



CITY OF DALTON
GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2014







CITY OF DALTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended
December 31, 2014

Cindy Jackson, CPA
Chief Financial Officer

By Authority of
Mayor and Council

City of Dalton, Georgia
Comprehensive Annual Financial Report
For The Year Ended December 31, 2014

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June 12, 2015

Honorable Mayor, Distinguished Members of the City Council, and Citizens of the City of Dalton:

The Comprehensive Annual Financial Report ("CAFR") of the City of Dalton, Georgia, for the year ended December 31, 2014 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 & Walcott, Certified Public Accountants and they have rendered an unmodified opinion for the year ended December 31, 2014. 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, 2014 was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit section of this report.

Management's discussion and analysis ("MD&A") immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. 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 also served by two major railroads, CSX and Norfolk Southern. 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.

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 2014 population for Dalton at 33,414.

Equal Opportunity Employer

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 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 the Governmental Accounting Standards Board. The Dalton Building Authority meets the guidelines of GASB Statement No. 14, as amended by GASB Statement 61, and is included as a discretely presented component unit in the City of Dalton's CAFR.

The Senior Center is jointly funded with Whitfield County, but is included in the City's report due to the City's ability to impose its will, as it is governed by the City's Recreation Commission.

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 convention center (a joint venture), and a solid waste facility (a joint venture). Selected demographic information is provided within the statistical section of this report. In addition, the City exercises fiduciary responsibility over the Employees' Pension Trust Fund and Other Post Employment Benefit Trust Fund.

The annual budget functions as the basis 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. Over 90% of the global functional carpet is produced within 65 miles of Dalton.

Dalton's economy continues to improve as evidenced by the March 2015 unemployment rate of 7.0% which has substantially declined from its November 2010 peak of 13.6%. This large reduction in unemployment was recognized by Southern Business and Development by naming Dalton and Whitfield County to its 2015 top 10 "Comeback Kid" list.

The manufacturing momentum encountered in 2013 has carried over to 2014 with Mohawk announcing expansion of its yarn facilities in Dalton, which is expected to add 420 new jobs over a two year period. Also, Mohawk recently purchased Belgian-based vinyl and laminate manufacturer IVC Group for $1.2 billion. The IVC US division is located in the Dalton Metropolitan Statistical Area ("MSA"). According to a recent Georgia Trend article, Mohawk anticipates a 4% sales increase with new construction and commercial expenditures projected to grow faster than remodeling.

From a retail standpoint, Walmart announced a 41,000 square feet neighborhood market store that will open in the fall of 2015 and will add an estimated 95 jobs.

Dalton's economic development policies are implemented by the Dalton-Whitfield Joint Development Authority ("JDA"). The JDA reports that during 2014, 13 projects were awarded that will create 507 direct jobs, 253 indirect jobs, and $167 million in new capital investment in the Dalton MSA. Of those projects, 31% are attributable to retail, 23% to manufacturing, and 15% to floor covering.

The City's 2014 taxable digest increased 3% when compared to the prior year. The City continued its commitment to lowering the tax burden on industrial, commercial, and residential residents by reducing the millage rate for the seventh consecutive year. The cumulative reduction over the seven years is equivalent to 1.07 mills (property within the City is taxed at 100%), which equates to a 30% reduction in the millage rate.

In 2011, the Water, Light, and Sinking Fund Commission ("WLSF Commission"), known locally by the trade name Dalton Utilities, entered into an agreement to lease property to Georgia Power for the construction of a solar generation facility. The WLSF Commission agreed to purchase 100% of the output from the solar plant under a 25 year wholesale purchase agreement with Georgia Power. The 35 acre solar farm was developed in three phases, with the third phase coming on line in May 2015. The plant produces over 7 megawatts of generation and will be able to heat and light 700 homes. The Dalton solar plant represents Georgia Power's first self-developed and self-built solar generation facility.

The City's public utility continues to maintain high standards across the state. The Riverbend Waste Water Plant and Mill Creek Water Treatment Plant received the 2014 Wastewater Treatment Plant of the Year Award and the 2014 Water Treatment Plant of the Year Award by the Georgia Association of Water Professionals.

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 March 2015, the citizens of Whitfield County passed a four-year special purpose local option sales tax ("SPLOST") referendum to fund approximately $62 million of various capital projects throughout Whitfield County and City of Dalton. The County and City anticipate issuing bonds through the Dalton Building Authority to pre-fund $27 million of the projects, which include a county-wide digital emergency response communication system.

Dalton and its northwest Georgia partners continue to progress as 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 ("IMCP") 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.

Phase one of the City's greenway redevelopment initiative was completed in 2013. Funded primarily with grants from the Department of Natural Resources and the City's Community Development Block Grant program, phase one consisted of hiking trails, picnic shelters, and a bathroom facility constructed in the historic Crown Mill area. Approximately $5 million of SPLOST funding will be utilized to develop the reservoir recreation section of the greenway. The greenway is designed to enhance the City's natural resources, which include a lake, mountain, and river while connecting to the downtown area with walking, biking, and hiking trails.

The City continues its commitment to reduce blight and improve the overall curb appeal of the City through the Carpet Capital Makeover initiative. To support this endeavor, the police department has added three code enforcement officers over a three year period. The Community Development Block Grant will partially fund the positions for code enforcement within designated service areas. The City will also use Community Home Improvement Program funds to improve homes in the Crown Mill area.

The City's municipal airport will receive $1 million in federal and state grant funding in 2015. These funds will be utilized to continue the obstruction clearance projects in the run way protection zone.

The City of Dalton continues its partnership with Dalton State College ("DSC") to promote intercollegiate athletics. 2013 marked the return of DSC to intercollegiate athletics in the Southern States Athletic Conference ("SSAC"). 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, after a full year of athletic competition, DSC received the 2015 Commissioner's Cup, which is based on overall performance in male and female sports. The Roadrunners claimed the SSAC title in four of the eight sponsored sports during 2014-2015: men's basketball, women's cross country, men's golf, and women's golf. The City owned Lakeshore Park features 16 tennis courts and a renovated turf soccer field that serves as home field for the current tennis program and future (2015) soccer program. The basketball games are played at the newly refurbished and rebranded Dalton Convention Center.

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 exceeds the minimum general fund unrestricted fund balance requirement of 25% of operating expenditures. At the end of 2014, the City's general fund unrestricted fund balance was equal to 75% 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 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 Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended December 31, 2013. This is the twelfth consecutive year that the government has received this prestigious award. In order to be awarded the Certificate of Excellence, 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 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 once again.

The timely preparation of this quality report was made possible by the dedicated service of the finance staff and the technical guidance and assistance afforded by our auditors.

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,
Chief Financial Officer

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, 2013



Executive Director/CEO

City of Dalton, Georgia
City Officials and Administration
December 31, 2014

Dennis Mock
Mayor

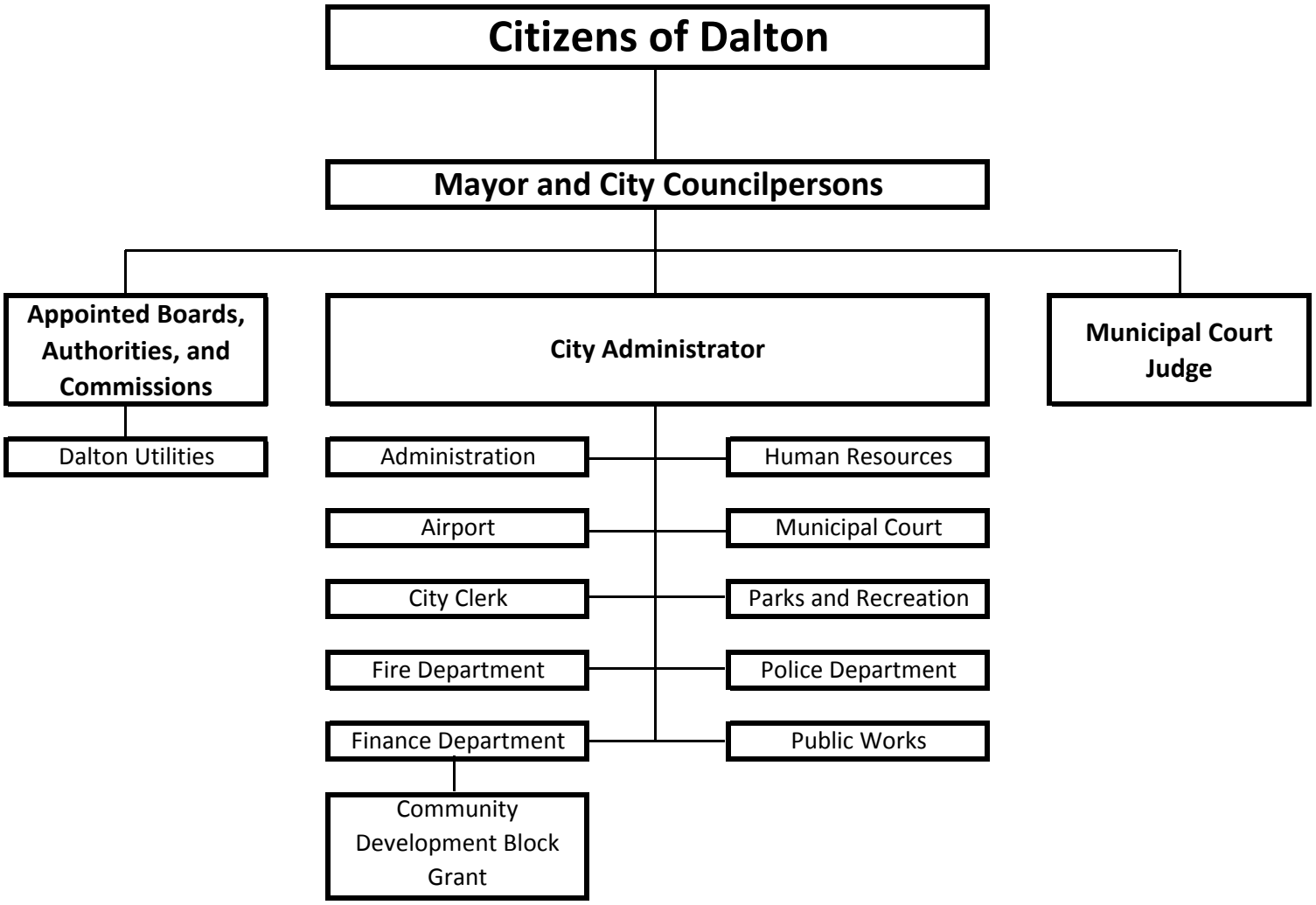
City Council

Denise Wood, Ward 1
William T. O'Gwin, Ward 2
George Sadosuk, Ward 3
Gary Crews, Ward 4

City Administration

Ty Ross	City Administrator
Cindy Jackson	Chief Financial Officer
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, 2014



ESTES & WALCOTT
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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, 2014, and the related notes to the financial statements, which collectively comprise the City of Dalton, Georgia'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 ("WLSF Commission"), which is both a major fund and comprises 97%, 97%, and 99% of the assets, net position, and revenues of the business-type activities, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the WLSF 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 the 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 units, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia, as of December 31, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information for pension plans on pages 3 – 16 and 76 - 77 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 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 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 12, 2015, 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 & Walcott

Dalton, Georgia
June 12, 2015

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2014
(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, 2014. 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 and deferred inflows of resources by $923.8 million (net position) for the calendar year reported. This represents an increase of $22.1 million from the prior year.

- Total net position is comprised of the following:
    - Net investment in capital assets of $783.7 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 $86.3 million is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
    - Unrestricted net position of $53.8 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 $22.5 million this year. This represents an increase of $1.2 million from the prior year.

- At the end of the current calendar year, unassigned fund balance for the general fund was $22.0 million, or 76% of total general fund expenditures.

- The business-type activities enterprise funds reported total ending net position of $835.5 million as of December 31, 2014. This reflects an increase of $19.3 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 $9.4 million to the general fund during 2014. 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 statement of net position and the statement of activities divide the City's activities into three types:

- **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 WLSF Commission, whose services include 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 is 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 the City's compliance with the adopted and final budgets.

  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 wastewater 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 an internal service fund for workers compensation. The health insurance internal service fund was closed in 2013 as the City transferred the health insurance function to an outside insurer. The activity of the internal service fund is reported in 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, an 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 reported on two statements: a statement of fiduciary net position and a statement of changes in fiduciary net position. These statements are 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 76 and 77 of this report.

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 78.

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

The City's overall financial position for the 2014 year is summarized as follows, based on information presented in the government-wide statement of net position.

Summary Statement of Net Position
Fiscal Years 2014 and 2013

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current assets	$ 25,820,948	$ 25,595,136	$ 52,543,456	$ 52,637,528	$ 78,364,404	$ 78,232,664
Capital assets	78,760,727	79,914,006	749,323,416	735,522,762	828,084,143	815,436,768
Other long-term assets	87,261	31,340	111,670,753	98,958,061	111,758,014	98,989,401
Total assets	$ 104,668,936	$ 105,540,482	$ 913,537,625	$ 887,118,351	$ 1,018,206,561	$ 992,658,833
Liabilities:						
Current liabilities	1,839,509	3,696,462	29,754,026	24,263,790	31,593,535	27,960,252
Long-term liabilities	10,158,116	12,259,659	45,551,857	44,449,648	55,709,973	56,709,307
Total liabilities	11,997,625	15,956,121	75,305,883	68,713,438	87,303,508	84,669,559
Deferred inflows of resources	1,014,220	-	6,104,000	6,276,000	7,118,220	6,276,000
Net position:						
Net investment in capital assets	73,121,548	73,764,869	710,531,416	698,090,762	783,652,964	771,855,631
Restricted	262,248	251,557	86,089,000	73,322,000	86,351,248	73,573,557
Unrestricted	18,273,295	15,567,935	35,507,326	40,716,151	53,780,621	56,284,086
Total net position	$ 91,657,091	$ 89,584,361	$ 832,127,742	$ 812,128,913	$ 923,784,833	$ 901,713,274
Total liabilities, deferred inflows, and net position	$ 104,668,936	$ 105,540,482	$ 913,537,625	$ 887,118,351	$ 1,018,206,561	$ 992,658,833

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 $923.8 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 $783.7 million (85%). 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 $86.3 million (9%). These are funds that are subject to external restrictions on how they may be used. The remaining net position of $53.8 million (6%) 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 only uses these resources to finance the continuing operations of the business-type activities.

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 $22.1 million during 2014. The business-type activities net position increased by $20.0 million while the governmental activities net position increased by $2.1 million.

The effects of the City's operations and resulting change in net position for the 2014 year is summarized as follows, based on information presented in the government-wide statement of activities.

Summary Statement of Activities
Fiscal Years 2014 and 2013

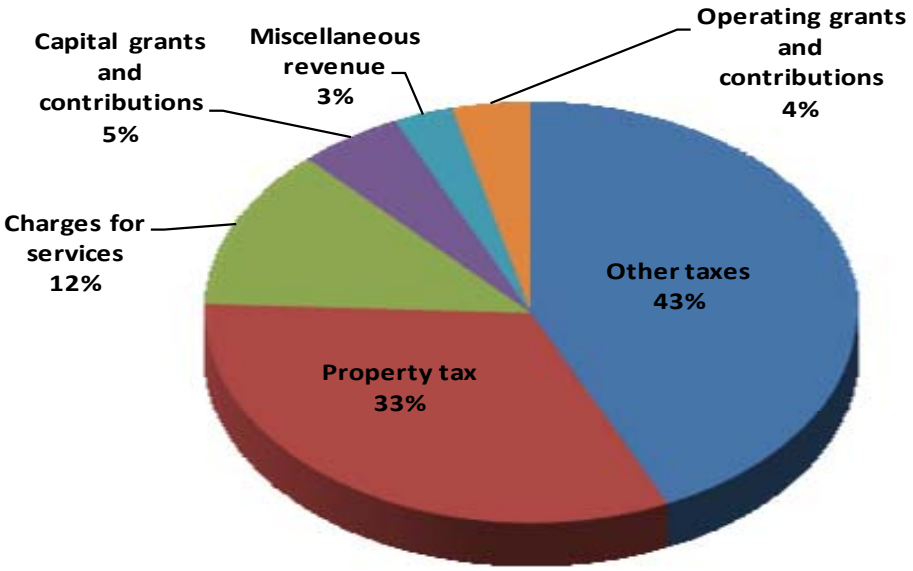
	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program:						
Charges for services	$ 3,172,263	$ 2,998,773	$ 200,790,823	$ 186,753,148	$ 203,963,086	$ 189,751,921
Operating grants	1,003,133	657,771	-	-	1,003,133	657,771
Capital grants	1,317,808	2,669,259	-	-	1,317,808	2,669,259
General:						
Property taxes	8,371,150	7,876,135	-	-	8,371,150	7,876,135
Other taxes	11,078,893	10,550,833	-	-	11,078,893	10,550,833
Investment earnings	222,324	241,177	5,663,965	(4,695,126)	5,886,289	(4,453,949)
Other	529,301	861,096	234,000	191,000	763,301	1,052,096
Total revenues	25,694,872	25,855,044	206,688,788	182,249,022	232,383,660	208,104,066
Program Expenses:						
General government	2,579,345	2,633,853	-	-	2,579,345	2,633,853
Judicial	371,645	397,765	-	-	371,645	397,765
Public safety	15,070,993	15,095,340	-	-	15,070,993	15,095,340
Public works	8,252,341	8,447,680	-	-	8,252,341	8,447,680
Health and welfare	508,735	487,293	-	-	508,735	487,293
Culture and recreation	4,989,858	5,088,564	-	-	4,989,858	5,088,564
Housing and development	396,836	389,213	-	-	396,836	389,213
Interest	281,844	274,506	-	-	281,844	274,506
Utilities	-	-	175,452,936	164,607,105	175,452,936	164,607,105
Trade Center	-	-	499,660	557,720	499,660	557,720
Landfill	-	-	189,472	439,487	189,472	439,487
Golf course	-	-	814,233	981,056	814,233	981,056
Airport	-	-	904,203	604,497	904,203	604,497
Total expenses	32,451,597	32,814,214	177,860,504	167,189,865	210,312,101	200,004,079
Excess (deficiency)	(6,756,725)	(6,959,170)	28,828,284	15,059,157	22,071,559	8,099,987
Transfers	8,829,455	8,380,455	(8,829,455)	(8,380,455)	-	-
Change in net position	2,072,730	1,421,285	19,998,829	6,678,702	22,071,559	8,099,987
Beginning net position	89,584,361	88,163,076	812,128,913	805,450,211	901,713,274	893,613,287
Ending net position	$ 91,657,091	$ 89,584,361	$ 832,127,742	$ 812,128,913	$ 923,784,833	$ 901,713,274

The City's total revenues increased $24.3 million (12%) and the total cost of services and programs provided increased $10.3 million (5%). 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, 2014:

Revenues by Source – Governmental Activities



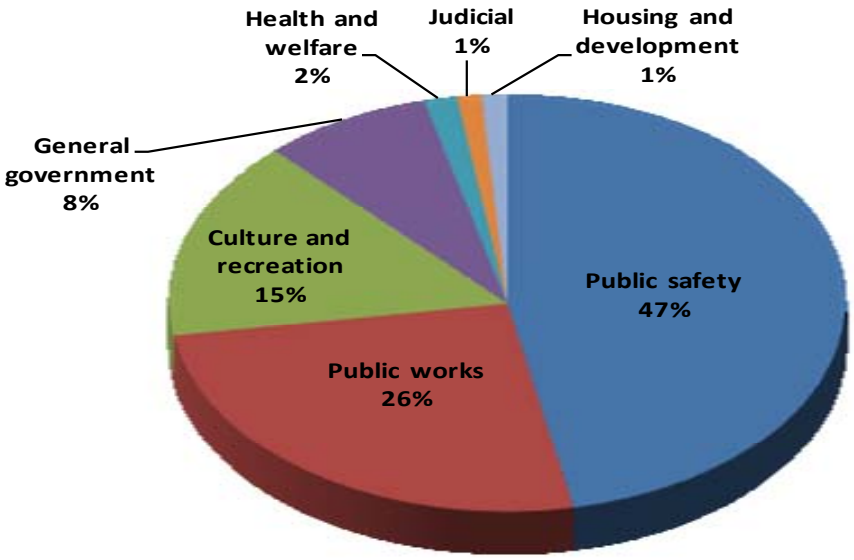
As indicated by the revenue diagram above, other taxes was the largest revenue source for governmental activites. Other taxes includes sales tax, insurance premium tax, hotel-motel tax, title advalorem tax, franchise tax, and alcohol beverage tax. Property tax was the second largest revenue source. The City's governmental activities total revenues decreased slightly, by $160,000 (<1%).

