	$ 159,083,545	$ 165,702,607	$ 183,907,637	$ 179,809,705	$ 181,106,282	$ 198,683,871	$ 192,347,804	$ 185,003,473	$ 193,078,951
Net revenues (expenses)										
Governmental activities	$ (49,382,099)	$ (48,890,451)	$ (48,588,939)	$ (55,283,050)	$ (28,919,895)	$ (23,797,485)	$ (24,662,728)	$ (25,596,788)	$ (26,655,807)	$ (26,488,411)
Business-type activities	(15,574,155)	(11,069,443)	(5,526,475)	12,992,160	10,635,810	9,450,001	24,982,627	22,274,845	24,110,252	19,563,283
Total primary government net revenue (expense)	$ (64,956,254)	$ (59,959,894)	$ (54,115,414)	$ (42,290,890)	$ (18,284,085)	$ (14,347,484)	$ 319,899	$ (3,321,943)	$ (2,545,555)	$ (6,925,128)

(continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for										
General purposes	$ 7,182,195	$ 6,615,045	$ 6,781,633	$ 6,995,308	$ 6,782,866	$ 9,937,794	$ 9,006,423	$ 8,757,658	$ 9,303,685	$ 7,876,135
Education	28,508,593	27,279,581	27,136,687	29,093,305	-	-	-	-	-	-
Debt service	533,210	514,763	326,782	342,916	346,686	356,958	33,115	4,718	4,683	-
Recreation	3,109,594	3,009,682	3,054,139	3,362,499	3,454,864	465,090	58,150	-	-	-
Selective taxes	6,963,600	7,196,529	7,374,626	7,534,604	6,164,971	5,560,754	5,686,337	5,858,375	6,103,688	9,380,518
Hotel/motel taxes	714,403	706,542	742,003	771,984	714,896	692,065	862,298	1,060,665	1,093,798	1,170,315
Unrestricted payments from housing authority	101,712	101,712	101,712	101,712	-	-	-	-	-	-
Investment earnings	321,795	399,731	593,781	725,851	393,570	149,895	122,113	227,288	253,696	241,177
Donations	2,071,485	352,089	107,309	2,000	604,488	90,309	192,349	584,123	1,820,028	346,807
Miscellaneous	560,596	808,255	453,877	985,769	557,910	283,120	436,717	495,556	596,278	514,289
Transfers	5,995,369	5,764,303	7,647,460	7,719,000	8,691,000	(677,381)	9,177,782	9,145,963	9,281,511	8,380,455
Total governmental activities general revenues and other changes in net position	56,062,552	52,748,232	54,320,009	57,634,948	27,711,251	16,858,604	25,575,284	26,134,346	28,457,367	27,909,696
Business-type activities										
Income (loss) from investment in joint venture	20,471	(406,262)	-	-	-	-	-	-	-	-
Investment earnings	14,619,498	15,402,893	2,699,302	11,247,738	7,887,581	(4,056,322)	7,389,350	3,945,453	1,192,689	(4,695,126)
Miscellaneous	1,814,000	1,265,000	1,381,000	690,000	496,000	682,000	1,801,747	1,431,200	333,000	191,000
Transfers	(5,995,369)	(5,764,303)	(7,647,460)	(7,719,000)	(8,691,000)	677,381	(9,177,782)	(9,145,963)	(9,281,511)	(8,380,455)
Total business-type activities general revenues and other changes in net position	10,458,600	10,497,328	(3,567,158)	4,218,738	(307,419)	(2,696,941)	13,315	(3,769,310)	(7,755,822)	(12,884,581)
Total primary government general revenues and other changes in net position	$ 66,521,152	$ 63,245,560	$ 50,752,851	$ 61,853,686	$ 27,403,832	$ 14,161,663	$ 25,588,599	$ 22,365,036	$ 20,701,545	$ 15,025,115

(continued)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Change in net position										
Governmental activities	$ 6,680,453	$ 3,857,781	$ 5,731,070	$ 2,351,898	$ (1,208,644)	$ (6,938,881)	$ 912,556	$ 537,558	$ 1,801,560	$ 1,421,285
Business-type activities	(5,115,555)	(572,115)	(9,093,633)	17,210,898	10,328,391	6,753,060	24,995,942	18,505,535	16,354,430	6,678,702
Total primary government change	$ 1,564,898	$ 3,285,666	$ (3,362,563)	$ 19,562,796	$ 9,119,747	$ (185,821)	$ 25,908,498	$ 19,043,093	$ 18,155,990	$ 8,099,987