Key elements regarding the decrease and fluctuations are discussed below:

- Other taxes comprised 43% of total revenue and increased $528,000 (5%). The largest increases come from increased sales tax collections of $358,000, followed by increased insurance premium tax collections of $78,000.
- Property taxes comprised 33% of total revenue and increased $495,000 (6%). This increase is primarily attributable to a 3% increase in taxable property values.
- Operating grants increased $345,000 (53%) due primarily to a transfer from Whitfield County of $205,000 from the service delivery agreement, which is tied directly to the County's paving expenditures. In addition, Community Development Block Grant fund revenues of $141,000 were allocated to operating grants and were used for other agency improvements.
- Capital grants decreased $1.4 million (51%) due to grants awared for the obstruction and clearance projects that were completed in 2013 at the municipal airport.
- Other revenue decreased $332,000 (39%) due to a decrease in property donations, which are recorded as revenue when received.

The following chart depicts expenses of the governmental activities for the year ended December 31, 2014:

Expenses by Function – Governmental Activities



As indicated by the expense diagram above, 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 $363,000 (1%).

Key elements regarding the decrease and fluctuations are discussed below:

- Public safety represents 47% of total expenses and decreased $24,000 (<1%) when compared to the prior year. A decrease in the net OPEB obligation of $667,000 was attributable to the public safety function and reduced current year expenses. The decreased obligation is a result of a change in funding of retiree health insurance. The employer required contribution rate for the defined benefit pension plan increased in 2014 and resulted in $675,000 of additional contributions allocable to the function.
- Public works represents 26% of total expenses and decreased $195,000 (2%). The impact of the decrease in the net OPEB obligation is $633,000 for the public works function. The impact of the increase in the defined pension contribution is $230,000.
- Culture and recreation comprised 15% of expenses and decreased $99,000 (2%) when compared to 2013. The impact of the net OPEB obligation decrease is $163,000 for the function. The impact of the increase in the defined pension contribution from 2013 is $40,000 for culture and recreation.

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	$ 2,579,345	$ 1,334,327
Judicial	371,645	(513,174)
Public safety	15,070,993	14,281,284
Public works	8,252,341	6,579,132
Health and welfare	508,735	237,162
Culture and recreation	4,989,858	4,604,276
Housing and development	396,836	206,542
Interest	281,844	228,844
Total	$ 32,451,597	$ 26,958,393

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 revenues increased $24.4 million (13%) and expenses increased $10.7 million (6%).

Revenues:
The increase in charges for services of $14.0 million is primarily attributable to the City's utility as follows:

- Electric system revenue increased $5.4 million due to increased consumption of 7% for all customer classes.
- Natural gas system revenue increased $5.3 million due to a 20% increase in the average market based index prices, coupled with increased consumption of 9% for all customer classes.
- Water system revenue increased $1.0 million due to increased consumption of 6% for all customer classes.
- Wastewater system revenue increased $1.6 million due to increased consumption of 4% for all customer classes coupled with a 5% base rate increase from an increase in average number of customers.
- Information technology system revenue increased $400,000 due to a slight increase in customer base.

Expenses:
The increase in program expenses of $10.7 million is primarily attributable to the City's utility as follows:

- Production expenses increased $5.2 million due to an increase in maintenance and start-up costs caused by outages at jointly owned generating facilities.
- Purchased electricity expense increased $3.1 million due to an increase in consumption for all customers.
- Natural gas expense increased $4.5 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 20% and was $4.39 per Dth for 2014 as compared to $3.65 Dth for 2013.
- Distribution expense increased $300,000 due to an increase in retirement contributions to the defined benefit pension plan.
- Depreciation and amortization expense increased slightly by $300,000 due to the addition of assets for the integrated transmission system.
- General and administrative expenses increased by $700,000 due to an increase in retirement contributions to the defined benefit pension plan.

Other Income (Expense):
The increase in non-operating income (expense) of $10.4 million is primarily attributable to the City's utility as follows:

- Interest income increased $100,000 due to the reinvestment of portfolio securities at higher interest rates.
- The fair value of investments increased $10.2 million as a result of the change in the 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 $22,451,919. Of this year-end total, 98% ($21,999,752) is unassigned fund balance that is available for spending at the City's discretion. The remainder is nonspendable ($179,680), restricted for particular purposes ($174,987), or assigned ($97,500).

The total ending fund balances of governmental funds reflect an increase of $1,230,891 (6%) from the prior year. The general fund reported an increase in fund balance of $1,281,121 (6%) and the other governmental funds reported a decrease in fund balances of $50,230 (39%).

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 2014, the fund balance of the general fund was $22.4 million. Unassigned fund balance represents 76% of general fund expenditures, an increase from the prior year, in which unassigned fund balance represented 74% of expenditures.

The general fund increased fund balance $1.3 million during the fiscal year. This increase is due to several factors as follows:

- General fund total revenues of $22.7 million were over budget by $1.4 million. Property tax, sales tax, and insurance premium tax revenue exceeded adjusted budget by $633,150, $155,468, and $87,075 respectively. Intergovernmental revenues were over budget $109,050 and municipal court fees were over budget by $184,819.
- General fund total expenditures of $29.0 million were under budget by $1.1 million. Lower personal services accounted for $525,545 of the gap, primarily due to unfilled positions in public safety and delayed public works projects totaling $200,182.
- General fund other financing sources (uses) of $7.6 million were over budget by $521,729. Transfers from the WLSF Commission were over budget by $143,000 and transfers out for capital acquisitions were under budget by $239,958.

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 the City of Dalton, Whitfield County, and portions of Murray, Gordon, Catoosa, and Floyd counties.

The WLSF Commission net position represents 97% of total proprietary fund 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 $150,635, a net increase to budgeted expenditures of $748,375, and net decrease to other financing sources (uses) of $1.1 million. The following addresses the major differences between the original adopted and final adjusted budget:

Revenues:

- Increase of $141,860 for proceeds from sale of assets and scrapping materials.
- Increase of $10,820 for federal grant for historic purposes.
- Increase of $9,805 for cash donations.
- Decrease of $25,000 for senior center activity revenue.

Expenditures:

- Increase of $381,270 for costs associated with excess pension payment for the defined benefit pension plan.
- Increase of $201,510 for costs associated with raises and adding personnel.
- Increase of $116,085 and utilization of $150,000 in contingency for public works related projects.
- Increase of $86,760 for various equipment purchases for police, public works, and recreation.

Other Financing Sources (Uses):

- Increased uses of $1.1 million for public safety and public works vehicles and equipment, and recreation projects.
- Increased uses of $237,720 for debt service payment on capital lease.
- Increased uses of $23,060 for purchase of grant funded asset.
- Increased sources of $186,500 for hotel-motel tax revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental and business-type activities at December 31, 2014 was $78.8 million and $749.3 million, respectively. The book value of the governmental activities investment in capital assets decreased by $1.2 million. The book value of the business-type activities investment in capital assets increased by $13.8 million. Depreciated cost for capital assets of the City as a whole increased by $12.6 million. See Note 3-E 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.

Capital Assets, Net of Accumulated Depreciation
Fiscal Years 2014 and 2013

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Non-depreciable assets:						
Land	$ 19,094,838	$ 19,134,446	$ 1,664,722	$ 1,664,722	$ 20,759,560	$ 20,799,168
Construction in progress	1,091,857	1,494,854	109,440,000	93,788,000	110,531,857	95,282,854
Total non-depreciable	20,186,695	20,629,300	111,104,722	95,452,722	131,291,417	116,082,022
Depreciable assets:						
Land improvements	28,521,380	26,921,888	7,819,408	7,819,408	36,340,788	34,741,296
Buildings and improvements	34,660,873	34,204,336	3,763,488	3,763,488	38,424,361	37,967,824
Machinery, equipment, and furniture	19,840,262	19,337,481	2,259,578	2,223,401	22,099,840	21,560,882
Intangibles	1,121,002	1,078,222	-	-	1,121,002	1,078,222
Utility plant	-	-	1,085,936,000	1,067,583,000	1,085,936,000	1,067,583,000
Infrastructure	106,040,431	106,040,431	-	-	106,040,431	106,040,431
Total depreciable assets	190,183,948	187,582,358	1,099,778,474	1,081,389,297	1,289,962,422	1,268,971,655
Less accumulated depreciation	131,609,916	128,297,652	482,215,780	461,309,257	613,825,696	589,606,909
Book value-depreciable assets	58,574,032	59,284,706	617,562,694	620,080,040	676,136,726	679,364,746
Percentage depreciated	69.2%	68.4%	43.8%	42.7%	47.6%	46.5%
Nuclear fuel, at amortized cost	-	-	20,656,000	19,990,000	20,656,000	19,990,000
Book value - all assets	$ 78,760,727	$ 79,914,006	$ 749,323,416	$ 735,522,762	$ 828,084,143	$ 815,436,768

Long-term Debt

At the end of the calendar year, the City had total capital leases and notes outstanding of $5.6 million. This is a decrease of $509,958 from the prior year. Refer to Note 3-I for additional information regarding the City's long-term debt.

	Governmental activities		Business-type activities		Totals	
	2014	2013	2014	2013	2014	2013
Capital leases payable	$ 5,374,179	$ 5,831,137	$ -	$ -	$ 5,374,179	$ 5,831,137
Notes	265,000	318,000	-	-	265,000	318,000
Total	$ 5,639,179	$ 6,149,137	$ -	$ -	$ 5,639,179	$ 6,149,137

The City maintains a credit rating of Aa2 from Moody's on general obligation bonds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Dalton's current unemployment rate of 6.7% 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, the dominate component of the economy in Dalton, will continue to improve along with the national housing industry.

The citizens of Whitfield County passed a special local option sales tax ("SPLOST") in March of 2015 that will begin in July of 2015. The City entered into an intergovernmental agreement with Whitfield County in regards to the allocation and use of SPLOST revenue.

The 2015 general fund budget reflects a 4% ($1.0 million) decrease in revenues when compared to 2014 actual. Budgeted expenditures for 2015 reflect a 6% ($1.7 million) increase when compared to actual 2014 expenditures. The 2015 budgeted other financing resources indicate a less than 1% ($45,514) increase when compared to 2014 and the 2015 budgeted other financing uses indicate a 27% ($537,562) decrease. The City's adopted 2015 general fund budget will utilize $1,030,110 of its $22.4 million fund balance.

The City considered the following factors when preparing the 2015 budget:

- Property taxes are expected to decrease $449,000 due to anticipated flat property tax values and a decreased collection rate. The millage rate is assumed to remain at 2.537 mills. New and existing manufacturing concerns have been given tax abatement incentives to develop or expand existing businesses in the Dalton metro area, thus new development will not impact the City's revenues for at least five years.
- Based on the Local Option Sales Tax ("LOST") agreement with Whitfield County, the City's allocable sales tax percentage will increase 1% in 2015, to 33% of total collections within Whitfield County.
- Fines, forfeitures, court, and probation fees are expected to decrease $113,000 (8%).
- Grants and proceeds from the sale of assets are not budgeted until awarded or funds are received.
- Stormwater management has been moved from the WLSF Commission to public works at a cost of $1,030,000 for operating and initial capital costs.
- Public safety is budgeted assuming a 100% staffing level.
- The defined benefit pension plan employer contribution rate was estimated to increase from 35.2% to 44.5%. The plan is closed to new members hired after July 1, 2002.
- The defined contribution plan employer match increased 1% to 5%.
- The City anticipates an increase in health insurance premiums of 2% due to a premium increase and additional costs associated with the Affordable Care Act. A portion of the cost was passed along to the employee.
- The City rolled the retiree premiums back to the active employee premium rate, which will in turn inflate the implicit subsidy factor of the OPEB obligation.
- Merit and cost-of-living increases were not factored into the 2015 budget.
- The City will continue to evaluate the level of services desired by citizens and how to provide those services as economically as possible.

REQUESTS FOR INFORMATION

The Chief Financial Officer 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, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Assets				
Current Assets				
Cash and cash equivalents	$ 22,061,491	$ 10,911,768	$ 32,973,259	$ 1,699,400
Investments	473,486	250,000	723,486	-
Receivables:				
Accounts	1,540,041	13,949,280	15,489,321	-
Taxes	1,155,182	-	1,155,182	-
Intergovernmental	411,068	-	411,068	-
Capital leases	-	-	-	845,000
Unbilled revenues	-	7,469,000	7,469,000	-
Accrued interest	-	273,000	273,000	-
Fuel stocks	-	3,989,000	3,989,000	-
Inventory	179,324	12,072,408	12,251,732	-
Prepaid items and deposits	356	640,000	640,356	-
Restricted funds	-	2,989,000	2,989,000	-
Total Current Assets	25,820,948	52,543,456	78,364,404	2,544,400
Noncurrent Assets				
Nondepreciable capital assets	20,186,695	111,104,722	131,291,417	-
Depreciable capital assets, net	58,574,032	638,218,694	696,792,726	-
Restricted combined renewals and extensions fund	-	27,729,000	27,729,000	-
Restricted nuclear decommissioning	-	55,371,000	55,371,000	-
Regulatory asset	-	10,324,000	10,324,000	-
Capital leases receivable	-	-	-	6,450,000
Investment in joint ventures	87,261	18,246,753	18,334,014	-
Total Noncurrent Assets	78,847,988	860,994,169	939,842,157	6,450,000
Total Assets	$ 104,668,936	$ 913,537,625	$1,018,206,561	$ 8,994,400

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
December 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	$ 1,090,428	$ 25,221,038	$ 26,311,466	$ 1,699,400
Internal balances	(1,191,471)	1,191,471	-	-
Accrued interest payable	130,293	-	130,293	-
Claims payable	466,461	-	466,461	-
Unearned revenue	-	21,647	21,647	-
Compensated absences payable	830,000	22,870	852,870	-
Notes payable	53,000	-	53,000	-
Revenue bonds payable	-	-	-	610,000
Recovery zone economic development bonds payable	-	-	-	235,000
Capital leases payable	460,798	-	460,798	-
Customer deposits	-	3,297,000	3,297,000	-
Total Current Liabilities	1,839,509	29,754,026	31,593,535	2,544,400
Long-Term Liabilities				
Accrued construction retention	-	2,934,000	2,934,000	-
Asset retirement obligations	-	40,078,000	40,078,000	-
Compensated absences payable (less current portion)	3,326,072	68,774	3,394,846	-
Deferred credit-TVA right of use (less current portion)	-	217,000	217,000	-
Notes payable (less current portion)	212,000	-	212,000	-
Recovery zone bonds payable (less current portion)	-	-	-	4,450,000
QZAB bonds payable	-	-	-	2,000,000
Capital leases payable (less current portion)	4,913,381	-	4,913,381	-
Net pension obligation	970,246	1,301,500	2,271,746	-
Net OPEB obligation	736,417	952,583	1,689,000	-
Total Long-Term Liabilities	10,158,116	45,551,857	55,709,973	6,450,000
Total Liabilities	11,997,625	75,305,883	87,303,508	8,994,400
Deferred Inflows of Resources	1,014,220	6,104,000	7,118,220	-
Net Position				
Net investment in capital assets	73,121,548	710,531,416	783,652,964	-
Restricted for:				
Debt service	286	-	286	-
Capital projects	-	27,729,000	27,729,000	-
Public safety	78,670	-	78,670	-
Development	87,263	-	87,263	-
Cemetery chapel and train car renovations	96,029	-	96,029	-
Customer deposit fund and nuclear decommissioning	-	58,360,000	58,360,000	-
Unrestricted	18,273,295	35,507,326	53,780,621	-
Total Net Position	$ 91,657,091	$ 832,127,742	$ 923,784,833	$ -

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Activities
For the Year Ended December 31, 2014

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	$ 2,579,345	$ 968,883	$ 51,768	$ 224,367	$ (1,334,327)	$ -	$ (1,334,327)	$ -
Judicial	371,645	884,819	-	-	513,174	-	513,174	-
Public safety	15,070,993	711,717	15,657	62,335	(14,281,284)	-	(14,281,284)	-
Public works	8,252,341	181,188	468,915	1,023,106	(6,579,132)	-	(6,579,132)	-
Health and welfare	508,735	51,710	219,863	-	(237,162)	-	(237,162)	-
Culture and recreation	4,989,858	373,946	3,636	8,000	(4,604,276)	-	(4,604,276)	-
Housing and development	396,836	-	190,294	-	(206,542)	-	(206,542)	-
Interest on long-term debt	281,844	-	53,000	-	(228,844)	-	(228,844)	-
Total Governmental Activities	32,451,597	3,172,263	1,003,133	1,317,808	(26,958,393)	-	(26,958,393)	-
Business-Type Activities:								
WLSF:								
Electric system	95,797,217	112,194,000	-	-	-	16,396,783	16,396,783	-
Gas system	23,036,534	26,159,000	-	-	-	3,122,466	3,122,466	-
Water system	17,745,718	20,127,000	-	-	-	2,381,282	2,381,282	-
Wastewater system	19,796,633	20,772,000	-	-	-	975,367	975,367	-
Information technology system	19,076,834	20,065,000	-	-	-	988,166	988,166	-
Landfill	189,472	-	-	-	-	(189,472)	(189,472)	-
Trade Center	499,660	-	-	-	-	(499,660)	(499,660)	-
Municipal golf course	814,233	915,270	-	-	-	101,037	101,037	-
Municipal airport	904,203	558,553	-	-	-	(345,650)	(345,650)	-
Total Business-Type Activities	177,860,504	200,790,823	-	-	-	22,930,319	22,930,319	-
Total - Primary Government	$ 210,312,101	$ 203,963,086	$ 1,003,133	$ 1,317,808	(26,958,393)	22,930,319	(4,028,074)	-
		General Revenues						
		Property taxes levied for:						
		General purposes			8,371,150	-	8,371,150	-
		Selective taxes			9,843,608	-	9,843,608	-
		Hotel/motel taxes			1,235,285	-	1,235,285	-
		Investment earnings			222,324	5,663,965	5,886,289	-
		Donations - unrestricted			63,476	-	63,476	-
		Miscellaneous			465,825	234,000	699,825	-
		Total General Revenues			20,201,668	5,897,965	26,099,633	-
		Transfers			8,829,455	(8,829,455)	-	-
		Total General Revenues and Transfers			29,031,123	(2,931,490)	26,099,633	-
		Change in Net Position			2,072,730	19,998,829	22,071,559	-
		Net Position Beginning of Year			89,584,361	812,128,913	901,713,274	-
		Net Position End of Year			$ 91,657,091	$ 832,127,742	$ 923,784,833	$ -

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

City of Dalton, Georgia
Balance Sheet
Governmental Funds
December 31, 2014

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 20,802,563	$ 78,926	$ 20,881,489
Investments	473,486	-	473,486
Receivables:			
Accounts	1,444,921	95,120	1,540,041
Taxes	1,155,182	-	1,155,182
Intergovernmental - federal	9,528	59,033	68,561
Intergovernmental - state	339	2,578	2,917
Intergovernmental - local	98,587	241,003	339,590
Interfund	239,933	12,761	252,694
Inventory	179,324	-	179,324
Prepaid items	356	-	356
Total Assets	$ 24,404,219	$ 489,421	$ 24,893,640
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 551,163	$ 95,031	$ 646,194
Accrued expenditures	434,425	-	434,425
Accrued interest payable	-	130,293	130,293
Interfund payable	31,450	185,139	216,589
Total Liabilities	1,017,038	410,463	1,427,501
Deferred Inflows of Resources	1,014,220	-	1,014,220
Fund Balances			
Nonspendable	179,680	-	179,680
Restricted for:			
Public safety	-	78,670	78,670
Housing and development	-	2	2
Debt service	-	286	286
Cemetery chapel and train car	96,029	-	96,029
Unrestricted:			
Assigned (transportation enhancement and airport grants)	97,500	-	97,500
Unassigned	21,999,752	-	21,999,752
Total Fund Balances	22,372,961	78,958	22,451,919
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 24,404,219	$ 489,421	$ 24,893,640

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, 2014

Total Governmental Fund Balances		$ 22,451,919
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	210,370,643	
Less accumulated depreciation	(131,609,916)	78,760,727
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	(197,900)	
Interfund payables	197,900	-
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	(265,000)	
Capital leases payable	(5,374,179)	
Compensated absences	(4,156,072)	(9,795,251)
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		87,261
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.		703,732
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.		(970,246)
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.		(736,417)
The business-type activities of the City also benefit from the use of the internal service funds. The amount of the net loss allocated to the business-type activities of the City is reported as an interfund receivable for governmental activities.		1,155,366
Net Position of Governmental Activities		$ 91,657,091

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, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 18,214,758	$ 1,235,285	$ 19,450,043
Licenses and permits	968,883	-	968,883
Intergovernmental - federal	9,528	545,281	554,809
Intergovernmental - state	272,630	7,134	279,764
Intergovernmental - local	410,262	1,076,106	1,486,368
Charges for services	1,476,461	-	1,476,461
Fines and forfeitures	481,099	68,132	549,231
Investment earnings	106,465	112,761	219,226
Miscellaneous	751,733	1,157	752,890
Total Revenues	22,691,819	3,045,856	25,737,675
Expenditures			
Current:			
General government	2,068,832	77,536	2,146,368
Judicial	414,003	-	414,003
Public safety	14,872,674	144,339	15,017,013
Public works	7,291,097	3,376	7,294,473
Health and welfare	416,502	63,313	479,815
Culture and recreation	3,293,162	418,828	3,711,990
Housing and development	321,750	141,582	463,332
Capital Outlay:			
General government	216,387	464,649	681,036
Public safety	38,086	562,899	600,985
Public works	87,850	1,399,589	1,487,439
Culture and recreation	13,564	234,419	247,983
Debt Service:			
Principal retirement	-	509,958	509,958
Interest and fiscal charges	-	281,844	281,844
Total Expenditures	29,033,907	4,302,332	33,336,239
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,342,088)	(1,256,476)	(7,598,564)
Other Financing Sources (Uses)			
Transfers in	9,579,486	1,956,277	11,535,763
Transfers out	(1,956,277)	(750,031)	(2,706,308)
Total Other Financing Sources (Uses)	7,623,209	1,206,246	8,829,455
Net Change in Fund Balances	1,281,121	(50,230)	1,230,891
Fund Balances Beginning of Year	21,091,840	129,188	21,221,028
Fund Balances End of Year	$ 22,372,961	$ 78,958	$ 22,451,919

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, 2014

Net Changes in Fund Balances - Total Governmental Funds		$ 1,230,891
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	(4,029,917)	
Capital outlay	3,017,443	(1,012,474)
Donations of or contributions for capital assets not reported at the fund level:		40,640
Write off of capital assets not reported at the fund level:		(181,445)
Elimination of transfers between governmental funds:		
Transfers in	(2,142,763)	
Transfers out	2,142,763	-
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		53,000
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.		456,958
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		(8,979)
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	(101,829)	55,921
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.		(118,506)
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 liability is as follows:		
Increase in net pension obligation attributable to governmental activities	(35,335)	
Decrease in net OPEB obligation attributable to governmental activities	1,592,059	1,556,724
Change in Net Position of Governmental Activities		$ 2,072,730

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, 2014

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	$ 17,322,000	$ 17,322,000	$ 18,214,758	$ 892,758
Licenses and permits	975,000	975,000	968,883	(6,117)
Intergovernmental - federal	4,900	15,720	9,528	(6,192)
Intergovernmental - state	268,915	268,915	272,630	3,715
Intergovernmental - local	301,200	301,200	410,262	109,062
Charges for services	1,264,550	1,285,140	1,476,461	191,321
Fines and forfeitures	400,000	400,000	481,099	81,099
Investment earnings	123,000	123,045	106,465	(16,580)
Miscellaneous	503,640	622,820	751,733	128,913
Total Revenues	21,163,205	21,313,840	22,691,819	1,377,979
Expenditures				
Current:				
General government	2,215,980	2,190,250	2,068,832	121,418
Judicial	445,990	454,820	414,003	40,817
Public safety	15,200,445	15,340,754	14,872,674	468,080
Public works	7,283,330	7,603,190	7,291,097	312,093
Health and welfare	433,985	408,985	416,502	(7,517)
Culture and recreation	3,320,080	3,390,191	3,293,162	97,029
Housing and development	291,750	321,750	321,750	-
Total Current	29,191,560	29,709,940	28,678,020	1,031,920
Capital Outlay				
General government	68,200	219,125	216,387	2,738
Public safety	41,735	38,391	38,086	305
Public works	100,715	169,565	87,850	81,715
Culture and recreation	-	13,564	13,564	-
Total Capital Outlay	210,650	440,645	355,887	84,758
Total Expenditures	29,402,210	30,150,585	29,033,907	1,116,678
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,239,005)	(8,836,745)	(6,342,088)	2,494,657
Other Financing Sources (Uses)				
Transfers in	9,250,000	9,436,500	9,579,486	142,986
Transfers out	(1,010,995)	(2,335,020)	(1,956,277)	378,743
Total Other Financing Sources (Uses)	8,239,005	7,101,480	7,623,209	521,729
Net Change in Fund Balances	$ -	$ (1,735,265)	1,281,121	$ 3,016,386
Fund Balances Beginning of Year			21,091,840	
Fund Balances End of Year			$ 22,372,961	

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2014

	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	$ 10,572,000	$ 339,768	$ 10,911,768	$ 1,180,002
Investments	250,000	-	250,000	-
Accounts receivable	13,949,000	280	13,949,280	-
Interfund receivable	-	18,689	18,689	-
Unbilled revenues	7,469,000	-	7,469,000	-
Interest receivable	273,000	-	273,000	-
Fuel stocks	3,989,000	-	3,989,000	-
Inventory	12,014,000	58,408	12,072,408	-
Prepaid items and deposits	640,000	-	640,000	-
Restricted customer deposit fund	2,989,000	-	2,989,000	-
Total Current Assets	52,145,000	417,145	52,562,145	1,180,002
Noncurrent Assets:				
Land	-	1,664,722	1,664,722	-
Construction in progress	109,440,000	-	109,440,000	-
Depreciable capital assets, net	631,345,000	6,873,694	638,218,694	-
Restricted combined renewals and extensions fund	27,729,000	-	27,729,000	-
Restricted nuclear decommissioning	55,371,000	-	55,371,000	-
Regulatory asset	10,324,000	-	10,324,000	-
Investment in joint ventures	-	18,246,753	18,246,753	-
Total Noncurrent Assets	834,209,000	26,785,169	860,994,169	-
Total Assets	$ 886,354,000	$ 27,202,314	$ 913,556,314	$ 1,180,002

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2014

	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	$ 25,196,000	$ 25,038	$ 25,221,038	$ 9,809
Unearned revenue	-	21,647	21,647	-
Interfund payable	-	54,794	54,794	-
Claims payable	-	-	-	466,461
Compensated absences payable	-	22,870	22,870	-
Customer deposits	3,297,000	-	3,297,000	-
Total Current Liabilities	28,493,000	124,349	28,617,349	476,270
Long-Term Liabilities:				
Deferred credit - TVA right of use (less current portion)	217,000	-	217,000	-
Accrued construction retention	2,934,000	-	2,934,000	-
Asset retirement obligations	40,078,000	-	40,078,000	-
Compensated absences (net of current portion)	-	68,774	68,774	-
Total Long-Term Liabilities	43,229,000	68,774	43,297,774	-
Total Liabilities	71,722,000	193,123	71,915,123	476,270
Deferred Inflows of Resources	6,104,000	-	6,104,000	-
Net Position				
Net investment in capital assets	701,993,000	8,538,416	710,531,416	-
Restricted for:				
Capital projects	27,729,000	-	27,729,000	-
Customer deposit fund and nuclear decommissioning	58,360,000	-	58,360,000	-
Unrestricted	20,446,000	18,470,775	38,916,775	703,732
Total Net Position	$ 808,528,000	$ 27,009,191	$ 835,537,191	$ 703,732

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, 2014

Total Statement of Net Position - Proprietary Funds Net Position	$ 835,537,191
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.	(1,301,500)
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.	(952,583)
The business-type activities of the City also benefit from the use of the workers' compensation internal service fund. The amount of the net loss allocated to the business-type activities of the City is reported as an interfund payable for business-type activities.	(1,155,366)
Net Position of Business-Type Activities	$ 832,127,742

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, 2014

	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	$ 199,317,000	$ 1,249,166	$ 200,566,166	$ 600,075
Merchandise sales	-	71,996	71,996	-
Tournaments	-	87,036	87,036	-
Concessions	-	61,603	61,603	-
Miscellaneous	-	4,022	4,022	-
Total Operating Revenues	199,317,000	1,473,823	200,790,823	600,075
Operating Expenses				
Cost of sales and services	147,769,000	781,383	148,550,383	283,805
Personal services and benefits	-	535,243	535,243	-
Depreciation	28,297,000	484,845	28,781,845	-
Claims	-	-	-	596,083
Total Operating Expenses	176,066,000	1,801,471	177,867,471	879,888
Operating Income (Loss)	23,251,000	(327,648)	22,923,352	(279,813)
Non-Operating Revenues (Expenses)				
Interest income	1,478,000	965	1,478,965	3,098
Net increase (decrease) in fair value of investments	4,185,000	-	4,185,000	-
Miscellaneous income	234,000	-	234,000	-
Income (loss) from joint ventures	-	(709,853)	(709,853)	-
Total Non-Operating Revenues (Expenses)	5,897,000	(708,888)	5,188,112	3,098
Income Before Contributions and Transfers	29,148,000	(1,036,536)	28,111,464	(276,715)
Transfers in (out)	(9,393,000)	563,545	(8,829,455)	-
Change in Net Position	19,755,000	(472,991)	19,282,009	(276,715)
Net Position Beginning of Year	788,773,000	27,482,182	816,255,182	980,447
Net Position End of Year	$ 808,528,000	$ 27,009,191	$ 835,537,191	$ 703,732

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, 2014

Changes in Fund Net Position - Total Business-Type Activities		$ 19,282,009
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 liability is as follows:		
Increase in net pension obligation attributable to business-type activities	(48,412)	
Decrease in net OPEB obligation attributable to business-type activities	923,441	875,029
The internal service funds are used by management to charge the costs of the operation and maintenance of the workers compensation self insurance fund 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.		(158,209)
Change in Net Position of Business-Type Activities		$ 19,998,829

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	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	$ 196,210,000	$ 1,478,550	$ 197,688,550	$ -
Cash received from overparity in transmission facilities	2,133,000	-	2,133,000	-
Cash received from interfund services provided	-	-	-	648,075
Cash payments for personnel services	(21,806,000)	(531,384)	(22,337,384)	-
Cash payments for goods, services, claims, and fees	(114,952,000)	(844,441)	(115,796,441)	(780,252)
Net Cash Provided by (Used in) Operating Activities	61,585,000	102,725	61,687,725	(132,177)
Cash Flows from Investing Activities				
Interest on investments	1,482,000	965	1,482,965	3,098
Sales and maturity of investment securities	17,300,000	-	17,300,000	-
Purchases of investment securities	(25,882,000)	-	(25,882,000)	-
Net Cash Provided by (Used in) Investing Activities	(7,100,000)	965	(7,099,035)	3,098
Cash Flows from Noncapital Financing Activities				
Transfers out	(9,393,000)	-	(9,393,000)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	(9,393,000)	-	(9,393,000)	-
Cash Flows from Capital and Related Financing Activities				
Payments on interfund loan	-	(76,786)	(76,786)	-
Acquisition of capital assets	(46,111,000)	(59,499)	(46,170,499)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(46,111,000)	(136,285)	(46,247,285)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,019,000)	(32,595)	(1,051,595)	(129,079)
Cash and Cash Equivalents Beginning of Year	11,591,000	372,363	11,963,363	1,309,081
Cash and Cash Equivalents End of Year	$ 10,572,000	$ 339,768	$ 10,911,768	$ 1,180,002

(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, 2014

	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)	$ 23,251,000	$ (327,648)	$ 22,923,352	$ (279,813)
Adjustments:				
Depreciation	28,297,000	484,845	28,781,845	-
Amortization	4,766,000	-	4,766,000	-
(Increase) Decrease in Assets:				
Accounts receivable	(974,000)	370	(973,630)	48,000
Interfund receivable	-	(18,689)	(18,689)	-
Fuel stocks	2,180,000	-	2,180,000	-
Inventory	(1,553,000)	23,107	(1,529,893)	-
Increase (Decrease) in Liabilities:				
Accounts payable	5,434,000	(41,757)	5,392,243	7,465
Interfund payable	-	(25,719)	(25,719)	-
Unearned revenue	-	4,357	4,357	-
Accrued wages	-	551	551	-
Other	184,000	3,308	187,308	-
Claims payable	-	-	-	92,171
Net Cash Provided by (Used in) Operating Activities	$ 61,585,000	$ 102,725	$ 61,687,725	$ (132,177)
Noncash Investing, Capital, and Financing Activities				
Net increase (decrease) in fair value of investments	$ 4,185,000	$ -	$ 4,185,000	$ -
Accrued property additions at year end	$ 2,184,000	$ -	$ 2,184,000	$ -

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Fiduciary Funds
December 31, 2014

	Pension Trust Fund	OPEB Trust Fund	Municipal Court Agency Fund
Assets			
Cash and cash equivalents	$ 635,862	$ -	$ 64,568
Investments, at fair value:			
Georgia Municipal Employees Benefit System OPEB Trust Account	-	4,602,933	-
MetLife large cap index equity fund	34,613,665	-	-
MetLife small cap index equity fund	9,029,040	-	-
MetLife fixed income guaranteed account	39,079,036	-	-
Total Assets	83,357,603	4,602,933	64,568
Liabilities			
Current Liabilities:			
Accounts payable	2,960	16,393	33,269
Other liabilities	-	-	31,299
Total Current Liabilities	2,960	16,393	64,568
Net Position			
Restricted for pension and other post employment benefits	$ 83,354,643	$ 4,586,540	$ -

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, 2014

	Pension Trust Fund	OPEB Trust Fund
Additions		
Contributions:		
Employer	$ 6,789,929	$ -
Plan members	836,979	292,039
Total contributions	7,626,908	292,039
Investment income:		
Interest and dividends	819,365	107,056
Net increase (decrease) in fair value of investments	5,955,560	329,993
Total investment income	6,774,925	437,049
Less: investment expense	138,210	15,909
Net investment earnings	6,636,715	421,140
Total Additions (Reductions)	14,263,623	713,179
Deductions		
Administrative expenses	49,657	9,396
Premium payments	-	817,147
Benefit payments	6,499,344	-
Total Deductions	6,549,001	826,543
Change in Net Position	7,714,622	(113,364)
Net Position Beginning of Year	75,640,021	4,699,904
Net Position End of Year	$ 83,354,643	$ 4,586,540

See accompanying notes to the basic financial statements.

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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 DDDA 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, 2014, 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, 2014, the City paid $50,120 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 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. When 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 now consist only of a workers' compensation fund. The health insurance fund was closed in 2013.

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 (Note 3-D). In addition, the WLSF Commission would be required to determine if any impairment of other assets, including capital assets, 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 capital asset 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 capital asset 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 $7,500,000 for the year ended December 31, 2014.

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 $558,000 for the year ended December 31, 2014.

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 2014, total MWhs sold back to Southern Power Company totaled 12,500, with proceeds of $500,000, 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, amounts in demand deposits, non-negotiable certificates of deposit, and 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

Some 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, 2014.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014 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	10 - 45 years
Buildings	25 - 50 years	25 - 50 years
Building improvements	5 - 15 years	5 - 25 years
Vehicles	6 years	6 years
Machinery	5 - 12 years	5 - 15 years
Equipment	5 - 12 years	5 - 40 years
Furniture and fixtures	20 years	--
Utility plant	--	5 - 60 years
Intangibles	5 years	--
Bridges and culverts	40 - 50 years	--
Streets	20 - 50 years	--
Mast arms	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 through the City of Dalton Building Authority, a component unit, as disclosed in Note 3-I, as of December 31, 2014.

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"), acting as agent, Oglethorpe Power Corporation, and Municipal Electric Authority of Georgia for the construction, purchase, ownership, operation, and maintenance of the following facilities:

Electric Plant in Service	WLSF Ownership Percentage	Gross Investment Balance as of December 31, 2014
Plant Hatch, Nuclear Units 1 and 2	2.2%	$ 62,672,000
Plant Vogtle, Nuclear Units 1 and 2	1.6%	100,943,000
Plant Wansley, Coal-Fired Units 1 and 2	1.4%	22,638,000
Plant Scherer, Coal-Fired Units 1 and 2	1.4%	36,304,000

In addition, the WLSF Commission is a joint owner of the new nuclear units under construction at Plant Vogtle ("Vogtle Units 3 and 4"). As of December 31, 2014, the portion of total work in progress related to Vogtle Units 3 and 4 was $108.1 million. See Note 4-C 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 $6,900,000 during 2014. The property retired or disposed of in the normal course of business approximates its original cost.

The WLSF Commission continues to amortize into income a deferred gain recognized on the sale of integrated transmission system ("ITS") assets in 2012. The gain, presented in the statement of net position in deferred inflows of resources, is being recognized to income ratably over the remaining useful life of the ITS facilities (approximately 37 years) as an annual reduction to depreciation expense of $200,000.

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 2014.

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 $4,800,000 during 2014.

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 2014, 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

1-E-7 Capital Assets (continued)

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.

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 ("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, 2014, 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, 2014 was $87,700,000. In 2014, the WLSF Commission recognized $200,000 in income from the deferred inflow of resources resulting from the sale of transmission lines in 2012 (Note 1-E-7). In 2014, 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, 2014 totaled $2,100,000.

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 – Tennessee Valley Authority ("TVA") right of use - During 1999, the WLSF Commission granted a right of use over a portion of its ITS to TVA 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. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method and bond issuance costs are reported as expenses.

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 is 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, 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. See Note 1-E-7 for additional information.

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 program. 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, 2014 comprised approximately 14% of total sales and 15% of electricity sales. No other customer accounted for more than 10% percent of the WLSF Commission's sales during 2014.

The DWRSWMA's fee revenue from four major customers during the year ended December 31, 2014 comprised approximately 45% of total fee revenue. The largest of these comprised 14% 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 2013 amounts have been reclassified to conform to the 2014 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	$ 34,613,665	Not rated
MetLife Small Cap Index Fund	9,029,040	Not rated
MetLife Guaranteed Adjusted Index Value Account	39,079,036	Not rated
Total pension trust fund investments	$ 82,721,741	
Georgia Municipal Employees Benefit System OPEB Trust Account	$ 4,602,933	Not rated
Total OPEB trust fund investments	$ 4,602,933	

Investments (WLSF Commission) – The WLSF Commission invests in two categories of securities: U.S. government and government agency securities and repurchase agreements that are registered and held by the WLSF Commission or an agent in the WLSF Commission's name. The contractual maturities of these securities range from one month to 20 years.

The fair value analysis of the investments for the year ended December 31, 2014 is as follows:

Fund Type	Cost	Fair Value at 1/1/14	Fair Value		Fair Value at 12/31/14	Change in Fair Value
			Purchases	Sales		
Customer deposit fund	$ 3,000,000	$ 2,640,000	$ 3,003,000	$ 2,800,000	$ 2,989,000	$ 146,000
Combined utilities renewals and extensions fund	29,277,000	21,146,000	11,143,000	5,793,000	27,729,000	1,233,000
Nuclear decommissioning fund	47,250,000	49,536,000	11,736,000	8,707,000	55,371,000	2,806,000
Total	$ 79,527,000	$ 73,322,000	$ 25,882,000	$ 17,300,000	$ 86,089,000	$ 4,185,000

The change in fair value includes $611,000 related to interest income accrued on the zero coupon bonds in the nuclear decommissioning fund.