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Nonspendable	$ -	$ -	$ 38,012	$ 27,658	$ 34,820	$ 138,532	$ 97,011	$ 185,083	$ 207,539	$ 212,643
Restricted	-	-	105,500	105,500	105,500	102,316	91,959	91,959	91,029	91,029
Unassigned	10,020,302	10,927,055	13,170,670	14,801,938	13,395,178	17,145,924	17,568,683	16,928,666	19,548,598	20,788,168
Total general fund	$ 10,020,302	$ 10,927,055	$ 13,314,182	$ 14,935,096	$ 13,535,498	$ 17,386,772	$ 17,757,653	$ 17,205,708	$ 19,847,166	$ 21,091,840
Nonmajor governmental funds										
Nonspendable	$ 6,991	$ 6,915	$ 5,599	$ 5,526	$ 15,837	$ 17,936	$ 8,897	$ 750	$ -	$ -
Restricted	9,064,553	7,322,723	4,465,388	4,480,394	4,700,249	2,495,831	5,493,273	378,447	99,366	129,188
Total nonmajor governmental funds	$ 9,071,544	$ 7,329,638	$ 4,470,987	$ 4,485,920	$ 4,716,086	$ 2,513,767	$ 5,502,170	$ 379,197	$ 99,366	$ 129,188

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	$ 47,011,595	$ 45,322,142	$ 45,415,870	$ 48,100,616	$ 17,464,283	$ 17,012,661	$ 15,646,323	$ 15,681,416	$ 16,505,854	$ 18,426,968
Licenses and permits	1,769,075	1,952,997	1,752,849	2,029,227	1,335,624	1,152,739	964,306	983,375	986,862	982,441
Intergovernmental revenues	6,969,136	6,902,347	6,224,393	4,955,395	3,108,282	4,084,230	4,866,202	3,729,380	3,440,782	3,327,030
Charges for services	968,755	1,875,178	2,778,049	2,355,614	2,331,802	1,633,223	1,572,660	1,140,030	1,263,013	1,336,866
Fines and forfeitures	1,951,465	1,003,610	1,117,906	1,040,320	964,673	840,251	506,110	462,225	453,345	484,730
Investment income	309,415	368,735	521,582	686,626	371,002	140,959	117,557	231,567	250,949	238,043
Miscellaneous	2,632,081	1,160,344	561,186	987,769	1,437,982	682,326	943,058	1,162,138	2,558,705	994,634
Total Revenues	61,611,522	58,585,353	58,371,835	60,155,567	27,013,648	25,546,389	24,616,216	23,390,131	25,459,510	25,790,712
Expenditures										
General government	3,892,689	3,580,189	3,268,927	3,729,484	2,404,601	1,911,892	2,022,594	2,081,391	2,139,627	2,219,861
Judicial	-	-	-	-	686,788	698,354	654,770	486,374	362,015	381,534
Public safety	12,580,716	12,630,817	13,629,246	14,458,606	14,231,734	14,133,661	13,732,562	13,883,732	13,445,167	13,965,925
Public works	13,450,186	11,806,875	11,398,450	12,209,967	8,092,435	6,149,832	7,419,974	6,120,255	7,236,418	6,746,059
Health and welfare	-	-	-	-	595,669	891,226	607,982	637,408	463,605	447,700
Culture and recreation	4,017,035	4,269,528	4,530,155	5,115,500	3,741,273	2,988,772	3,047,410	3,501,267	3,501,067	3,542,935
Housing and development	-	-	86,070	142,500	1,163,681	926,360	589,742	386,679	322,625	370,981
Education	28,508,593	27,279,581	27,136,687	29,093,305	-	-	-	-	-	-
Capital Outlay	5,044,091	1,441,736	1,046,339	139,473	4,605,673	3,119,404	4,960,817	8,038,782	6,656,062	5,492,823
Debt Service:										
Principal retirement	4,065,421	4,236,396	4,832,929	1,100,051	1,147,790	1,196,099	1,298,247	1,568,034	598,561	603,204
Interest and fiscal charges	908,284	592,687	562,016	249,834	204,436	155,951	477,827	333,806	293,792	274,506
Total Expenditures	72,467,015	65,837,809	66,490,819	66,238,720	36,874,080	32,171,551	34,811,925	37,037,728	35,018,939	34,045,528
Excess of Revenues Over (Under) Expenditures	(10,855,493)	(7,252,456)	(8,118,984)	(6,083,153)	(9,860,432)	(6,625,162)	(10,195,709)	(13,647,597)	(9,559,429)	(8,254,816)