3-A Deposits and Investments (continued)

The WLSF Commission had the following investments and maturities for the year ended December 31, 2014:

			Investment Maturities (in Years)			
	Credit Quality	Fair Value	Less than 1	1 to 5	6 to 10	10 +
Cash and cash equivalents	Not Rated	$ 9,484,000	$ 5,212,000	$ 3,408,000	$ -	$ 864,000
Federal Home Loan Bank	AAA/Aaa	41,564,000	2,156,000	12,420,000	7,766,000	19,222,000
Federal Home Loan Mortgage Corporation	AAA/Aaa	3,661,000	-	1,992,000	-	1,669,000
Federal National Mortgage Association	AAA/Aaa	12,311,000	-	1,965,000	-	10,346,000
Federal Farm Credit Banks	AAA/Aaa	6,945,000	1,974,000	4,971,000	-	-
Coupons (U.S. Strip)	AAA/Aaa	5,204,000	1,497,000	3,707,000	-	-
Coupons (Resolution Fund Corporation)	AAA/Aaa	6,920,000	-	4,991,000	1,929,000	-
Total		$ 86,089,000	$ 10,839,000	$ 33,454,000	$ 9,695,000	$ 32,101,000

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 bond ordinance follows Georgia state law in restricting investments to obligations of the United States government.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an investment in a single issuer. The WLSF Commission does not place a limit on the amount it may invest in any one issuer.

3-B Receivables

Receivables at December 31, 2014 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, 2014 consists of uncollected property taxes levied during the year ended December 31, 2014 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 2014	$	977,667
Tax year 2013		94,862
Tax year 2012		35,501
Tax year 2011		10,674
Tax year 2010		9,641
Tax year 2009		17,635
Tax year 2008		17,466
Tax year 2007 and prior		3,405
Total taxes receivable		1,166,851
Allowance for uncollectible taxes		(11,669)
Reported property tax receivable	$	1,155,182
Taxes uncollected 60 days subsequent to year end, net of allowance, reported in deferred inflows of resources	$	875,440

3-D Regulatory Assets and Liabilities

As the WLSF Commission has the authority to set rates, they follow GASB's accounting for the effects of rate regulations, which provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure. Regulatory assets represent probable future revenues associated with certain costs that are expected to be recovered from customers through the rate-making process. Regulatory liabilities represent probable future reductions in revenues associated with amounts that are expected to be credited to customers through the rate-making process.

Regulatory assets and liabilities reflected in the statement of net position as of December 31, 2014 relate to the following:

Asset retirement obligations (1)	$	34,926,000
Cost of removal (2)		(25,880,000)
SeTrans costs (3)		116,000
OptiLink depreciable lives (4)		1,162,000
Total regulatory assets - net	$	10,324,000

(1) Amount being recovered over the life of the related capital asset and will be settled following completion of the related activities.
(2) Amount will be settled and trued up following completion of related activities.
(3) Amount being recovered over a ten-year period ending December 31, 2017.
(4) Amount being recovered over an eight-year period ending December 31, 2017.

3-E Capital Assets

Governmental capital asset activity for the year ended December 31, 2014, was as follows:

	Balance 12/31/2013	Additions	Reclass-ifications	Disposals	Balance 12/31/2014
Capital assets not being depreciated:					
Land	$ 19,134,446	$ 136,642	$ -	$ (176,250)	$ 19,094,838
Construction in progress	1,494,854	763,751	(1,166,748)	-	1,091,857
Total capital assets not being depreciated	20,629,300	900,393	(1,166,748)	(176,250)	20,186,695
Other capital assets:					
Land improvements	26,921,888	649,611	949,881	-	28,521,380
Buildings	31,000,216	-	-	-	31,000,216
Building improvements	3,204,120	239,670	216,867	-	3,660,657
Vehicles	5,128,866	490,978	-	(305,350)	5,314,494
Machinery	10,296,937	397,016	-	(345,826)	10,348,127
Equipment	3,734,986	337,635	-	(71,672)	4,000,949
Furniture & fixtures	176,692	-	-	-	176,692
Intangibles	1,078,222	42,780	-	-	1,121,002
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	187,582,358	2,157,690	1,166,748	(722,848)	190,183,948
Total cost	208,211,658	3,058,083	-	(899,098)	210,370,643
Accumulated depreciation:					
Land improvements	13,981,337	1,243,255	2,940	-	15,227,532
Buildings	7,940,432	631,116	-	-	8,571,548
Building improvements	969,461	159,934	-	-	1,129,395
Vehicles	4,478,227	200,428	-	(305,350)	4,373,305
Machinery	8,857,134	308,421	-	(345,827)	8,819,728
Equipment	2,148,048	189,507	-	(66,476)	2,271,079
Furniture & fixtures	156,080	2,520	-	-	158,600
Intangibles	1,036,779	33,034	-	-	1,069,813
Bridge and bridge culvert	5,968,617	175,051	-	-	6,143,668
Streets and streetscape	82,629,137	1,073,440	(2,940)	-	83,699,637
Mast arm lighting	132,400	13,211	-	-	145,611
Total accumulated depreciation	128,297,652	4,029,917	-	(717,653)	131,609,916
Governmental activities capital assets, net	$ 79,914,006	$ (971,834)	$ -	$ (181,445)	$ 78,760,727

3-E Capital Assets (continued)

Governmental activities depreciation expense

General government	$ 363,693
Judicial	4,480
Public safety	547,131
Public works	1,596,946
Culture and recreation	1,487,920
Health and welfare	29,747
Total governmental activities depreciation expense	$ 4,029,917

Business-type capital asset activity for the year ended December 31, 2014, was as follows:

	Balance at 12/31/13	Additions	Disposals and Reclassifications	Balance at 12/31/14
Capital assets not being depreciated:				
Land	$ 1,664,722	$ -	$ -	$ 1,664,722
Construction in progress	93,788,000	15,731,000	(79,000)	109,440,000
Total capital assets not being depreciated	95,452,722	15,731,000	(79,000)	111,104,722
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	14,499	(23,322)	51,991
Machinery	183,296	-	-	183,296
Equipment	1,979,291	45,000	-	2,024,291
Utility plant	1,067,583,000	25,410,000	(7,057,000)	1,085,936,000
Total other capital assets	1,081,389,297	25,469,499	(7,080,322)	1,099,778,474
Total cost	1,176,842,019	41,200,499	(7,159,322)	1,210,883,196
Accumulated depreciation:				
Land improvements	3,628,292	268,422	-	3,896,714
Buildings	1,737,347	79,972	-	1,817,319
Building improvements	66,087	216	-	66,303
Vehicles	60,814	1,611	(23,322)	39,103
Machinery	140,098	6,523	-	146,621
Equipment	874,619	128,101	-	1,002,720
Utility plant	454,802,000	27,520,000	(7,075,000)	475,247,000
Total accumulated depreciation	461,309,257	28,004,845	(7,098,322)	482,215,780
Nuclear fuel, at amortized cost	19,990,000	5,432,000	(4,766,000)	20,656,000
Business-type activities capital assets, net	$ 735,522,762	$ 18,627,654	$ (4,827,000)	$ 749,323,416

3-F Interfund Balances and Transfers

Interfund balances at December 31, 2014 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, 2014 consisted of the following:

	Payable from:			
Payable to:	General fund	Non-major governmental funds	Non-major enterprise funds	Total
General fund	$ -	$ 185,139	$ 54,794	$ 239,933
Non-major governmental funds	12,761	-	-	12,761
Non-major enterprise funds	18,689	-	-	18,689
Total	$ 31,450	$ 185,139	$ 54,794	$ 271,383

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, 2014 consisted of the following:

	Transfer from:			
Transfer to:	General fund	WLSF Commission fund	Non-major governmental funds	Total
General fund	$ -	$ 9,393,000	$ 186,486	$ 9,579,486
Non-major governmental funds	1,956,277	-	-	1,956,277
Non-major enterprise funds	-	-	563,545	563,545
Total	$ 1,956,277	$ 9,393,000	$ 750,031	$ 12,099,308

3-G 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-H 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 2014 was approximately $11,000. The annual minimum lease payments under operating leases as of December 31, 2014 are as follows:

2015	$	8,434
2016		4,590
2017		270
2018		-
2019		-

3-I 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%.

Note payable debt service requirements to maturity are as follows:

	Principal	Interest	Total
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
	$ 265,000	$ -	$ 265,000

3-I Long-term Debt (continued)

Building Authority Recovery Zone Economic Development Bonds, dated April 8, 2010, 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
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	255,000	230,087	(103,539)	381,548
2019	260,000	217,592	(97,916)	379,676
2020 - 2024	1,420,000	871,440	(392,143)	1,899,297
2025 - 2029	1,660,000	432,104	(193,996)	1,898,108
2030	365,000	22,812	(10,266)	377,546
	$ 4,685,000	$ 2,527,616	$ (1,136,970)	$ 6,075,646

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. The City has not received any formal notification, but the subsidy for 2014 was reduced by $8,438 (6%), from $120,859 to $112,421. The federal government has indicated sequestration cuts will continue, but the duration and amount of those cuts is unknown at this time. 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 imputed interest of 1.73%, 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
2015	$ 237,721
2016	237,720
2017	237,720
Total minimum lease payments	713,161
Less: amounts representing interest	(23,982)
Present value of minimum lease payments	$ 689,179

All long-term obligations of the City's governmental funds will be financed through future debt service fund 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.

3-I Long-term Debt (continued)

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, primarily 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 WLSF 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.

On April 17, 2015, the Environment Protection Agency ("EPA") published the Disposal of Coal Combustion Residuals from Electric Utilities final rule ("CCR Rule") in the Federal Register, setting October 14, 2015 as the effective date of the rule. The CCR Rule will regulate the disposal of Coal Combustion Residuals, including coal ash and gypsum, as nonhazardous solid waste in landfills and surface impoundments at active generating power plants. The ultimate impact of the CCR Rule cannot be determined at this time and will depend on the WLSF Commission's ongoing review of the CCR Rule, the results of initial and ongoing minimum criteria assessments, and the outcome of legal challenges. The cost and timing of potential ash pond closure and ongoing monitoring activities that may be required in connection with the CCR Rule is also uncertain. The WLSF Commission is in the process of evaluating the impact of the rule and has not yet determined an estimate of the expected increase in asset retirement obligations.

3-I Long-term Debt (continued)

Changes in long-term liabilities - The City's long-term obligations consisted of the following at December 31, 2014:

	Outstanding 12/31/2013	Additions	Reductions	Outstanding 12/31/2014	Amounts Due in One Year
Governmental activities:					
Capital leases payable	$ 5,831,137	$ -	$ (456,958)	$ 5,374,179	$ 460,798
Notes payable	318,000	-	(53,000)	265,000	53,000
Compensated absences	4,147,093	1,335,874	(1,326,895)	4,156,072	830,000
Total governmental activities	$ 10,296,230	$ 1,335,874	$ (1,836,853)	$ 9,795,251	$ 1,343,798
Business-type activities					
Unearned revenue - TVA right of use	$ 267,000	$ -	$ (50,000)	$ 217,000	$ -
Accrued construction retention	2,560,000	374,000	-	2,934,000	-
Asset retirement obligations	38,479,000	1,599,000	-	40,078,000	-
Compensated absences	88,336	22,406	(19,098)	91,644	22,870
Total business-type activities	$ 41,394,336	$ 1,995,406	$ (69,098)	$ 43,320,644	$ 22,870

3-J 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 issues biannual financial statements, which may be obtained from the City of Dalton Finance Department.

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. The most recent actuarial valuation, effective for the year ended December 31, 2014, reported actuarial value of assets of $83,354,743 and accrued actuarial liability of $116,169,826, resulting in an unfunded accrued actuarial liability of $32,815,083. The Pension Plan has a current funded ratio of 72%. Covered payroll for the year totaled $16,758,095. The unfunded accrued actuarial liability as a percentage of covered payroll is 196%.

3-J Pensions (continued)

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-L). The Pension Plan provides pension benefits, early retirement benefits, and death benefits.

Benefits fully vest after ten years of service. Normal retirement benefits are available to employees of any age after thirty years of service. Employees who retire at the normal retirement date are entitled to monthly pension payments for the remainder of their lives equal to .15% of their 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, 2015 is as follows:

Actively employed participants		293
Average age		48.1 years
Average service		18.7 years
Average annual compensation	$	55,013
Participants receiving a benefit		
Service retirees		267
Beneficiaries		59
Inactive participants - deferred; vested		11

Funding policy - In accordance with the most recent actuarial report, the Pension Plan's funding policy for employers should be decreased from 39.4% (at the last valuation date) to 38.2% 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.

3-J Pensions (continued)

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

Year Ended December 31,	Employer Contribution	Annual Required Contribution	Percentage Contributed	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2014	$ 6,789,929	$ 7,011,658	97%	$ 6,873,676	99%	$ 2,271,746
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)

Annual pension cost – The City's last valuation was dated January 1, 2015, effectively for the 2014 year. Annual pension cost, net pension obligation, and annual required contribution per the valuation were determined as follows:

Development of the Net Pension Obligation	
Net pension obligation at beginning of year	$ 2,187,999
Annual pension cost for the 2014 plan year	6,873,676
Employer contributions for the 2014 plan year	(6,789,929)
Net pension obligation at end of year	$ 2,271,746
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
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
Basis of Valuation	
Current valuation date	January 1, 2015
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%

3-J Pensions (continued)

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, but is not reported in the governmental funds.

3-K 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.

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.

In prior years, the Mayor and Council elected to no longer fund the OPEB Plan. The OPEB Plan fund was to be depleted over time, utilizing assets to fund retiree health care costs until assets were no longer available; at that time benefits would cease. In 2014, the Mayor and Council revised their plans, and decided to continue to operate the OPEB Plan as outlined below. In the prior year audit, the net OPEB obligation recorded on the statements of net position of $4,204,500 was based upon a January 1, 2012 valuation and was based upon old information. In 2014, the Mayor and Council obtained a new OPEB Plan valuation, beginning with all new assumptions and taking into account only the actuarial value of assets held in the old plan. Therefore, the following disclosure reports the beginning net OPEB obligation as zero. The change in the net OPEB obligation from the prior year amount of $4,204,500 to the current year amount of $1,689,000 has been reported in current year results on the government-wide statement of activities, as it represents various changes in assumptions related to the OPEB Plan benefits and operation.

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. All full-time employees of a participating employer who were hired prior to September 1, 2007 are eligible to participate in the OPEB Plan. 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, the Dalton-Whitfield Convention and Visitors Bureau, the Northwest Georgia Trade and Convention Center Authority, 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, or become disabled during the course of their full time employment. 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. Eligible individuals receive subsidized healthcare coverage until age 65 or for no more than five years if hired after May 31, 1998. 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.

3-K Other Post Employment Benefits (continued)

Membership in the OPEB Plan consisted of the following at December 31, 2014:

Current retirees:	
Under age 65	77
Over age 65	3
Active employees:	
Active employees fully eligible for benefits	42
Active employees not yet eligible for benefits	383
Total number of participants	505

Funding policy - The OPEB Plan actuarial valuation was performed as of December 31, 2014. The Mayor and Council determine the funding level on an annual basis. Eligible retirees are required to share in the cost of health insurance coverage. Annual contribution rates for 2014 are as follows:

Coverage	Annual Employee Premium	Annual Retiree Premium
Employee	$ 900	$ 1,710
Employee + 1	2,700	4,489
Family	3,780	6,460

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

Year ended December 31,	Employer Contributions and Interest	Annual Required Contribution	Percentage Contributed	Annual OPEB Cost	Percentage Contributed	NOO at Fiscal Year End
2014	$ 1,036,000	$ 2,725,000	38%	$ 2,725,000	38%	$ 1,689,000

A schedule of the OPEB Plan's funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
1/1/2015	$ 4,587,000	$ 20,759,000	$ 16,172,000	22%	$ 30,873,000	52%

3-K Other Post Employment Benefits (continued)

Annual OPEB cost – The most recent valuation was dated December 31, 2014. Annual OPEB cost, the net OPEB obligation, and the annual required contribution per the valuation were determined as follows:

Development of the Net OPEB Obligation		
Net OPEB obligation as of December 31, 2013	$	-
Annual OPEB cost for the 2014 plan year		2,725,000
Employer contributions for the 2014 plan year		(1,016,000)
Interest on employer contributions		(20,000)
Net OPEB obligation as of December 31, 2014	$	1,689,000
Development of the Annual OPEB Cost		
Annual required contribution	$	2,725,000
Interest on net OPEB obligation		-
Annual required contribution adjustment		-
Annual OPEB cost	$	2,725,000
Development of the Annual Required Contribution		
Employer normal cost	$	815,000
Amortization of the unfunded accrued actuarial liability		1,910,000
Amortization of the net OPEB obligation		-
Annual required contribution	$	2,725,000

Significant assumptions utilized in the preparation of the actuarial valuation of the OPEB Plan are as follows:

Current valuation date	December 31, 2014
Actuarial cost method	Projected credit unit
Amortization method	10 year open period; level dollar payment
Asset valuation method	Market value
Investment return	4.00%
Inflation rate	2.75%
Healthcare cost trend rates:	
Select rates	8% for 2015 graded to 5.5% for 2020
Ultimate rate	5.00%

3-L 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-J). 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 2014, employee contributions totaled $340,937 and employer contributions totaled $226,544.

3-M Net Position

Net investment in capital assets reported on the government-wide statement of net position as of December 31, 2014 is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Cost of captial assets	$ 210,370,643	$ 1,231,539,196	$ 1,441,909,839
Less: accumulated depreciation	131,609,916	482,215,780	613,825,696
Book value	78,760,727	749,323,416	828,084,143
Less: capital related debt	5,639,179	-	5,639,179
Less: asset retirement obligations	-	40,078,000	40,078,000
Less: accrued construction retention	-	2,934,000	2,934,000
Less: deferred inflows of resources	-	6,104,000	6,104,000
Add: regulatory asset	-	10,324,000	10,324,000
Net investment in capital assets	$ 73,121,548	$ 710,531,416	$ 783,652,964

3-N Interutility Sales

The WLSF Commission records sales of electricity, natural gas, water, wastewater, and information technology (at rates charged to customers for similar services) among its utility systems as revenue of the selling utility system and expense of the purchasing utility system. During the year ended December 31, 2014, interutility sales were as follows:

Electric	$ 4,412,000
Natural gas	16,000
Water	220,000
Wastewater	146,000
Information technology	2,406,000
Total	$ 7,200,000

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	$ 1,235,285
Expenditures for promotion of tourism and support:	
Northwest Georgia Trade and Convention Center Authority	563,545
Dalton Area Convention and Visitors Bureau	350,488
Other tourism expenditures	321,252
Total expenditures	$ 1,235,285
Percentage of expenditures to revenue	100.0%

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 was closed in 2013. The City pays annual premiums to the workers compensation fund, 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, 2014. The private insurance carriers estimated claims incurred but not paid at December 31, 2014 were $466,461. 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, 2014, 2013, and 2012 there were no settlements in excess of insurance coverage.

The City of Dalton Board of Education also participates in the workers' compensation fund. Seventeen 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 Claims Payments	End of Fiscal Year Liability
Workers compensation fund:				
2014	$ 374,290	$ 767,794	$ (675,623)	$ 466,461
2013	479,306	412,201	(517,217)	374,290
2012	603,035	459,620	(583,349)	479,306
Health insurance fund:				
2014	$ -	$ -	$ -	$ -
2013	-	4,986	(4,986)	-
2012	-	(1,303)	1,303	-

The workers' compensation fund had a decrease in net position for 2014. This change in net position must be allocated among the different functions of the entities that use the workers' compensation internal service fund. The decrease 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 Loss Allocated
Governmental activities:	
General government	$ (3,045)
Public safety	69,484
Public works	32,464
Culture & recreation	19,603
Total governmental activities	118,506
Business-type activities:	
WLSF Commission	158,209
Total business-type activities	158,209
	$ 276,715

Of the total allocation to the governmental activities public works function, $35,554 of net income allocated is attributable to the City's DWRSWMA joint venture. Of the total allocation to the governmental activities culture and recreation function, $4,854 of net expense allocated is attributable to the City's Northwest Georgia Trade and Convention Center Authority 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 $2,155,743 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, 2014, the WLSF Commission has spent $103.1 million on the new nuclear units under construction, all of which is included in construction in progress in Note 3-E.

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, "the Owners"), and a consortium consisting of Westinghouse Electric Company LLC ("Westinghouse") and Stone & Webster, Inc. (collectively, "the 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 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. In 2012, the Contractor also 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. The portion of additional costs claimed by the Contractor in its initial complaint that would be attributable to the WLSF Commission (based on its ownership interest) is approximately $14 million (in 2008 dollars). The Contractor has also asserted it is entitled to extensions of the guaranteed substantial completion dates of April 2016 and April 2017 for Plant Vogtle Units 3 and 4, respectively. On May 22, 2014, the Contractor filed an amended counterclaim to the suit pending in the U.S. District Court for the Southern District of Georgia alleging that (i) the design changes to the DCD imposed by the NRC delayed module production and the impacts to the Contractor are recoverable by the Contractor under the Vogtle 3 and 4 Agreement and (ii) the changes to the basemat rebar design required by the NRC caused additional costs and delays recoverable by the Contractor under the Vogtle 3 and 4 Agreement. The Contractor did not specify in its amended counterclaim the amounts relating to these new allegations; however, the Contractor has subsequently asserted related minimum damages (based on the Company's ownership interest) of $4 million. The Contractor may from time to time continue to assert that it is entitled to additional payments with respect to these allegations, any of which could be substantial. The Owners have not agreed to the proposed cost or to any changes to the guaranteed substantial completion dates or that the Owners have any responsibility for costs related to these issues. Litigation is ongoing and the Owners intend to vigorously defend their position. The Owners also 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.

On January 29, 2015, GPC, on its behalf and as agent for the Owners, announced that it was notified by the Contractor of the Contractor's revised forecast for completion of Plant Vogtle Units 3 and 4, which would incrementally delay the previously disclosed estimated in-service dates by 18 months (from the fourth quarter of 2017 to the second quarter of 2018 for Unit 3 and from the fourth quarter of 2018 to the second quarter of 2020 for Unit 4). The Owners have not agreed to any changes to the guaranteed substantial completion dates of April 2016 and April 2017 for Plant Vogtle Units 3 and 4, respectively. The Owners do not believe that the Contractor's revised forecast reflects all efforts that may be possible to mitigate the Contractor's delay.

4-C Commitments and Contingent Liabilities (continued)

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.

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 - On October 20, 2005, the EPA published a proposed rule clarifying the test for determining when an emissions increase is subject to the New Source Review ("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. On March 23, 2015, a new permit was received by the WLSF Commission, effective April 1, 2015.

4-C Commitments and Contingent Liabilities (continued)

Fuel commitments - The WLSF Commission has entered into various long-term commitments for the procurement and delivery of natural gas and electricity to consumers, which are not recognized on the statement of net position. In 2014, the WLSF Commission incurred purchased gas expense of $18,500,000 and purchased electricity expense of $46,900,000, 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 June 11, 2015.

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.

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	$ 3,210,000	$ 2,220,000	$ 1,770,000	$ 7,200,000
Post-closure	$ 660,000	$ 1,620,000	2,170,000	1,490,000	1,240,000	7,180,000
	660,000	1,620,000	5,380,000	3,710,000	3,010,000	14,380,000
Percentage of total landfill capacity used as of December 31, 2014	100.0%	100.0%	100.0%	52.3%	61.5%	
	660,000	1,620,000	5,380,000	1,939,000	1,851,000	11,450,000
Land acquisition	50,000	-	-	-	-	50,000
Accrual at 12/31/14	$ 710,000	$ 1,620,000	$ 5,380,000	$ 1,939,000	$ 1,851,000	$ 11,500,000

The DWRSWMA will record the remaining estimated cost of closure and post-closure care costs of $2,880,000 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 2014. 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.

4-D Joint Ventures (continued)

According to the latest inspection reports issued by the Georgia Department of Natural Resources, dated September 29, 2014, the DWRSWMA was in compliance for closure and post-closure care financial assurance requirements for the 2014 year.

Condensed audited financial statements for the DWRSWMA at December 31, 2014 are as follows:

Assets		
Current assets	$	16,681,522
Capital assets-net		19,542,372
Total assets	$	36,223,894
Liabilities and Net Position		
Current liabilities	$	509,099
Non-current liabilities		11,939,457
Net position		23,775,338
Total liabilities and net position	$	36,223,894
Statement of Revenues and Expenses		
Operating revenues	$	5,653,093
Operating expenses		(4,129,184)
Depreciation		(1,482,977)
Operating income (loss)		40,932
Non-operating revenues (expenses)		(255,271)
Change in net position		(214,339)
Beginning net position		23,989,677
Ending net position	$	23,775,338

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 February 4, 2015.

4-D Joint Ventures (continued)

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.

Condensed audited financial statements for the Trade Center at December 31, 2014 are as follows:

Assets		
Current assets	$	523,550
Capital assets-net		9,774,421
Total assets	$	10,297,971
Liabilities and Net Position		
Current liabilities	$	303,980
Net position		9,993,991
Total liabilities and net position	$	10,297,971
Statement of Revenues and Expenses		
Operating revenues	$	1,131,880
Operating expenses		(1,724,571)
Depreciation		(440,922)
Operating income (loss)		(1,033,613)
Non-operating revenues (expenses)		107,675
Transfers in		1,127,325
Change in net position		201,387
Beginning net position		9,792,604
Ending net position	$	9,993,991

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 March 21, 2015.

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, 2014 are as follows:

Assets		
Current assets	$	170,109
Capital assets-net		8,860
Total assets	$	178,969
Liabilities and Net Position		
Current liabilities	$	67,127
Net position		111,842
Total liabilities and net position	$	178,969
Statement of Activities		
Program revenues	$	6,295,606
Intergovernmental revenues		326,406
Economic development		(6,572,850)
Change in net position		49,162
Beginning net position		62,680
Ending net position	$	111,842

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 3-I. 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 $1,119,457 for the year ended December 31, 2014. 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, 2014 is $2,000,000. The payments on the qualified zone academy bonds are made annually to a sinking fund and will be used to retire the debt in 2018. The total held in the sinking fund as of December 31, 2014 is $1,569,107.

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, 2014 is $610,000.

PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

City of Dalton, Georgia
Pension Trust Fund
Schedule of Employer Contributions
December 31, 2014

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
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%
2014	7,011,658	97%

City of Dalton, Georgia
Pension Trust Fund
Schedule of Funding Progress
December 31, 2014

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
1/1/2006	$ 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%
1/1/2015	83,354,743	116,169,826	32,815,083	72%	16,758,095	196%

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 and various LOST projects performed by Whitfield County.

City of Dalton, Georgia
Combining Balance Sheet - By Fund Type
Nonmajor Governmental Funds
December 31, 2014

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 78,640	$ 286	$ -	$ 78,926
Receivables:				
Accounts	95,120	-	-	95,120
Intergovernmental - federal	59,033	-	-	59,033
Intergovernmental - state	2,578	-	-	2,578
Intergovernmental - local	-	130,293	110,710	241,003
Interfund	1,057	-	11,704	12,761
Total Assets	$ 236,428	$ 130,579	$ 122,414	$ 489,421
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 77,149	$ -	$ 17,882	$ 95,031
Accrued interest payable	-	130,293	-	130,293
Interfund payable	80,607	-	104,532	185,139
Total Liabilities	157,756	130,293	122,414	410,463
Fund Balances				
Restricted for:				
Public safety	78,670	-	-	78,670
Housing and development	2	-	-	2
Debt service	-	286	-	286
Total Fund Balances	78,672	286	-	78,958
Total Liabilities and Fund Balances	$ 236,428	$ 130,579	$ 122,414	$ 489,421

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, 2014

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Hotel/motel tax	$ 1,235,285	$ -	$ -	$ 1,235,285
Intergovernmental - federal	545,281	-	-	545,281
Intergovernmental - state	7,134	-	-	7,134
Intergovernmental - local	-	53,000	1,023,106	1,076,106
Fines and forfeitures	68,132	-	-	68,132
Investment earnings	257	112,504	-	112,761
Miscellaneous	1,157	-	-	1,157
Total Revenues	1,857,246	165,504	1,023,106	3,045,856
Expenditures				
Current:				
General government	77,536	-	-	77,536
Public safety	102,089	-	42,250	144,339
Public works	-	-	3,376	3,376
Health and welfare	63,313	-	-	63,313
Culture and recreation	418,828	-	-	418,828
Housing and development	141,582	-	-	141,582
Capital Outlay				
General government	224,367	-	240,282	464,649
Public safety	71,709	-	491,190	562,899
Public works	-	-	1,399,589	1,399,589
Culture and recreation	82,442	-	151,977	234,419
Debt Service:				
Principal retirement	-	509,958	-	509,958
Interest and fiscal charges	-	281,844	-	281,844
Total Expenditures	1,181,866	791,802	2,328,664	4,302,332
Excess (Deficiency) of Revenues Over (Under) Expenditures	675,380	(626,298)	(1,305,558)	(1,256,476)
Other Financing Sources (Uses)				
Transfers in	31,577	619,142	1,305,558	1,956,277
Transfers out	(750,031)	-	-	(750,031)
Total Other Financing Sources (Uses)	(718,454)	619,142	1,305,558	1,206,246
Net Change in Fund Balances	(43,074)	(7,156)	-	(50,230)
Fund Balances Beginning of Year	121,746	7,442	-	129,188
Fund Balances End of Year	$ 78,672	$ 286	$ -	$ 78,958

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, 2014

	2014	2013
Assets		
Cash and cash equivalents	$ 20,802,563	$ 19,439,364
Investments	473,486	885,428
Receivables:		
Accounts	1,444,921	1,187,813
Taxes	1,155,182	1,142,578
Intergovernmental - federal	9,528	-
Intergovernmental - state	339	-
Intergovernmental - local	98,587	665,130
Interfund	239,933	271,133
Inventory, at cost	179,324	202,846
Prepaid items	356	9,797
Total Assets	$ 24,404,219	$ 23,804,089
Liabilities and Fund Balances		
Liabilities		
Accounts payable	551,163	695,469
Accrued expenditures	434,425	621,323
Interfund payable	31,450	81,893
Total Liabilities	1,017,038	1,398,685
Deferred Inflows of Resources	1,014,220	1,313,564
Fund Balances		
Nonspendable	179,680	212,643
Restricted - cemetery chapel and train car	96,029	91,029
Unrestricted		
Assigned (transportation enhancement and airport grants)	97,500	137,635
Unassigned	21,999,752	20,650,533
Total Fund Balances	22,372,961	21,091,840
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 24,404,219	$ 23,804,089

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Taxes					
Real and personal property tax	$ 7,738,000	$ 7,738,000	$ 8,371,150	$ 633,150	$ 7,876,135
Vehicle tax	350,000	350,000	265,892	(84,108)	405,707
Title ad valorem tax	850,000	850,000	878,807	28,807	755,692
Sales tax	5,400,000	5,400,000	5,555,468	155,468	5,196,993
Insurance premium tax	1,700,000	1,700,000	1,787,075	87,075	1,708,874
Recording intangibles	35,000	35,000	38,217	3,217	30,659
Franchise tax	503,000	503,000	529,407	26,407	529,871
Real estate transfer tax	11,000	11,000	15,604	4,604	10,693
Beer tax	525,000	525,000	554,246	29,246	528,267
Wine tax	70,000	70,000	74,875	4,875	72,801
Liquor tax	78,000	78,000	79,766	1,766	81,131
Mixed drink tax	62,000	62,000	64,251	2,251	59,830
Total taxes	17,322,000	17,322,000	18,214,758	892,758	17,256,653
Licenses and permits:					
Alcoholic beverage licenses	240,000	239,600	230,521	(9,079)	244,042
Occupation taxes	735,000	735,000	737,962	2,962	737,999
Other permits	-	400	400	-	400
Total licenses and permits	975,000	975,000	968,883	(6,117)	982,441
Intergovernmental:					
Whitfield County	252,500	252,500	361,550	109,050	153,000
Housing Authority	48,700	48,700	48,712	12	48,712
Federal grants and contracts	4,900	15,720	9,528	(6,192)	12,253
State grants and contracts	268,915	268,915	272,630	3,715	6,412
Total intergovernmental	575,015	585,835	692,420	106,585	220,377
Charges for services:					
Senior center	82,000	56,770	51,710	(5,060)	54,355
Program admission and fees	95,250	95,500	98,186	2,686	114,739
Concession revenue	263,300	263,300	270,675	7,375	275,844
Garbage and recycling revenue	3,000	48,570	51,756	3,186	5,030
Public works fees	59,000	59,000	54,927	(4,073)	59,533
Municipal court and probation fees	700,000	700,000	884,819	184,819	751,680
Public safety fees	36,000	36,000	28,948	(7,052)	39,345
Cemetery fees	26,000	26,000	35,440	9,440	36,340
Total charges for services	1,264,550	1,285,140	1,476,461	191,321	1,336,866
Fines and forfeitures	400,000	400,000	481,099	81,099	393,580
Investment earnings	123,000	123,045	106,465	(16,580)	119,336

(Continued)

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Miscellaneous:					
Penalties and fines	65,600	66,300	74,273	7,973	66,407
Rental income	229,120	248,005	272,060	24,055	263,529
Donations	8,200	18,005	22,836	4,831	346,807
Sale of property	5,000	101,290	140,820	39,530	14,195
Reimbursements	130,000	133,770	136,734	2,964	174,936
Miscellaneous	65,720	55,450	105,010	49,560	115,007
Total miscellaneous	503,640	622,820	751,733	128,913	980,881
Total revenues	$ 21,163,205	$ 21,313,840	$ 22,691,819	$ 1,377,979	$ 21,290,134

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Current:					
General Government:					
Legislative					
Personal services and benefits	$ 75,060	$ 62,795	$ 62,710	$ 85	$ 62,051
Other	80,820	93,085	88,136	4,949	78,168
Total	155,880	155,880	150,846	5,034	140,219
Administrative					
Personal services and benefits	168,210	174,080	171,880	2,200	163,482
Other	323,530	191,565	149,553	42,012	162,475
Capital outlay	-	-	-	-	3,008
Total	491,740	365,645	321,433	44,212	328,965
City Clerk					
Personal services and benefits	200,040	215,330	215,310	20	192,716
Other	53,580	38,230	34,003	4,227	43,960
Capital outlay	-	7,375	7,374	1	-
Total	253,620	260,935	256,687	4,248	236,676
Elections					
Other	14,000	13,920	5,572	8,348	8,524
Total	14,000	13,920	5,572	8,348	8,524
Finance					
Personal services and benefits	303,935	307,690	302,097	5,593	256,620
Other	283,335	285,755	270,185	15,570	266,935
Capital outlay	-	-	-	-	7,008
Total	587,270	593,445	572,282	21,163	530,563
Human Resources					
Personal services and benefits	260,005	272,675	267,189	5,486	241,308
Other	70,240	70,435	49,220	21,215	51,106
Capital outlay	-	-	-	-	4,000
Total	330,245	343,110	316,409	26,701	296,414
Technology					
Personal services and benefits	73,350	99,420	99,393	27	73,223
Other	130,375	163,035	151,968	11,067	93,073
Capital outlay	58,200	24,295	21,564	2,731	4,868
Total	261,925	286,750	272,925	13,825	171,164

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Buildings and Grounds					
Other	179,500	202,235	201,616	619	196,635
Total	179,500	202,235	201,616	619	196,635
Infrastructure					
Other	-	-	-	-	25,906
Capital outlay	10,000	187,455	187,449	6	326,658
Total	10,000	187,455	187,449	6	352,564
Total General Government	2,284,180	2,409,375	2,285,219	124,156	2,261,724
Judicial:					
Municipal Court					
Personal services and benefits	229,170	238,000	225,941	12,059	193,344
Other	216,820	216,820	188,062	28,758	188,190
Capital outlay	-	-	-	-	6,578
Total	445,990	454,820	414,003	40,817	388,112
Total Judicial	445,990	454,820	414,003	40,817	388,112
Public Safety:					
Fire Department					
Personal services and benefits	6,638,410	6,779,735	6,434,248	345,487	5,996,628
Other	1,185,850	1,002,260	971,974	30,286	1,048,221
Capital outlay	10,000	9,450	9,450	-	1,183,643
Total	7,834,260	7,791,445	7,415,672	375,773	8,228,492
Police Department					
Personal services and benefits	6,078,715	6,228,300	6,177,269	51,031	5,577,843
Other	1,297,470	1,330,459	1,289,183	41,276	1,279,654
Capital outlay	31,735	28,941	28,636	305	121,967
Total	7,407,920	7,587,700	7,495,088	92,612	6,979,464
Total Public Safety	15,242,180	15,379,145	14,910,760	468,385	15,207,956
Public Works:					
Public Works					
Personal services and benefits	3,992,485	4,078,570	3,949,543	129,027	3,756,922
Other	2,321,345	2,446,605	2,383,721	62,884	2,288,736
Capital outlay	20,000	89,565	87,850	1,715	143,691
Total	6,333,830	6,614,740	6,421,114	193,626	6,189,349

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Infrastructure					
Other	969,500	1,078,015	957,833	120,182	17,235
Capital outlay	80,715	80,000	-	80,000	42,812
Total	1,050,215	1,158,015	957,833	200,182	60,047
Total Public Works	7,384,045	7,772,755	7,378,947	393,808	6,249,396
Health and Welfare:					
Senior Center					
Personal services and benefits	238,665	243,895	251,574	(7,679)	230,466
Other	164,335	134,105	133,944	161	137,998
Total	403,000	378,000	385,518	(7,518)	368,464
Special Projects					
Other	30,985	30,985	30,984	1	30,000
Total	30,985	30,985	30,984	1	30,000
Total Health and Welfare	433,985	408,985	416,502	(7,517)	398,464
Culture and Recreation:					
Recreation Department					
Personal services and benefits	1,885,130	1,919,230	1,898,386	20,844	1,780,839
Other	1,191,140	1,186,651	1,110,466	76,185	1,130,618
Capital outlay	-	13,564	13,564	-	25,409
Total	3,076,270	3,119,445	3,022,416	97,029	2,936,866
Special Projects					
Other	243,810	284,310	284,310	-	243,810
Total	243,810	284,310	284,310	-	243,810
Total Culture and Recreation	3,320,080	3,403,755	3,306,726	97,029	3,180,676
Housing and Development:					
Special Projects					
Other	291,750	321,750	321,750	-	292,380
Total	291,750	321,750	321,750	-	292,380
Total Housing and Development	291,750	321,750	321,750	-	292,380
Total expenditures	$ 29,402,210	$ 30,150,585	$ 29,033,907	$ 1,116,678	$ 27,978,708

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Police Department					
Administration					
Personal services and benefits	$ 542,105	$ 582,680	$ 580,844	1,836	$ 482,237
Other	410,550	403,125	396,995	6,130	411,877
Capital outlay	-	-	-	-	21,000
Total	952,655	985,805	977,839	7,966	915,114
Patrol					
Personal services and benefits	3,817,385	3,782,070	3,736,265	45,805	3,461,901
Other	572,700	597,290	569,300	27,990	561,057
Capital outlay	12,250	10,185	10,181	4	22,998
Total	4,402,335	4,389,545	4,315,746	73,799	4,045,956
Criminal Investigation Division					
Personal services and benefits	1,048,460	1,152,915	1,152,838	77	995,962
Other	138,320	144,705	141,498	3,207	148,778
Capital outlay	7,150	7,150	7,067	83	51,164
Total	1,193,930	1,304,770	1,301,403	3,367	1,195,904
Support Services					
Personal services and benefits	670,765	710,635	707,322	3,313	637,743
Other	175,900	185,339	181,390	3,949	157,942
Capital outlay	12,335	11,606	11,388	218	26,805
Total	859,000	907,580	900,100	7,480	822,490
Total Police Department	$ 7,407,920	$ 7,587,700	$ 7,495,088	$ 92,612	$ 6,979,464

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Public Works Department					
Administration					
Personal services and benefits	$ 424,170	$ 440,590	$ 430,578	$ 10,012	$ 385,522
Other	710,410	712,095	665,974	46,121	661,713
Capital outlay	-	-	-	-	101,498
Total	1,134,580	1,152,685	1,096,552	56,133	1,148,733
Street					
Personal services and benefits	747,325	775,830	748,724	27,106	697,663
Other	196,785	248,710	246,366	2,344	204,086
Capital outlay	-	58,020	58,018	2	9,000
Total	944,110	1,082,560	1,053,108	29,452	910,749
Sanitation					
Personal services and benefits	1,632,600	1,648,625	1,585,183	63,442	1,560,339
Other	267,685	301,270	300,668	602	280,582
Capital outlay	10,000	4,970	4,970	-	-
Total	1,910,285	1,954,865	1,890,821	64,044	1,840,921
Shop					
Personal services and benefits	446,810	461,970	461,887	83	427,668
Other	802,485	834,920	834,859	61	824,553
Total	1,249,295	1,296,890	1,296,746	144	1,252,221
Traffic engineer					
Personal services and benefits	373,860	385,480	376,570	8,910	350,783
Other	93,255	123,415	122,691	724	117,312
Capital outlay	-	17,900	17,893	7	13,250
Total	467,115	526,795	517,154	9,641	481,345
Landscaping					
Personal services and benefits	367,720	366,075	346,601	19,474	334,947
Other	250,725	226,195	213,163	13,032	200,490
Capital outlay	10,000	8,675	6,969	1,706	19,943
Total	628,445	600,945	566,733	34,212	555,380
Total Public Works	$ 6,333,830	$ 6,614,740	$ 6,421,114	$ 193,626	$ 6,189,349