(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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing Sources (Uses)										
Bonds issued	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,130,000	$ -	$ -	$ 1,148,857
Transfers in	10,117,273	8,355,113	11,127,203	9,306,268	9,996,811	9,947,366	15,230,728	11,188,924	13,521,540	11,547,319
Transfers out	(4,774,164)	(1,937,810)	(3,479,743)	(1,587,268)	(1,305,811)	(1,673,249)	(6,052,946)	(2,042,961)	(4,526,557)	(3,166,864)
Total other Financing Sources (Uses)	5,343,109	6,417,303	7,647,460	7,719,000	8,691,000	8,274,117	15,307,782	9,145,963	8,994,983	9,529,312
Net Change in Fund Balance	$ (5,512,384)	$ (835,153)	$ (471,524)	$ 1,635,847	$ (1,169,432)	$ 1,648,955	$ 5,112,073	$ (4,501,634)	$ (564,446)	$ 1,274,496
Debt Service as a % of noncapital expenditures	8.0%	8.1%	9.0%	2.1%	4.4%	4.9%	6.3%	7.0%	3.2%	3.2%

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
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
2012	2,084,647,818	1,551,656,253	28,039,843	298,161,930	3,366,181,984	2.697
2013	2,056,904,020	1,543,923,211	20,583,698	297,794,168	3,323,616,761	2.616

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
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
2012	2.697	0.000	0.000	2.697	7.845	0.950	6.061	17.553
2013	2.616	0.000	0.000	2.616	7.845	0.950	6.061	17.472

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 was historically reported in the debt service fund. The recreation tax revenue was historically reported in the recreation special revenue fund.

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

	2013			2004		
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.	$ 544,892,653	1	16.4%	$ 414,478,913	1	13.5%
Mohawk Industries, Inc.	105,658,748	2	3.2%	160,834,733	2	5.2%
Beaulieu of America, Inc.	105,471,603	3	3.2%	127,613,530	3	4.1%
J & J Industries, Inc.	79,710,625	4	2.4%	55,396,442	4	1.8%
TANDUS Group (formerly Collins & Aikman)	60,409,748	5	1.8%	40,921,413	6	1.3%
The Peeples Group	34,442,865	6	1.0%	-	NA	0.0%
Lexmark Carpet Mills, Inc.	31,126,540	7	0.9%	-	NA	0.0%
Shiroki Georgia, LLC	29,195,072	8	0.9%	-	NA	0.0%
CBL & Associates	26,748,527	9	0.8%	24,416,435	8	0.8%
Ashland Acqualon	18,544,138	10	0.6%	-	NA	0.0%
Alltel	-	NA	0.0%	43,404,535	5	1.4%
Mattel	-	NA	0.0%	22,792,691	9	0.7%
Synthetic Industries	-	NA	0.0%	27,184,198	7	0.9%
SWM Georgia, LLC	-	NA	0.0%	20,641,223	10	0.7%

Source: Whitfield County Tax Commissioner

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

Fiscal Year	Taxes Levied	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	$ 36,284,746	$ 30,593,267	84.3%	$ 5,691,453	$ 36,284,720	100.0%
2005	36,944,389	31,790,728	86.1%	5,152,883	36,943,611	100.0%
2006	39,066,393	32,976,187	84.4%	6,088,711	39,064,898	100.0%
2007	40,451,745	35,995,374	89.0%	4,437,786	40,433,160	100.0%
2008	10,717,290	4,315,761	40.3%	6,381,858	10,697,619	99.8%
2009	10,439,104	4,091,977	39.2%	6,326,236	10,418,213	99.8%
2010	9,208,612	6,935,407	75.3%	2,259,621	9,195,028	99.9%
2011	8,714,014	7,444,424	85.4%	1,223,797	8,668,221	99.5%
2012	8,597,292	7,595,137	88.3%	893,121	8,488,258	98.7%
2013	8,278,776	7,339,021	88.6%	-	7,339,021	88.6%