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Recreation Department					
Administration					
Personal services and benefits	$ 831,000	$ 810,160	$ 803,763	$ 6,397	$ 788,054
Other	142,595	150,585	139,552	11,033	138,210
Total	973,595	960,745	943,315	17,430	926,264
Programs					
Personal services and benefits	255,930	316,170	306,847	9,323	248,610
Other	391,650	437,485	402,992	34,493	358,709
Total	647,580	753,655	709,839	43,816	607,319
Parks					
Personal services and benefits	798,200	792,900	787,776	5,124	744,175
Other	656,895	598,581	567,922	30,659	633,699
Capital outlay	-	13,564	13,564	-	25,409
Total	1,455,095	1,405,045	1,369,262	35,783	1,403,283
Total Recreation Department	$ 3,076,270	$ 3,119,445	$ 3,022,416	$ 97,029	$ 2,936,866

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, 2014

	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	$ -	$ 78,638	$ 1	$ 1	$ -	$ -	$ -	$ 78,640
Receivables:								
Accounts	95,120	-	-	-	-	-	-	95,120
Intergovernmental - federal	-	-	12,621	-	-	46,412	-	59,033
Intergovernmental - state	-	-	-	-	-	2,578	-	2,578
Interfund	-	1,057	-	-	-	-	-	1,057
Total Assets	$ 95,120	$ 79,695	$ 12,622	$ 1	$ -	$ 48,990	$ -	$ 236,428
Liabilities and Fund Balances								
Liabilities								
Accounts payable	$ 33,346	$ 1,025	$ 7,562	$ -	$ -	$ 35,216	$ -	$ 77,149
Interfund payable	61,774	-	5,059	-	-	13,774	-	80,607
Total Liabilities	95,120	1,025	12,621	-	-	48,990	-	157,756
Fund Balances								
Restricted for:								
Public safety	-	78,670	-	-	-	-	-	78,670
Housing and development	-	-	1	1	-	-	-	2
Total Fund Balances	-	78,670	1	1	-	-	-	78,672
Total Liabilities and Fund Balances	$ 95,120	$ 79,695	$ 12,622	$ 1	$ -	$ 48,990	$ -	$ 236,428

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014

	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	$ 1,235,285	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,235,285
Intergovernmental - federal	-	62,335	344,211	-	-	138,735	-	545,281
Intergovernmental - state	-	-	-	-	-	7,134	-	7,134
Fines & forfeitures	-	68,132	-	-	-	-	-	68,132
Investment earnings	-	257	-	-	-	-	-	257
Miscellaneous	1,157	-	-	-	-	-	-	1,157
Total Revenues	1,236,442	130,724	344,211	-	-	145,869	-	1,857,246
Expenditures								
Current:								
General government	-	-	53,556	-	-	23,980	-	77,536
Public safety	-	102,089	-	-	-	-	-	102,089
Health and welfare	-	-	63,313	-	-	-	-	63,313
Culture and recreation	417,778	-	1,050	-	-	-	-	418,828
Housing and development	-	-	141,582	-	-	-	-	141,582
Total Current	417,778	102,089	259,501	-	-	23,980	-	803,348
Capital Outlay:								
General government	-	-	99,770	-	-	124,597	-	224,367
Public safety	-	71,709	-	-	-	-	-	71,709
Culture and recreation	68,633	-	8,000	-	5,809	-	-	82,442
Total Capital Outlay	68,633	71,709	107,770	-	5,809	124,597	-	378,518
Total Expenditures	486,411	173,798	367,271	-	5,809	148,577	-	1,181,866
Excess (Deficiency) of Revenues Over (Under) Expenditures	750,031	(43,074)	(23,060)	-	(5,809)	(2,708)	-	675,380
Other Financing Sources (Uses)								
Transfers in (out)	(750,031)	-	23,060	-	5,809	2,708	-	(718,454)
Net Change in Fund Balances	-	(43,074)	-	-	-	-	-	(43,074)
Fund Balances Beginning of Year	-	121,744	1	1	-	-	-	121,746
Fund Balances End of Year	$ -	$ 78,670	$ 1	$ 1	$ -	$ -	$ -	$ 78,672

City of Dalton, Georgia
Hotel/Motel Tax Fund
Comparative Balance Sheet
December 31, 2014 and 2013

	2014	2013
Assets		
Accounts receivable	$ 95,120	$ 98,580
Total Assets	$ 95,120	$ 98,580
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 33,346	$ 58,862
Interfund payable	61,774	39,718
Total Liabilities	$ 95,120	$ 98,580

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, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Hotel/motel taxes	$ 1,163,000	$ 1,233,460	$ 1,235,285	$ 1,825	$ 1,170,315
Miscellaneous	3,000	3,000	1,157	(1,843)	2,753
Total Revenues	1,166,000	1,236,460	1,236,442	(18)	1,173,068
Expenditures					
Current:					
Culture and recreation:					
Other	602,455	417,780	417,778	2	387,668
Capital Outlay:					
Culture and recreation:					
Capital outlay	-	68,635	68,633	2	-
Total Expenditures	602,455	486,415	486,411	4	387,668
Excess (Deficiency) of Revenues Over (Under) Expenditures	563,545	750,045	750,031	(14)	785,400
Other Financing (Uses)					
Transfers out	(563,545)	(750,045)	(750,031)	14	(785,400)
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

City of Dalton, Georgia
Confiscated Assets Fund
Comparative Balance Sheet
December 31, 2014 and 2013

	2014	2013
Assets		
Cash	$ 78,638	$ 121,364
Interfund receivable	1,057	380
Total Assets	$ 79,695	$ 121,744
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 1,025	$ -
Total Liabilities	1,025	-
Fund Balances		
Restricted - public safety	78,670	121,364
Total Fund Balances	78,670	121,744
Total Liabilities and Fund Balances	$ 79,695	$ 121,744

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, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 30,000	$ 30,000	$ 62,335	$ 32,335	$ 9,373
Fines & forfeitures	45,000	45,000	68,132	23,132	91,150
Investment earnings	175	175	257	82	244
Total Revenues	75,175	75,175	130,724	55,549	100,767
Expenditures					
Current:					
Public Safety:					
Other	63,250	131,250	102,089	29,161	63,579
Capital Outlay:					
Public Safety:					
Capital outlay	10,000	72,000	71,709	291	-
Total Expenditures	73,250	203,250	173,798	29,452	63,579
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 1,925	$ (128,075)	(43,074)	$ 85,001	37,188
Fund Balances Beginning of Year			121,744		84,556
Fund Balances End of Year			$ 78,670		$ 121,744

City of Dalton, Georgia
Community Development Block Grant Fund
Comparative Balance Sheet
December 31, 2014 and 2013

	2014	2013
Assets		
Cash	$ 1	$ 1
Intergovernmental receivable - federal	12,621	29,552
Total Assets	$ 12,622	$ 29,553
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 7,562	$ 17,193
Interfund payable	5,059	12,359
Total Liabilities	12,621	29,552
Fund Balances		
Restricted - housing and development	1	1
Total Liabilities and Fund Balances	$ 12,622	$ 29,553

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CDBG Fund
For the Year Ended December 31, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 285,000	$ 478,070	$ 344,211	$ (133,859)	$ 402,308
Total Revenues	285,000	478,070	344,211	(133,859)	402,308
Expenditures					
Current:					
General Government:					
Other	40,000	78,585	53,556	25,029	77,816
Health and Welfare:					
Other	30,000	63,965	63,313	652	49,236
Culture and Recreation:					
Other	-	1,050	1,050	-	-
Housing and Development:					
Other	215,000	249,760	141,582	108,178	-
Capital outlay:					
General Government:					
Capital outlay	-	99,770	99,770	-	22,962
Culture and Recreation:					
Capital outlay	-	8,000	8,000	-	252,294
Total Expenditures	285,000	501,130	367,271	133,859	402,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(23,060)	(23,060)	-	-
Other Financing Sources (Uses)					
Transfers in	-	23,060	23,060	-	-
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, 2014 and 2013

	2014	2013
Assets		
Cash	$ 1	$ 1
Receivables:		
Intergovernmental - federal	-	3,750
Interfund	-	1,850
Total Assets	$ 1	$ 5,601
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ 5,600
Total Liabilities	-	5,600
Fund Balances		
Restricted - housing and development	1	1
Total Liabilities and Fund Balances	$ 1	$ 5,601

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CHIP Grant
For the Year Ended December 31, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ -	$ -	$ -	$ -	$ 43,313
Total Revenues	-	-	-	-	43,313
Expenditures					
Current:					
Housing and Development:					
Other	-	-	-	-	78,601
Total Expenditures	-	-	-	-	78,601
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	(35,288)
Other Financing Sources					
Transfers in	-	-	-	-	35,288
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, 2014 and 2013

	2014	2013
Assets		
Receivables:		
Interfund	$ -	$ -
Total Assets	$ -	$ -
Liabilities		
Accounts payable	$ -	$ -
Total Liabilities	$ -	$ -

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, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	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	540,000	540,000	5,809	534,191	22,454
Total Expenditures	540,000	540,000	5,809	534,191	22,454
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,000)	(40,000)	(5,809)	34,191	(22,454)
Other Financing Sources					
Transfers in	40,000	40,000	5,809	(34,191)	22,454
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

City of Dalton, Georgia
Airport Improvement Grant Fund
Comparative Balance Sheet
December 31, 2014 and 2013

	2014	2013
Assets		
Receivables:		
Intergovernmental - federal	$ 46,412	$ 268,867
Intergovernmental - state	2,578	10,463
Total Assets	$ 48,990	$ 279,330
Liabilities		
Accounts payable	$ 35,216	$ 248,364
Interfund payable	13,774	30,966
Total Liabilities	$ 48,990	$ 279,330

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, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 1,747,360	$ 1,747,360	$ 138,735	$ (1,608,625)	$ 1,560,252
Intergovernmental - state	96,515	96,515	7,134	(89,381)	43,589
Total Revenues	1,843,875	1,843,875	145,869	(1,698,006)	1,603,841
Expenditures					
Current:					
General Government:					
Other	-	23,980	23,980	-	225,863
Capital outlay:					
General Government:					
Capital outlay	1,941,510	1,917,530	124,597	1,792,933	1,478,084
Total Expenditures	1,941,510	1,941,510	148,577	1,792,933	1,703,947
Excess (Deficiency) of Revenues Over (Under) Expenditures	(97,635)	(97,635)	(2,708)	94,927	(100,106)
Other Financing Sources					
Transfers in	97,635	97,635	2,708	(94,927)	100,106
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, 2014 and 2013

	2014	2013
Assets		
Receivables:		
Intergovernmental - federal	$ -	$ 25,271
Total Assets	$ -	$ 25,271
Liabilities		
Interfund payable	$ -	$ 25,271
Total Liabilities	$ -	$ 25,271

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, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ -	$ -	$ -	$ -	$ 96,888
Total Revenues	-	-	-	-	96,888
Expenditures					
Capital Outlay:					
Culture and Recreation:					
Capital outlay	-	-	-	-	103,115
Total Expenditures	-	-	-	-	103,115
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	(6,227)
Other Financing Sources					
Transfers in	-	-	-	-	6,227
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, 2014 and 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 286	$ 7,442
Receivables:		
Intergovernmental - local	130,293	134,288
Total Assets	$ 130,579	$ 141,730
Liabilities and Fund Balances		
Liabilities		
Accrued interest payable	$ 130,293	$ 134,288
Total Liabilities	130,293	134,288
Fund Balances		
Restricted - debt service	286	7,442
Total Liabilities and Fund Balances	$ 130,579	$ 141,730

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, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - local	$ 53,000	$ 53,000	$ 53,000	$ -	$ 86,477
Investment earnings	110,490	110,490	112,504	2,014	118,463
Total Revenues	163,490	163,490	165,504	2,014	204,940
Expenditures					
Debt Service:					
Principal retirement	288,000	509,960	509,958	2	603,204
Interest and fiscal charges	267,580	283,340	281,844	1,496	274,506
Total Expenditures	555,580	793,300	791,802	1,498	877,710
Excess (Deficiency) of Revenues Over (Under) Expenditures	(392,090)	(629,810)	(626,298)	3,512	(672,770)
Other Financing Sources (Uses)					
Transfers in	392,090	629,810	619,142	(10,668)	670,310
Net Change in Fund Balances	$ -	$ -	(7,156)	$ (7,156)	(2,460)
Fund Balances Beginning of Year			7,442		9,902
Fund Balances End of Year			$ 286		$ 7,442

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, 2014

	Capital Projects Fund	SPLOST Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Assets				
Receivables:				
Intergovernmental - local	$ -	$ 110,710	$ -	$ 110,710
Interfund	-	-	11,704	11,704
Total Assets	$ -	$ 110,710	$ 11,704	$ 122,414
Liabilities				
Accounts payable	$ -	$ 6,178	$ 11,704	$ 17,882
Interfund payable	-	104,532	-	104,532
Total Liabilities	$ -	$ 110,710	$ 11,704	$ 122,414

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2014

	Capital Projects Fund	SPLOST Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Revenues				
Intergovernmental - local	$ -	$ 1,023,106	$ -	$ 1,023,106
Total Revenues	-	1,023,106	-	1,023,106
Expenditures				
Current:				
Public safety	-	-	42,250	42,250
Public works	-	-	3,376	3,376
Total Current	-	-	45,626	45,626
Capital Outlay:				
General government	-	-	240,282	240,282
Public safety	-	-	491,190	491,190
Public works	-	1,023,106	376,483	1,399,589
Culture and recreation	-	-	151,977	151,977
Total Capital Outlay	-	1,023,106	1,259,932	2,283,038
Total Expenditures	-	1,023,106	1,305,558	2,328,664
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(1,305,558)	(1,305,558)
Other Financing Sources (Uses)				
Transfers in	-	-	1,305,558	1,305,558
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning of Year	-	-	-	-
Fund Balances End of Year	$ -	$ -	$ -	$ -

City of Dalton, Georgia
Capital Projects Fund
Comparative Balance Sheet
December 31, 2014 and 2013

	2014	2013
Assets		
Interfund receivable	$ -	$ 62,508
Total Assets	$ -	$ 62,508
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ -	$ 62,508
Total Liabilities	-	62,508
Fund Balances		
Restricted - capital projects	-	-
Total Liabilities and Fund Balances	$ -	$ 62,508

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, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - state	$ -	$ -	$ -	$ -	$ 244,790
Intergovernmental - local	-	-	-	-	51,250
Miscellaneous	-	-	-	-	11,000
Total Revenues	-	-	-	-	307,040
Expenditures					
Current:					
Public Works:					
Road projects	-	-	-	-	680,996
Total Current	-	-	-	-	680,996
Capital Outlay:					
Culture and Recreation:					
Lakeshore Park	-	-	-	-	724,531
Total Capital Outlay	-	-	-	-	724,531
Total Expenditures	-	-	-	-	1,405,527
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	(1,098,487)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	1,093,581
Total Other Financing Sources (Uses)	-	-	-	-	1,093,581
Net Change in Fund Balances	$ -	$ -	-	$ -	(4,906)
Fund Balances Beginning of Year			-		4,906
Fund Balances End of Year			$ -		$ -

City of Dalton, Georgia
SPLOST Capital Projects Fund
Comparative Balance Sheet
December 31, 2014 and 2013

	2014	2013
Assets		
Intergovernmental receivable - local	$ 110,710	$ 5,520
Total Assets	$ 110,710	$ 5,520
Liabilities		
Accounts payable	$ 6,178	$ -
Interfund payable	104,532	5,520
Total Liabilities	$ 110,710	$ 5,520

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, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - local	$ 4,195,000	$ 7,195,000	$ 1,023,106	$ (6,171,894)	$ 568,413
Total Revenues	4,195,000	7,195,000	1,023,106	(6,171,894)	568,413
Expenditures					
Current:					
Public Works:					
Road projects	-	-	-	-	2,170
Capital Outlay:					
Public Works:					
Road projects	4,195,000	7,195,000	1,023,106	6,171,894	566,243
Total Expenditures	4,195,000	7,195,000	1,023,106	6,171,894	568,413
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, 2014 and 2013

	2014	2013
Assets		
Interfund receivable	$ 11,704	$ 17,155
Total Assets	$ 11,704	$ 17,155
Liabilities		
Accounts payable	$ 11,704	$ 17,155
Total Liabilities	$ 11,704	$ 17,155

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, 2014
(With Actual Amounts for the Year Ended December 31, 2013)

	2014				2013
	Original Budget	Final Budget	Actual	Variance	Actual
Expenditures					
Current:					
Public Safety:					
Other	$ -	$ 42,250	$ 42,250	$ -	$ -
Public Works:					
Other	-	3,380	3,376	4	-
Total Current	-	45,630	45,626	4	-
Capital Outlay:					
General Government:					
Equipment	481,270	240,285	240,282	3	-
Public Safety:					
Equipment	-	583,120	491,190	91,930	241,625
Public Works:					
Equipment	-	376,480	376,483	(3)	149,475
Culture and Recreation:					
Equipment	-	299,000	151,977	147,023	62,398
Total Capital Outlay	481,270	1,498,885	1,259,932	238,953	453,498
Total Expenditures	481,270	1,544,515	1,305,558	238,957	453,498
Other Financing Sources (Uses)					
Transfers in	481,270	1,544,515	1,305,558	(238,957)	453,498
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

NONMAJOR PROPRIETARY FUNDS

Enterprise Funds

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

Dalton Municipal Airport Fund – 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, 2014

	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	$ 339,668	$ 100	$ -	$ -	$ 339,768
Receivables:					
Accounts	-	280	-	-	280
Interfund	-	18,689	-	-	18,689
Inventory	33,548	24,860	-	-	58,408
Total Current Assets	373,216	43,929	-	-	417,145
Noncurrent Assets:					
Capital Assets:					
Land	739,352	925,370	-	-	1,664,722
Depreciable capital assets, net	652,561	6,221,133	-	-	6,873,694
Other Assets:					
Investment in joint ventures	-	-	6,498,917	11,747,836	18,246,753
Total Noncurrent Assets	1,391,913	7,146,503	6,498,917	11,747,836	26,785,169
Total Assets	1,765,129	7,190,432	6,498,917	11,747,836	27,202,314
Liabilities					
Current Liabilities:					
Accounts payable	8,947	492	-	-	9,439
Accrued expenses	10,248	5,351	-	-	15,599
Unearned revenue	14,948	6,699	-	-	21,647
Interfund payable	54,794	-	-	-	54,794
Compensated absences payable	22,700	170	-	-	22,870
Total Current Liabilities	111,637	12,712	-	-	124,349
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	68,274	500	-	-	68,774
Total Long-Term Liabilities	68,274	500	-	-	68,774
Total Liabilities	179,911	13,212	-	-	193,123
Net Position					
Net investment in capital assets	1,391,913	7,146,503	-	-	8,538,416
Unrestricted	193,305	30,717	6,498,917	11,747,836	18,470,775
Total Net Position	$ 1,585,218	$ 7,177,220	$ 6,498,917	$ 11,747,836	$ 27,009,191

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, 2014

	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	$ 691,159	$ 558,007	$ -	$ -	$ 1,249,166
Merchandise sales	71,996	-	-	-	71,996
Tournaments	87,036	-	-	-	87,036
Concessions	61,603	-	-	-	61,603
Miscellaneous	3,476	546	-	-	4,022
Total Operating Revenues	915,270	558,553	-	-	1,473,823
Operating Expenses					
Cost of sales and services	350,080	431,303	-	-	781,383
Personal services and benefits	447,497	87,746	-	-	535,243
Depreciation	100,085	384,760	-	-	484,845
Total Operating Expenses	897,662	903,809	-	-	1,801,471
Operating Income (Loss)	17,608	(345,256)	-	-	(327,648)
Non-Operating Revenues					
Investment earnings	965	-	-	-	965
Income (loss) from joint venture	-	-	(462,851)	(247,002)	(709,853)
Total Non-Operating Revenues	965	-	(462,851)	(247,002)	(708,888)
Income (Loss) Before Transfers In	18,573	(345,256)	(462,851)	(247,002)	(1,036,536)
Transfers in	-	-	563,545	-	563,545
Change in Net Position	18,573	(345,256)	100,694	(247,002)	(472,991)
Net Postion Beginning of Year	1,566,645	7,522,476	6,398,223	11,994,838	27,482,182
Net Position End of Year	$ 1,585,218	$ 7,177,220	$ 6,498,917	$ 11,747,836	$ 27,009,191

City of Dalton, Georgia
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended December 31, 2014

	Municipal Golf Course	Municipal Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 918,743	$ 559,807	$ 1,478,550
Cash payments for personnel services	(448,198)	(83,186)	(531,384)
Cash payments for goods and services	(367,920)	(476,521)	(844,441)
Net Cash Provided by (Used in) Operating Activities	102,625	100	102,725
Cash Flows from Investing Activities			
Investment earnings	965	-	965
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(59,499)	-	(59,499)
Payments on interfund loan	(76,786)	-	(76,786)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(136,285)	-	(136,285)
Net Increase (Decrease) in Cash and Cash Equivalents	(32,695)	100	(32,595)
Cash and Cash Equivalents Beginning of Year	372,363	-	372,363
Cash and Cash Equivalents End of Year	$ 339,668	$ 100	$ 339,768
Reconciliation of Operating Income (Loss) to Net Cash (Used in) Operating Activities			
Operating Income (Loss)	$ 17,608	$ (345,256)	$ (327,648)
Adjustments:			
Depreciation	100,085	384,760	484,845
(Increase) Decrease in Assets:			
Accounts receivable	-	370	370
Interfund receivable	-	(18,689)	(18,689)
Inventory	14,301	8,806	23,107
Increase (Decrease) in Liabilities:			
Accounts payable	(32,141)	(9,616)	(41,757)
Interfund payable	-	(25,719)	(25,719)
Unearned revenue	3,473	884	4,357
Accrued expenses	(3,339)	3,890	551
Compensated absences payable	2,638	670	3,308
Net Cash Provided by (Used in) Operating Activities	$ 102,625	$ 100	$ 102,725

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2014

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Assets						
Current Assets:						
Cash and cash equivalents	$ 5,901,000	$ 1,403,000	$ 1,079,000	$ 1,113,000	$ 1,076,000	$ 10,572,000
Short-term investments	140,000	33,000	26,000	26,000	25,000	250,000
Accounts receivable, less doubtful accounts allowance	8,487,000	1,800,000	1,385,000	1,430,000	847,000	13,949,000
Unbilled revenues	3,724,000	1,778,000	1,222,000	745,000	-	7,469,000
Interest receivable	208,000	5,000	23,000	24,000	13,000	273,000
Fuel stocks	2,359,000	1,630,000	-	-	-	3,989,000
Inventories	9,980,000	350,000	698,000	75,000	911,000	12,014,000
Deposits and prepaid expenses	400,000	95,000	48,000	49,000	48,000	640,000
Restricted customer deposit fund	1,857,000	441,000	340,000	351,000	-	2,989,000
Total Current Assets	33,056,000	7,535,000	4,821,000	3,813,000	2,920,000	52,145,000
Noncurrent Assets:						
Construction in progress	109,440,000	-	-	-	-	109,440,000
Depreciable capital assets, net	228,125,000	12,526,000	166,544,000	159,757,000	64,393,000	631,345,000
Restricted combined utilities renewals/extensions fund	11,061,000	602,000	5,965,000	6,369,000	3,732,000	27,729,000
Restricted nuclear decommissioning fund	55,371,000	-	-	-	-	55,371,000
Regulatory asset, net	9,162,000	-	-	-	1,162,000	10,324,000
Total Noncurrent Assets	413,159,000	13,128,000	172,509,000	166,126,000	69,287,000	834,209,000
Total Assets	$ 446,215,000	$ 20,663,000	$ 177,330,000	$ 169,939,000	$ 72,207,000	$ 886,354,000

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2014

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Liabilities						
Current Liabilities:						
Accounts payable and accrued expenses	11,934,000	3,614,000	1,663,000	2,103,000	5,882,000	25,196,000
Customer deposits	2,048,000	487,000	375,000	387,000	-	3,297,000
Total Current Liabilities	13,982,000	4,101,000	2,038,000	2,490,000	5,882,000	28,493,000
Long-Term Liabilities:						
Deferred credit - TVA right of use	217,000	-	-	-	-	217,000
Accrued construction retention	2,934,000	-	-	-	-	2,934,000
Asset retirement obligations	40,078,000	-	-	-	-	40,078,000
Total Long-Term Liabilities	43,229,000	-	-	-	-	43,229,000
Total Liabilities	57,211,000	4,101,000	2,038,000	2,490,000	5,882,000	71,722,000
Deferred Inflows of Resources	6,104,000	-	-	-	-	6,104,000
Net Position						
Net investment in capital assets	297,611,000	12,526,000	166,544,000	159,757,000	65,555,000	701,993,000
Restricted for:						
Capital projects	11,061,000	602,000	5,965,000	6,369,000	3,732,000	27,729,000
Customer deposit fund and nuclear decommissioning	57,228,000	441,000	340,000	351,000	-	58,360,000
Unrestricted	17,000,000	2,993,000	2,443,000	972,000	(2,962,000)	20,446,000
Total Net Position	$ 382,900,000	$ 16,562,000	$ 175,292,000	$ 167,449,000	$ 66,325,000	$ 808,528,000

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, 2014

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Operating Revenues						
Electric	$ 110,061,000	$ -	$ -	$ -	$ -	$ 110,061,000
Parity income	2,133,000	-	-	-	-	2,133,000
Natural gas	-	26,159,000	-	-	-	26,159,000
Water	-	-	20,127,000	-	-	20,127,000
Sewer	-	-	-	20,772,000	-	20,772,000
Information technology	-	-	-	-	20,065,000	20,065,000
Total Operating Revenues	112,194,000	26,159,000	20,127,000	20,772,000	20,065,000	199,317,000
Operating Expenses						
Production	29,453,000	-	4,418,000	9,611,000	-	43,482,000
Purchased electricity	46,865,000	-	-	-	-	46,865,000
Purchased natural gas	-	18,514,000	-	-	-	18,514,000
Distribution	6,816,000	1,554,000	3,377,000	1,404,000	10,530,000	23,681,000
Depreciation and amortization	7,983,000	777,000	5,678,000	6,590,000	7,269,000	28,297,000
General administration	4,775,000	2,248,000	4,428,000	2,357,000	1,419,000	15,227,000
Total Operating Expenses	95,892,000	23,093,000	17,901,000	19,962,000	19,218,000	176,066,000
Operating Income (Loss)	16,302,000	3,066,000	2,226,000	810,000	847,000	23,251,000
Non-Operating Revenues (Expenses)						
Interest income	1,235,000	73,000	56,000	58,000	56,000	1,478,000
Net increase (decrease) in fair value of investments and derivatives	3,592,000	183,000	141,000	145,000	124,000	4,185,000
Miscellaneous income (expense)	136,000	26,000	23,000	23,000	26,000	234,000
Total Non-Operating Revenues (Expenses)	4,963,000	282,000	220,000	226,000	206,000	5,897,000
Income Before Contributions and Transfers	21,265,000	3,348,000	2,446,000	1,036,000	1,053,000	29,148,000
Contributions and Transfers						
Reallocations	13,165,000	(322,000)	(2,789,000)	(3,466,000)	(6,588,000)	-
Transfers out	(5,286,000)	(1,233,000)	(949,000)	(979,000)	(946,000)	(9,393,000)
Total Contributions and Transfers	7,879,000	(1,555,000)	(3,738,000)	(4,445,000)	(7,534,000)	(9,393,000)
Change in Net Position	29,144,000	1,793,000	(1,292,000)	(3,409,000)	(6,481,000)	19,755,000
Net Position Beginning of Year	353,756,000	14,769,000	176,584,000	170,858,000	72,806,000	788,773,000
Net Position End of Year	$ 382,900,000	$ 16,562,000	$ 175,292,000	$ 167,449,000	$ 66,325,000	$ 808,528,000

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Net Position
December 31, 2014 and 2013

	2014	2013
Assets		
Current Assets:		
Cash and cash equivalents	$ 339,668	$ 372,363
Inventory	33,548	47,849
Total Current Assets	373,216	420,212
Noncurrent Assets:		
Capital Assets:		
Land	739,352	739,352
Depreciable capital assets, net	652,561	693,147
Total Noncurrent Assets	1,391,913	1,432,499
Total Assets	1,765,129	1,852,711
Liabilities		
Current Liabilities:		
Accounts payable	8,947	41,088
Accrued expenses	10,248	13,587
Unearned revenue	14,948	11,475
Interfund payable	54,794	131,580
Compensated absences payable	22,700	23,800
Total Current Liabilities	111,637	221,530
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	68,274	64,536
Total Liabilities	179,911	286,066
Net Position		
Net investment in capital assets	1,391,913	1,432,499
Unrestricted	193,305	134,146
Total Net Position	$ 1,585,218	$ 1,566,645

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, 2014 and 2013

	2014	2013
Operating Revenues		
Charges for services	$ 691,159	$ 703,017
Merchandise sales	71,996	60,380
Tournaments	87,036	96,527
Concessions	61,603	64,952
Miscellaneous	3,476	2,958
Total Operating Revenues	915,270	927,834
Operating Expenses		
Cost of sales and services	350,080	340,493
Personal services and benefits	447,497	429,032
Depreciation	100,085	96,726
Total Operating Expenses	897,662	866,251
Operating Income (Loss)	17,608	61,583
Non-Operating Revenues		
Investment earnings	965	874
Total Non-Operating Revenues	965	874
Change in Net Position	18,573	62,457
Net Position Beginning of Year	1,566,645	1,504,188
Net Position End of Year	$ 1,585,218	$ 1,566,645

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Net Position
December 31, 2014 and 2013

	2014	2013
Assets		
Current Assets:		
Cash	$ 100	$ -
Receivables:		
Accounts	280	650
Interfund	18,689	-
Inventory	24,860	33,666
Total Current Assets	43,929	34,316
Noncurrent Assets:		
Capital Assets:		
Land	925,370	925,370
Depreciable capital assets, net	6,221,133	6,605,893
Total Noncurrent Assets	7,146,503	7,531,263
Total Assets	7,190,432	7,565,579
Liabilities		
Current Liabilities:		
Accounts payable	492	10,108
Accrued expenses	5,351	1,461
Interfund payable	-	25,719
Unearned revenue	6,699	5,815
Compensated absences payable	170	-
Total Current Liabilities	12,712	43,103
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	500	-
Total Liabilities	13,212	43,103
Net Position		
Net investment in capital assets	7,146,503	7,531,263
Unrestricted	30,717	(8,787)
Total Net Position	$ 7,177,220	$ 7,522,476

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, 2014 and 2013

	2014	2013
Operating Revenues		
Charges for services	$ 558,007	$ 210,791
Miscellaneous	546	523
Total Operating Revenues	558,553	211,314
Operating Expenses		
Cost of sales and services	431,303	173,034
Personal services and benefits	87,746	26,243
Depreciation	384,760	405,220
Total Operating Expenses	903,809	604,497
Change in Net Position	(345,256)	(393,183)
Net Position Beginning of Year	7,522,476	7,915,659
Net Position End of Year	$ 7,177,220	$ 7,522,476

INTERNAL SERVICE FUNDS

Internal Service Funds

Workers' Compensation Fund – 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 Fund – This fund is used to account for the financing of health insurance provided to other departments of the City on a cost reimbursement basis. The City switched to a private carrier for health insurance in 2009, and the Health Insurance Fund remained open to fund and account for any outstanding claims prior to the change. The Health Insurance Fund was closed in 2013 and will no longer be presented in the Comprehensive Annual Financial Report after this year.

City of Dalton, Georgia
Combining Statement of Net Position
Internal Service Funds
December 31, 2014

	Workers Compensation	Health Insurance	Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 1,180,002	$ -	$ 1,180,002
Total Current Assets	1,180,002	-	1,180,002
Liabilities			
Current Liabilities:			
Accounts payable	9,809	-	9,809
Claims payable	466,461	-	466,461
Total Current Liabilities	476,270	-	476,270
Net Position			
Unrestricted	703,732	-	703,732
Total Net Position	$ 703,732	$ -	$ 703,732

City of Dalton, Georgia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2014

	Workers Compensation	Health Insurance	Total
Operating Revenues			
Charges for services	$ 600,075	$ -	$ 600,075
Operating Expenses			
Claims	596,083	-	596,083
Premiums and administrative fees	283,805	-	283,805
Total Operating Expenses	879,888	-	879,888
Operating Income (Loss)	(279,813)	-	(279,813)
Non-Operating Revenues and Expenses			
Investment earnings	3,098	-	3,098
Total Non-Operating Revenues and Expenses	3,098	-	3,098
Change in Net Position	(276,715)	-	(276,715)
Net Position Beginning of Year	980,447	-	980,447
Net Position End of Year	$ 703,732	$ -	$ 703,732

City of Dalton, Georgia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2014

	Workers Compensation	Health Insurance	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from interfund services provided	$ 648,075	$ -	$ 648,075
Cash payments for claims and fees	(780,252)	-	(780,252)
Net Cash Provided by (Used in) Operating Activities	(132,177)	-	(132,177)
Cash Flows from Investing Activities			
Investment earnings	3,098	-	3,098
Net Increase (Decrease) in Cash and Cash Equivalents	(129,079)	-	(129,079)
Cash and Cash Equivalents Beginning of Year	1,309,081	-	1,309,081
Cash and Cash Equivalents End of Year	$ 1,180,002	$ -	$ 1,180,002
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	$ (279,813)	$ -	$ (279,813)
(Increase) Decrease in Assets:			
Accounts receivable	48,000	-	48,000
Increase (Decrease) in Liabilities:			
Accounts payable	7,465	-	7,465
Claims payable	92,171	-	92,171
Net Cash Provided by (Used in) Operating Activities	$ (132,177)	$ -	$ (132,177)

City of Dalton, Georgia
Workers Compensation Fund
Comparative Statement of Net Position
December 31, 2014 and 2013

	2014	2013
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,180,002	$ 1,309,081
Accounts receivable	-	48,000
Total Current Assets	1,180,002	1,357,081
Liabilities		
Current Liabilities:		
Accounts payable	9,809	2,344
Claims payable	466,461	374,290
Total Current Liabilities	476,270	376,634
Net Position		
Unrestricted	703,732	980,447
Total Net Position	$ 703,732	$ 980,447

City of Dalton, Georgia
Workers Compensation Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2014 and 2013

	2014	2013
Operating Revenues		
Charges for services	$ 600,075	$ 804,960
Operating Expenses		
Claims	596,083	233,123
Premiums and administrative fees	283,805	292,095
Total Operating Expenses	879,888	525,218
Operating Income (Loss)	(279,813)	279,742
Non-Operating Revenues and Expenses		
Investment earnings	3,098	3,132
Total Non-Operating Revenues and Expenses	3,098	3,132
Change in Net Position	(276,715)	282,874
Net Position Beginning of Year	980,447	697,573
Net Position End of Year	$ 703,732	$ 980,447

City of Dalton, Georgia
Health Insurance Fund
Comparative Statement of Net Position
December 31, 2014 and 2013

	2014	2013
Assets		
Current Assets:		
Cash and cash equivalents	$ -	$ -
Total Current Assets	-	-
Net Position		
Unrestricted	-	-
Total Net Position	$ -	$ -

City of Dalton, Georgia
Health Insurance Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2014 and 2013

	2014	2013
Operating Expenses		
Claims	$ -	$ 4,986
Total Operating Expenses	-	4,986
Non-Operating Revenues (Expenses)		
Investment earnings	-	2
Change in Net Position	-	(4,984)
Net Position Beginning of Year	-	4,984
Net Position End of Year	$ -	$ -

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, 2014 and 2013

	2013	Additions	Deductions	2014
Assets				
Cash and cash equivalents	$ 61,613	$ 1,903,443	$ (1,900,488)	$ 64,568
Liabilities				
Accounts payable	17,097	561,017	(544,845)	33,269
Interfund payable	-	1,959,445	(1,959,445)	-
Other liabilities	44,516	1,872,303	(1,885,520)	31,299
Total Liabilities	$ 61,613	$ 4,392,765	$ (4,389,810)	$ 64,568

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, 2014 and 2013

	2014	2013
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,699,400	$ 1,505,493
Capital leases receivable	845,000	825,000
Total Current Assets	2,544,400	2,330,493
Noncurrent Assets:		
Capital leases receivable	6,450,000	7,295,000
Total Assets	$ 8,994,400	$ 9,625,493
Liabilities		
Current Liabilities:		
Accounts payable	1,699,400	1,505,493
Revenue bonds payable	610,000	590,000
Recovery zone economic development bonds payable	235,000	235,000
Total Current Liabilities	2,544,400	2,330,493
Liabilities		
Long-Term Liabilities:		
Revenue bonds payable	-	610,000
Recovery zone economic development bonds payable	4,450,000	4,685,000
QZAB gonds payable	2,000,000	2,000,000
Total Long-Term Liabilities:	6,450,000	7,295,000
Total Liabilities	$ 8,994,400	$ 9,625,493

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, 2014 and 2013

	2014	2013
Expenditures		
Debt Service:		
QZAB sinking fund payment on behalf of City of Dalton Board of Education	$ 193,907	$ 188,526
Non-Operating Revenues and (Expenses)		
Net investment earnings	43,907	38,526
Transfers In (Out)		
Transfers in (inflows from the City and City of Dalton Board of Education)	1,269,457	1,275,955
Transfers out (principal and interest payments on debt)	(1,119,457)	(1,125,955)
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, 2014 and 2013

	2014	2013
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Investing Activities		
Net investment earnings	$ 43,907	$ 38,526
Cash Flows from Capital and Related Financing Activities		
Proceeds from City of Dalton and City of Dalton Board of Education	1,419,457	1,425,955
Sinking fund payments for capital debt	(150,000)	(150,000)
Principal paid on capital debt	(825,000)	(805,000)
Interest paid on capital debt	(294,457)	(320,955)
Net Cash Provided by (Used in) Capital and Related Financing Activities	150,000	150,000
Net Increase (Decrease) in Cash and Cash Equivalents	193,907	188,526
Cash and Cash Equivalents Beginning of Year	1,505,493	1,316,967
Cash and Cash Equivalents End of Year	$ 1,699,400	$ 1,505,493

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	$ 70,240,397	$ 75,019,657	$ 76,036,989	$ 77,111,490	$ 68,155,502	$ 69,252,168	$ 70,314,771	$ 72,911,193	$ 73,764,869	$ 73,121,548
Restricted	3,269,618	1,284,713	1,260,953	1,117,309	2,637,360	5,617,799	577,427	240,347	251,557	262,248
Unrestricted	11,250,638	14,174,179	15,545,677	13,406,176	14,118,540	10,953,991	15,469,318	15,011,536	15,567,935	18,273,295
Total governmental activities	$ 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	$ 91,657,091
Business-type activities										
Net investment in capital assets	$ 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	$ 710,531,416
Restricted	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	86,089,000
Unrestricted	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	35,507,326
Total business-type activities	$ 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	$ 832,127,742
Primary government										
Net investment in capital assets	$ 462,479,299	$ 595,360,626	$ 638,037,472	$ 663,512,488	$ 680,503,837	$ 718,386,671	$ 749,660,492	$ 760,019,991	$ 771,855,631	$ 783,652,964
Restricted	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	86,351,248
Unrestricted	129,389,970	46,963,165	52,714,047	52,792,422	50,372,509	41,626,734	47,271,378	58,318,949	56,284,086	53,780,621
Total primary government	$ 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	$ 923,784,833