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
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	2.5%	539
2012	-	5,150,000	453,484	-	5,603,484	0.6%	168
2013	-	5,831,137	318,000	-	6,149,137	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
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%	-
2012	-	0.0%	-
2013	-	0.0%	-

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, 2013
(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 - Qualified Zone Academy Bonds	2,000,000	100.0%	$ 2,000,000
Dalton Public School System agreement with City - Series 2005 Revenue Bonds	1,200,000	100.0%	1,200,000
Total overlapping debt			3,200,000
City direct debt			6,149,137
Total direct and overlapping debt			$ 9,349,137

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.

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

	For the year ending December 31,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	$ 317,177,008	$ 329,065,279	$ 353,386,873	$ 377,209,725	$ 360,474,151	$ 386,288,034	$ 361,898,788	$ 358,953,829	$ 366,434,391	$ 362,141,093
Total net debt applicable to limit	9,483,726	25,806,202	25,563,873	36,220,989	30,908,236	24,162,832	23,169,203	15,848,035	8,915,098	8,112,558
Legal debt margin	$ 307,693,282	$ 303,259,077	$ 327,823,000	$ 340,988,736	$ 329,565,915	$ 362,125,202	$ 338,729,585	$ 343,105,794	$ 357,519,293	$ 354,028,535
Total net debt applicable to limit as a % of debt limit	3.0%	7.8%	7.2%	9.6%	8.6%	6.3%	6.4%	4.4%	2.4%	2.2%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	$ 3,323,616,761
Add: exempt real property	297,794,168
Total assessed value	3,621,410,929
	10.0%
Debt limit (10% of assessed value)	$ 362,141,093
Debt applicable to limit	
Total bonded debt	$ 8,120,000
Less: Amount available for repayment of general obligation bonds	7,442
Total debt applicable to limit	$ 8,112,558
Legal debt margin	$ 354,028,535

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

	Utility Revenue Bonds					
				Debt Service		
Fiscal Year	Utility Service Charges	Utility Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
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
2012	155,141,000	111,896,000	43,245,000	-	-	-
2013	163,817,000	121,327,000	42,490,000	-	-	-

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
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	33,413	716,041	21,430	12.1%	7,225
2012	33,413	953,874	28,548	11.4%	7,564
2013	NA	NA	NA	10.4%	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)

	2013			2004		
Taxpayer	Employees (1)	Rank	Percentage of Total City Employees	Employees	Rank	Percentage of Total City Employees
Shaw Industries, Inc.	4,506	1	13.5%	NA	NA	NA
Mohawk Industries, Inc.	1,890	2	5.7%	NA	NA	NA
Beaulieu of America, Inc.	1,477	3	4.4%	NA	NA	NA
Hamilton Medical Center	1,220	4	3.7%	NA	NA	NA
Dalton Public School System	890	5	2.7%	NA	NA	NA
TANDUS Group (formerly Collins & Aikman)	837	6	2.5%	NA	NA	NA
J & J Industries, Inc.	717	7	2.1%	NA	NA	NA
City of Dalton, Georgia	680	8	2.0%	NA	NA	NA
Shiroki Georgia, LLC	402	9	1.2%	NA	NA	NA
Columbia Recycling Corp.	395	10	1.2%	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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Administration and elected officials	12	13	11	15	14	13	16	14	14	21
Human Resources	3	4	4	4	4	3	3	3	3	3
City Clerk	3	2	2	4	4	4	4	4	3	4
Finance	5	5	5	4	5	4	4	4	4	4
Building Inspection	5	5	5	5	5	5	-	-	-	-
Municipal Court	5	11	9	9	10	9	8	4	4	4
Public Safety										
Police										
Officers	84	79	92	95	98	86	81	82	79	81
Civilians	10	20	11	11	12	14	15	13	15	14
Fire										
Firefighters and officers	87	83	89	89	91	87	85	88	83	89
Civilians	2	2	2	1	-	-	-	1	1	2
Streets and Sanitation										
Refuse collection	32	32	32	32	32	32	31	31	31	31
Streets	24	22	15	32	10	10	10	11	11	11
Other	55	57	54	31	23	23	23	24	27	25
DWRSWMA (Landfill)	39	43	38	38	38	38	38	38	37	36
WLSF (Dalton Utilities)	320	323	322	320	309	310	402	307	301	304
Culture and Recreation										
Recreation	34	37	38	37	37	24	25	25	28	29
Golf Course	11	11	11	11	11	9	9	7	6	6
Senior Center	2	3	4	4	4	5	5	4	4	4
Trade Center	13	15	21	18	16	-	-	-	5	12

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Building permits issued	582	505	459	424	298	160	-	-	-	-
Public Safety										
Police										
Physical arrests	4,024	3,926	4,080	8,048	2,852	2,647	3,221	3,868	4,212	4,682
Traffic citations and warnings	17,772	15,501	16,331	17,473	19,140	11,727	9,384	12,621	10,831	11,375
Fire										
Calls answered	1,396	1,439	1,608	1,460	1,323	1,323	1,517	2,766	2,744	2,537
Inspections conducted	897	677	478	275	170	616	469	468	220	610
Culture and Recreation										
Youth athletic enrollment	NA	2,420	2,306	2,571	2,725	2,850	3,098	3,575	2,698	4,258
Adult athletic enrollment	NA	2,534	2,510	2,380	2,390	2,390	2,441	2,398	2,292	2,089
Special events	NA	9,511	9,830	9,860	10,500	12,000	20,000	25,000	25,120	20,000
Tournaments	NA	2,355	10,856	16,664	17,200	16,000	18,225	21,655	22,868	24,268

(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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
WLSF (Dalton Utilities) (1) (2)										
Electric System										
Number of service connections	15,273	15,446	15,612	15,858	15,904	15,691	15,532	15,500	15,625	16,512
Daily average consumption	3,978	4,090	3,997	3,725	4,164	4,005	4,178	3,977	3,976	4,236
Maximum daily peak (MW's)	258	266	264	262	262	262	262	262	243	237
Natural Gas System										
Number of service connections	8,659	8,532	8,374	8,255	8,031	8,013	7,789	7,602	7,623	7,594
Daily average consumption	6,785	6,730	5,925	5,840	5,532	5,170	6,305	5,679	4,798	5,819
Maximum daily peak (Dkthms)	17,651	17,078	14,992	15,380	17,868	19,154	19,055	16,487	17,217	18,163
Sewer system										
Number of service connections	11,610	11,930	12,185	12,490	12,466	12,393	12,323	12,317	12,450	12,616
Daily average treatment	34	34	34	30	24	24	21	21	20	22
Maximum daily capacity (Mil/gallons)	40	40	40	40	67	67	67	67	67	67
Water system										
Number of service connections	33,853	34,717	35,218	35,513	32,457	35,790	35,559	35,501	35,674	35,236
Daily average consumption (Mil/gallons	37	38	38	32	24	21	21	1	22	23
Maximum daily capacity (Mil/gallons)	59	59	59	59	66	66	66	66	66	66
Optilink (Telecom) System										
Number of service connections	3,746	6,280	8,163	10,334	11,650	11,930	11,776	11,827	12,033	12,234

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

Function/Program	For the year ending December 31,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	58	58	58	58	58	57	58	58	58	58
Fire										
Number of stations	5	5	5	5	5	5	5	5	5	5
Streets and Sanitation										
Miles of streets	167	168	169	169	169	173	173	174	174	178
Streetlights	3,960	4,002	4,052	4,420	4,435	4,472	4,485	4,505	4,525	4,545
Culture and Recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Parks	11	11	11	11	11	11	12	12	13	13
Park acreage	459	459	459	459	459	459	644	644	719	719
Golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	1	1	2	2
Tennis courts	16	14	14	18	18	16	22	22	22	22
WLSF (Dalton Utilities)										
Electric System										
Miles of distribution	195	195	195	197	197	199	204	206	301	310
Number of substations	8	8	9	9	9	9	9	9	9	10
Water system										
Miles of distribution	251	251	251	255	255	256	276	277	324	279
Sewer system										
Miles of sewer	260	260	260	284	278	284	298	299	319	323
Number of treatment plants	4	4	4	4	5	5	5	5	5	5
Water system										
Miles of water mains	1,415	1,390	1,390	1,291	1,288	1,285	1,259	1,259	1,249	1,248
Number of fire hydrants	3,326	4,297	4,297	4,950	5,299	5,190	5,230	5,004	5,004	5,008
Optilink (Telecom) System										
Miles of fiber optics	230	241	321	570	578	586	592	601	601	626

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, 2013. 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, 2013, in conformity with accounting principles generally accepted in the United States of America.

Estes & Williams

Dalton Georgia
June 20, 2014

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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, 2013

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	$ 4,425,855	$ 568,413	$ 4,994,268	43%
Total	$ 30,384,359	$ 11,710,215	$ 4,425,855	$ 568,413	$ 4,994,268	

INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Dalton, Georgia's basic financial statements and have issued our report thereon dated June 20, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Dalton, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Dalton, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dalton, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2013-01, 2013-02, 2013-03)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dalton, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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City of Dalton, Georgia's Response to Findings

The City of Dalton, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Dalton, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Estes & Williams

Dalton Georgia
June 20, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Dalton, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Dalton, Georgia's major federal programs for the year ended December 31, 2013. The City of Dalton, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Dalton, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Dalton, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Dalton, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Dalton, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-04, 2013-05, and 2013-06. Our opinion on each major federal program is not modified with respect to these matters.

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The City of Dalton, Georgia's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Dalton, Georgia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Estes & Williams

Dalton Georgia
June 20, 2014

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2013

Summary of Audit Results

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

2. Three significant deficiencies were disclosed during the audit of the financial statements that are required to be reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statements of the City of Dalton, Georgia were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit which are required to be reported in the Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

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

6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.

7. The programs tested as a major program are:

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

U.S. Department of Transportation
Pass-through Georgia Department of Transportation:
Airport Improvement Program
CFDA # 20.106

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

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

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2013

Findings – Financial Statement Audit

2013-01	Condition:	Controls related to concession revenues and inventory at the Recreation Department are inadequate.
	Criteria:	Controls should be in place in order to sufficiently prevent, or detect and correct misstatements on a timely basis.
	Cause:	The department has not implemented controls sufficient to reduce the risk of asset misappropriation.
	Effect:	Concession revenues or inventory misappropriation may not be prevented or detected on a timely basis.
	Recommendation:	The department should implement controls to monitor inventories and to reconcile concession receipts to inventory consumption on a regular basis.
	Management Response:	We concur. The City has purchased and placed point of sale software in the concession venues. This automated cash and credit card system also contains an inventory module. The recreation department is currently utilizing the system for revenues and will implement the system for inventory before the end of 2014. The recreation department is also developing written procedures for revenue and inventory controls.
2013-02	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. The City has purchased and is implementing a new biometric timekeeping software that will import information into the current payroll module. Once the software is implemented across departments, written procedures will be developed and revised to ensure consistent application City-wide. The written procedures will also address the custodial aspect of source documents.

Findings – Financial Statement Audit (continued)

2013-03	Condition:	Controls related to monitoring the probation service provider are insufficient.
	Criteria:	Information should be obtained from the probation service provider on a timely basis, and reconciliations between their records and the City's records should be performed to ensure accuracy and completeness of the City's information.
	Cause:	The probation service provider has been unable to furnish the City with useful reports with which to perform reconciliations and analysis.
	Effect:	The City is unable to perform monitoring in relation to the service provider, which could result in misappropriation of assets, noncompliance with legal requirements, or inaccurate financial data.
	Recommendation:	Management should implement monthly reconciliation procedures between the municipal court, the police department, and the probation service provider to ensure all records reconcile.
	Management Response:	We concur. The City will continue to attempt to get the appropriate reports from the probation service provider.

Findings – Federal Awards Programs

US Department of Housing and Urban Development
Community Development Block Grants/Entitlement Grants
CFDA 14.218

Reporting
Questioned Costs: None

2013-04	Condition:	An error was noted on one quarterly financial report for the period under audit.
	Criteria:	The SF-425 Federal Financial Report should be reconciled to adjusted cash balances.
	Cause:	The report contained an error in reporting cash disbursements and the related cash balance for one quarter.
	Effect:	The City reported incorrect information for one period.
	Recommendation:	The City should add an additional level of review over the SF-425 to assure the information contained in the report is accurate.
	Management Response:	We concur. We will add an additional level of review to assure accurate reporting.

Findings – Federal Awards Programs (continued)

US Department of Transportation
Airport Improvement Program
CFDA 20.106

Procurement and Suspension and Debarment
Questioned Costs: None

2013-05	Condition:	The City did not verify that a party to a covered transaction was not debarred, suspended, or otherwise excluded.
	Criteria:	The City is required to verify that parties with whom they conduct covered transactions are not restricted by the federal government.
	Cause:	The City did not verify or did not substantiate verification that vendors utilized were not on the excluded parties list.
	Effect:	The City does not meet the compliance requirement for procurement as required by the compliance procedures.
	Recommendation:	The City should implement procedures to verify that sam.gov is consulted for any new vendors for this grant, and that the verification is documented.
	Management Response:	We concur. We will take steps to ensure compliance in the future.

Real Property Acquisition and Relocation Assistance
Questioned Costs: None

2013-06	Condition:	Inadequate documentation of negotiation procedures and other items.
	Criteria:	The grant guidelines indicate that the City must document and support deviations from designated procedures.
	Cause:	The City did not sufficiently substantiate their rationale for paying an administrative settlement and deviating from the appraisal.
	Effect:	The City does not meet the compliance requirement for real property acquisition as dictated in the grant guidelines.
	Recommendation:	The City should attend training and develop adequate policies and procedures to ensure compliance with these requirements.
	Management Response:	We concur. We will take steps to ensure compliance in the future.

City of Dalton, Georgia
Schedule of Expenditures of Federal Awards
December 31, 2013

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Current Year Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct funding:		
Entitlement Grants Cluster:		
Community Development Block Grants/Entitlement Grants	14.218	$ 402,308
Pass-through Georgia Department of Community Affairs:		
Home Investment Partnerships Program	14.239	
Grant/Contract # 08-X-155-2-6002		43,313
U.S. DEPARTMENT OF JUSTICE		
Direct funding:		
Drug Court Discretionary Grant Program	16.585	
Grant/Contract # 2010-DJ-BX-1131		3,960
Bulletproof Vest Partnership Program	16.607	
Grant/Contract # 2011BUBX11058223		295
Equitable Sharing Program	16.922	
Grant/Contract # GA1550100		9,373
U.S. DEPARTMENT OF TRANSPORTATION		
Pass-through Georgia Department of Transportation:		
Airport Improvement Program	20.106	
Grant/Contract # AP012-9016-31(313)		298,211
Grant/Contract # AP013-9021-32(313)		1,110,272
Grant/Contract # AP014-9022-33(313)		151,769
Pass-through Georgia Department of Natural Resources:		
Highway Planning and Construction Cluster:		
Recreational Trails Program	20.219	
Grant/Contract # 2011		96,888
Pass-through Governer's Office of Highway Safety:		
Highway Safety Cluster:		
State and Community Highway Safety	20.600	
Grant/Contract # GA-2013-000-00557		7,998
Total		$ 2,124,387

City of Dalton, Georgia
Notes to Schedule of Expenditures of Federal Awards
December 31, 2013

A. General

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

B. Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the full accrual basis of accounting.

C. Relationship to Federal Financial Reports

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

City of Dalton, Georgia
Schedule of Prior Year Audit Findings
December 31, 2013

Prior Year Findings – Financial Statement Audit

FS12-1	Condition:	Controls related to concession revenues and inventory at the Recreation Department are inadequate.
	Current status:	The City has the same finding this year. Management has made significant process in their efforts to eliminate this finding, as noted in their management response to the current year finding 2013-01. Management believes this will not be a finding next year.
FS12-2	Condition:	Controls related to payroll processing are not consistent among departments.
	Current status:	The City has the same finding this year. Management has made significant process in their efforts to eliminate this finding, as noted in their management response to the current year finding 2013-02. Management believes this will not be a finding next year.

Prior Year Findings – Federal Awards Programs

FA12-1	Condition:	The SF-425 Federal Financial Report was not filed in accordance with grant guidelines.
	Current status:	The City has implemented procedures to address this issue and no similar findings were noted this year.
FA12-2	Condition:	Inadequate monitoring of subrecipients.
	Current status:	The City has implemented procedures to address this issue and no similar findings were noted this year.
FA12-3	Condition:	Deficient environmental reviews.
	Current status:	The City has implemented procedures to address this issue and no similar findings were noted this year.
FA12-4	Condition:	Noted several errors on subrecipent contracts.
	Current status:	The City has implemented procedures to address this issue and no similar findings were noted this year.