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
General government	$ 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	$ 2,579,345
Judicial	-	-	-	704,747	683,158	647,196	488,815	369,253	397,765	371,645
Public safety	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	15,070,993
Public works	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	8,252,341
Health and welfare	-	-	-	679,018	895,475	611,320	634,598	488,545	487,293	508,735
Culture and recreation	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	4,989,858
Housing and development	-	72,898	152,264	1,279,210	756,136	596,388	312,225	379,694	389,213	396,836
Education	27,593,227	27,450,015	29,237,233	240,061	-	-	-	-	-	-
Interest on long-term debt	615,149	584,478	272,296	226,898	178,413	325,111	354,337	459,985	274,506	281,844
Total governmental activities expenses	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	32,451,597
Business-type activities										
Electric system	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	95,797,217
Gas system	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	23,036,534
Water system	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	17,745,718
Wastewater system	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	19,796,633
Information technology system	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	19,076,834
Landfill	-	-	1,013,513	-	223,566	64,727	302,599	365,350	439,487	189,472
Trade Center	-	608,332	682,020	673,926	749,552	745,787	717,958	547,930	557,720	499,660
Municipal golf course	1,072,990	1,081,389	1,191,672	1,219,530	888,328	939,516	788,790	858,544	981,056	814,233
Municipal airport	-	-	-	-	459,636	482,586	503,145	518,119	604,497	904,203
Total business-type activities expenses	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	177,860,504
Total primary government expenses	$ 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	$ 210,312,101

(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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program revenues										
Governmental activities										
Charges for services										
General government	$ 2,625,013	$ 3,021,900	$ 3,653,811	$ 1,335,624	$ 1,152,739	$ 964,306	$ 983,375	$ 986,862	$ 982,441	$ 968,883
Judicial	-	-	-	1,585,097	1,098,525	1,066,062	739,273	767,234	751,680	884,819
Public safety	1,003,610	1,117,906	1,040,320	1,009,892	972,303	632,724	572,989	604,417	657,613	711,717
Public works	792,123	1,202,851	420,417	395,118	193,246	100,749	136,400	142,808	157,151	181,188
Health and welfare	-	-	-	207,792	54,500	68,581	56,612	46,253	54,355	51,710
Culture and recreation	718,029	683,328	781,469	485,980	361,532	322,813	223,093	324,948	395,533	373,946
Housing and development	-	-	-	-	-	215,308	-	-	-	-
Education	122,716	122,796	97,600	142,000	-	-	-	-	-	-
Operating grants and contributions	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	1,003,133
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	1,317,808
Total governmental activities program revenues	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	5,493,204

(continued)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities										
Charges for services										
Electric system	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	112,194,000
Gas system	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	26,159,000
Water system	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	20,127,000
Wastewater system	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	20,772,000
Information technology system	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	20,065,000
Joint ventures - Landfill & Trade Center	-	439,970	-	207,977	-	-	-	-	-	-
Municipal golf course	1,005,419	1,023,875	1,078,337	961,943	788,503	825,777	905,637	1,033,346	927,834	915,270
Municipal airport	-	-	-	-	90,848	91,349	103,407	117,765	211,314	558,553
Capital grants and contributions	431,000	180,300	124,000	112,000	332,856	-	-	597,000	-	-
Total business-type activities program revenues	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	200,790,823
Total primary government program revenues	$ 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	$ 206,284,027
Net revenues (expenses)										
Governmental activities	$ (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)	$ (26,958,393)
Business-type activities	(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	22,930,319
Total primary government net revenue (expense)	$ (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)	$ (4,028,074)

(continued)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for										
General purposes	$ 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	$ 8,371,150
Education	27,279,581	27,136,687	29,093,305	-	-	-	-	-	-	-
Debt service	514,763	326,782	342,916	346,686	356,958	33,115	4,718	4,683	-	-
Recreation	3,009,682	3,054,139	3,362,499	3,454,864	465,090	58,150	-	-	-	-
Selective taxes	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	9,843,608
Hotel/motel taxes	706,542	742,003	771,984	714,896	692,065	862,298	1,060,665	1,093,798	1,170,315	1,235,285
Unrestricted payments from housing authority	101,712	101,712	101,712	-	-	-	-	-	-	-
Investment earnings	399,731	593,781	725,851	393,570	149,895	122,113	227,288	253,696	241,177	222,324
Donations	352,089	107,309	2,000	604,488	90,309	192,349	584,123	1,820,028	346,807	63,476
Miscellaneous	808,255	453,877	985,769	557,910	283,120	436,717	495,556	596,278	514,289	465,825
Transfers	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	8,829,455
Total governmental activities general revenues and other changes in net position	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	29,031,123
Business-type activities										
Income (loss) from investment in joint venture	(406,262)	-	-	-	-	-	-	-	-	-
Investment earnings	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)	5,663,965
Miscellaneous	1,265,000	1,381,000	690,000	496,000	682,000	1,801,747	1,431,200	333,000	191,000	234,000
Transfers	(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)	(8,829,455)
Total business-type activities general revenues and other changes in net position	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)	(2,931,490)
Total primary government general revenues and other changes in net position	$ 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	$ 26,099,633

(continued)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Change in net position										
Governmental activities	$ 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	$ 2,072,730
Business-type activities	(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	19,998,829
Total primary government change	$ 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	$ 22,071,559

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Nonspendable	$ -	$ 38,012	$ 27,658	$ 34,820	$ 138,532	$ 97,011	$ 185,083	$ 207,539	$ 212,643	$ 179,680
Restricted	-	105,500	105,500	105,500	102,316	91,959	91,959	91,029	91,029	96,029
Unrestricted	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	22,097,252
Total general fund	$ 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	$ 22,372,961
Nonmajor governmental funds										
Nonspendable	$ 6,915	$ 5,599	$ 5,526	$ 15,837	$ 17,936	$ 8,897	$ 750	$ -	$ -	$ -
Restricted	7,322,723	4,465,388	4,480,394	4,700,249	2,495,831	5,493,273	378,447	99,366	129,188	78,958
Total nonmajor governmental funds	$ 7,329,638	$ 4,470,987	$ 4,485,920	$ 4,716,086	$ 2,513,767	$ 5,502,170	$ 379,197	$ 99,366	$ 129,188	$ 78,958

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	$ 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	$ 19,450,043
Licenses and permits	1,952,997	1,752,849	2,029,227	1,335,624	1,152,739	964,306	983,375	986,862	982,441	968,883
Intergovernmental revenues	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	2,320,941
Charges for services	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	1,476,461
Fines and forfeitures	1,003,610	1,117,906	1,040,320	964,673	840,251	506,110	462,225	453,345	484,730	549,231
Investment income	368,735	521,582	686,626	371,002	140,959	117,557	231,567	250,949	238,043	219,226
Miscellaneous	1,160,344	561,186	987,769	1,437,982	682,326	943,058	1,162,138	2,558,705	994,634	752,890
Total Revenues	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	25,737,675
Expenditures										
General government	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	2,146,368
Judicial	-	-	-	686,788	698,354	654,770	486,374	362,015	381,534	414,003
Public safety	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	15,017,013
Public works	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	7,294,473
Health and welfare	-	-	-	595,669	891,226	607,982	637,408	463,605	447,700	479,815
Culture and recreation	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	3,711,990
Housing and development	-	86,070	142,500	1,163,681	926,360	589,742	386,679	322,625	370,981	463,332
Education	27,279,581	27,136,687	29,093,305	-	-	-	-	-	-	-
Capital Outlay:	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	3,017,443
Debt Service:										
Principal retirement	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	509,958
Interest and fiscal charges	592,687	562,016	249,834	204,436	155,951	477,827	333,806	293,792	274,506	281,844
Total Expenditures	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	33,336,239
Excess of Revenues Over (Under) Expenditures	(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)	(7,598,564)

(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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Bonds issued	$ -	$ -	$ -	$ -	$ -	$ 6,130,000	$ -	$ -	$ 1,148,857	$ -
Transfers in	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	11,535,763
Transfers out	(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)	(2,706,308)
Total other Financing Sources (Uses)	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	8,829,455
Net Change in Fund Balance	$ (835,153)	$ (471,524)	$ 1,635,847	$ (1,169,432)	$ 1,648,955	$ 5,112,073	$ (4,501,634)	$ (564,446)	$ 1,274,496	$ 1,230,891
Debt Service as a % of noncapital expenditures	8.1%	9.0%	2.1%	4.4%	4.9%	6.3%	7.0%	3.2%	3.2%	2.7%

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
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
2014	2,052,246,308	1,674,478,338	26,323,418	318,453,929	3,434,594,135	2.537

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
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
2014	2.537	0.000	0.000	2.537	8.200	0.950	6.061	17.748

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)

	2014			2005		
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.	$ 598,875,069	1	17.4%	$ 435,956,843	1	13.8%
Beaulieu of America, Inc.	105,905,898	2	3.1%	115,288,140	3	3.6%
Mohawk Industries, Inc.	99,379,237	3	2.9%	164,804,777	2	5.2%
J & J Industries, Inc.	72,539,515	4	2.1%	58,814,137	4	1.9%
TANDUS Group (formerly Collins & Aikman)	61,665,714	5	1.8%	32,544,042	6	1.0%
Shiroki Georgia, LLC	34,719,894	8	1.0%	-	NA	0.0%
The Peeples Group	34,341,279	6	1.0%	-	NA	0.0%
Lexmark Carpet Mills, Inc.	33,666,166	7	1.0%	-	NA	0.0%
CBL & Associates	26,689,044	9	0.8%	24,416,435	8	0.8%
Windstream (formerly Alltel)	19,945,637	10	0.6%	45,538,752	5	1.4%
S.I. Corporation	-	NA	0.0%	25,945,487	7	0.8%
Mattel	-	NA	0.0%	22,792,691	9	0.7%
SWM Georgia, LLC	-	NA	0.0%	20,978,882	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
2005	$ 36,944,389	$ 31,790,728	86.1%	$ 5,153,265	$ 36,943,993	100.0%
2006	39,066,393	32,976,187	84.4%	6,089,329	39,065,516	100.0%
2007	40,451,745	35,995,374	89.0%	4,454,239	40,449,613	100.0%
2008	10,717,290	4,315,761	40.3%	6,384,063	10,699,824	99.8%
2009	10,439,104	4,091,977	39.2%	6,329,492	10,421,469	99.8%
2010	9,208,612	6,935,407	75.3%	2,263,564	9,198,971	99.9%
2011	8,714,014	7,444,424	85.4%	1,258,916	8,703,340	99.9%
2012	8,597,292	7,595,137	88.3%	966,654	8,561,791	99.6%
2013	8,278,776	7,339,021	88.6%	844,893	8,183,914	98.9%
2014	8,325,685	7,348,018	88.3%	-	7,348,018	88.3%

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

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

Fiscal Year	Governmental Activities: General Obligation Bonds	Governmental Activities: Capital Leases	Governmental Activities: Notes Payable	Business-Type Activities: Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
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%	1,139
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	0.6%	184
2014	-	5,374,179	265,000	-	5,639,179	NA	NA

Note: Details regarding the City's outstanding debt are disclosed in Note 3-I 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
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%	-
2014	-	0.0%	-

NA Not yet available
Note: Details regarding the City's outstanding debt is disclosed in Note 3-I 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, 2014
(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	610,000	100.0%	610,000
Total overlapping debt			2,610,000
City direct debt			5,639,179
Total direct and overlapping debt			$ 8,249,179

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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 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	$ 375,304,806
Total net debt applicable to limit	5,920,382	3,415,787	2,592,954	1,853,236	1,052,832	-	-	-	-	-
Legal debt margin	$ 323,144,897	$ 349,971,086	$ 374,616,771	$ 358,620,915	$ 385,235,202	$ 361,898,788	$ 358,953,829	$ 366,434,391	$ 362,141,093	$ 375,304,806
Total net debt applicable to limit as a % of debt limit	1.8%	1.0%	0.7%	0.5%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	$ 3,434,594,135
Add: exempt real property	318,453,929
Total assessed value	3,753,048,064
	10.0%
Debt limit (10% of assessed value)	$ 375,304,806
Debt applicable to limit	
Total general obligation debt	$ -
Legal debt margin	$ 375,304,806

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
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	-	-	-
2014	177,119,000	135,820,000	41,299,000	-	-	-

Note: Details regarding the City's outstanding debt can be found in Note 3-I 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	Estimated Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate	School Enrollment
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%	6,729
2010	33,128	910,059	27,471	12.4%	6,840
2011	33,413	716,041	21,430	12.1%	6,974
2012	33,413	953,874	28,548	11.4%	7,225
2013	33,414	983,407	29,431	9.2%	7,518
2014	NA	NA	NA	7.2%	7,858

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)

	2014			2005		
Taxpayer	Employees (1)	Rank	Percentage of Total City Employees	Employees	Rank	Percentage of Total City Employees
Shaw Industries, Inc.	4,611	1	13.8%	NA	NA	NA
Mohawk Industries, Inc.	2,138	2	6.4%	NA	NA	NA
Beaulieu of America, Inc.	1,529	3	4.6%	NA	NA	NA
Hamilton Medical Center	1,250	4	3.7%	NA	NA	NA
Dalton Public School System	929	5	2.8%	NA	NA	NA
TANDUS Group (formerly Collins & Aikman)	839	6	2.5%	NA	NA	NA
J & J Industries, Inc.	730	7	2.2%	NA	NA	NA
City of Dalton, Georgia	680	8	2.0%	NA	NA	NA
Shiroki Georgia, LLC	461	9	1.4%	NA	NA	NA
Columbia Recycling Corp.	352	10	1.1%	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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Administration and elected officials	13	11	10	7	7	7	7	7	7	7
Human Resources	4	4	4	4	3	3	3	3	3	3
City Clerk	2	2	3	3	3	3	3	3	3	3
IT	-	-	1	1	1	1	1	1	1	2
Finance	5	5	4	5	4	4	4	4	4	5
Building Inspection	5	5	5	5	5	-	-	-	-	-
Municipal Court	11	9	9	10	9	8	4	4	4	5
Public Safety										
Police										
Officers	79	92	95	98	86	81	82	79	81	82
Civilians	20	11	11	12	14	15	13	15	14	15
Fire										
Firefighters and officers	83	89	89	91	87	85	88	83	89	88
Civilians	2	2	1	-	-	-	1	1	2	3
Streets and Sanitation										
Refuse collection	32	32	32	32	32	31	31	31	31	30
Streets	22	15	32	10	10	10	11	11	11	11
Other	57	54	31	23	23	23	24	27	25	25
DWRSWMA (Landfill)	43	38	38	38	38	38	38	37	36	36
WLSF (Dalton Utilities)	323	322	320	309	310	402	307	301	304	310
Culture and Recreation										
Recreation	37	38	37	37	24	25	25	28	29	27
Golf Course	11	11	11	11	9	9	7	6	6	6
Senior Center	3	4	4	4	5	5	4	4	4	4
Trade Center	15	21	18	16	-	-	-	5	12	15

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, the Dalton-Whitfield Convention and Visitors Bureau, the Downtown Dalton Development Authority, and the Northwest Georgia Trade and Convention Center Authority.

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 Center Authority management and employees were outsourced from 2009 through 2011.

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

Function/Program	For the year ending December 31,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Building permits issued	505	459	424	298	160	-	-	-	-	-
Public Safety										
Police										
Physical arrests	3,926	4,080	8,048	2,852	2,647	3,221	3,868	4,212	4,682	4,109
Traffic citations and warnings	15,501	16,331	17,473	19,140	11,727	9,384	12,621	10,831	11,375	12,943
Fire										
Calls answered	1,439	1,608	1,460	1,323	1,323	1,517	2,766	2,744	2,537	2,663
Inspections conducted	677	478	275	170	616	469	468	220	610	598
Culture and Recreation										
Youth athletic enrollment	2,420	2,306	2,571	2,725	2,850	3,098	3,575	2,698	4,258	4,273
Adult athletic enrollment	2,534	2,510	2,380	2,390	2,390	2,441	2,398	2,292	2,089	2,001
Special events	9,511	9,830	9,860	10,500	12,000	20,000	25,000	25,120	20,000	26,452
Tournaments	2,355	10,856	16,664	17,200	16,000	18,225	21,655	22,868	24,268	25,267

(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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
WLSF (Dalton Utilities) (1) (2)										
Electric System										
Number of service connections	15,446	15,612	15,858	15,904	15,691	15,532	15,500	15,625	16,512	16,664
Daily average consumption	4,090	3,997	3,725	4,164	4,005	4,178	3,977	3,976	4,236	4,485
Maximum daily peak (MW's)	266	264	262	262	262	262	262	243	237	256
Natural Gas System										
Number of service connections	8,532	8,374	8,255	8,031	8,013	7,789	7,602	7,623	7,594	7,813
Daily average consumption	6,730	5,925	5,840	5,532	5,170	6,305	5,679	4,798	5,819	7,840
Maximum daily peak (Dkthms)	17,078	14,992	15,380	17,868	19,154	19,055	16,487	17,217	18,163	23,440
Sewer system										
Number of service connections	11,930	12,185	12,490	12,466	12,393	12,323	12,317	12,450	12,616	12,773
Daily average treatment	34	34	30	24	24	21	21	20	22	20
Maximum daily capacity (Mil/gallons)	40	40	40	67	67	67	67	67	67	67
Water system										
Number of service connections	34,717	35,218	35,513	32,457	35,790	35,559	35,501	35,674	35,236	35,423
Daily average consumption (Mil/gallons	38	38	32	24	21	21	1	22	23	25
Maximum daily capacity (Mil/gallons)	59	59	59	66	66	66	66	66	66	66
Optilink (Telecom) System										
Number of service connections	6,280	8,163	10,334	11,650	11,930	11,776	11,827	12,033	12,234	12,502

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

Function/Program	For the year ending December 31,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	58	58	58	58	57	58	58	58	58	63
Fire										
Number of stations	5	5	5	5	5	5	5	5	5	5
Streets and Sanitation										
Miles of streets	168	169	169	169	173	173	174	174	178	180
Streetlights	4,002	4,052	4,420	4,435	4,472	4,485	4,505	4,525	4,545	4,610
Culture and Recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Parks	11	11	11	11	11	12	12	13	13	13
Park acreage	459	459	459	459	459	644	644	719	719	719
Golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	1	1	2	2	2
Tennis courts	14	14	18	18	16	22	22	22	22	22
WLSF (Dalton Utilities)										
Electric System										
Miles of distribution	195	195	197	197	199	204	206	301	310	317
Number of substations	8	9	9	9	9	9	9	9	10	10
Natural gas system										
Miles of distribution	251	251	255	255	256	276	277	324	279	285
Sewer system										
Miles of sewer	260	260	284	278	284	298	299	319	323	323
Number of treatment plants	4	4	4	5	5	5	5	5	5	5
Water system										
Miles of water mains	1,390	1,390	1,291	1,288	1,285	1,259	1,259	1,249	1,248	1,250
Number of fire hydrants	4,297	4,297	4,950	5,299	5,190	5,230	5,004	5,004	5,008	5,010
Optilink (Telecom) System										
Miles of fiber optics	241	321	570	578	586	592	601	601	626	827

Source: Various City departments

Note: Dalton Utilities figures include Whitfield County

ESTES & WALCOTT
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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, 2014. 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, 2014, in conformity with accounting principles generally accepted in the United States of America.

Estes & Walcott

Dalton Georgia
June 12, 2015

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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, 2014

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	$ 4,994,268	$ 1,023,106	$ 6,017,374	51%
Total	$ 30,384,359	$ 11,710,215	$ 4,994,268	$ 1,023,106	$ 6,017,374	

ESTES & WALCOTT
CERTIFIED PUBLIC ACCOUNTANTS

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

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 units, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia, as of and for the year ended December 31, 2014, 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 12, 2015.

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. 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. (2014-001, 2014-002, and 2014-003)

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 & Walcott

Dalton, Georgia
June 12, 2015

ESTES & WALCOTT
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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, 2014. 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, 2014.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-004 to be a significant deficiency.

The City of Dalton, Georgia's response to the internal control over compliance 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.

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 & Walcott

Dalton, Georgia
June 12, 2015

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2014

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 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. None of these were determined to be material weaknesses.

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

4. One significant deficiency in internal control over major federal award programs was disclosed during the audit which is required to be reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133. None of these were determined to be material weaknesses.

5. The auditor's report on compliance for the major federal award programs 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

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

9. The City of Dalton, Georgia was determined to be a low-risk auditee.

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2014

Findings – Financial Statement Audit

2014-001	Criteria:	Controls should be in place in order to sufficiently prevent, or detect and correct misstatements on a timely basis.
	Condition:	Controls related to concession inventory at the Recreation Department are inadequate.
	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 2015. The recreation department is also developing written procedures for inventory controls.
2014-002	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.
	Condition:	Controls related to payroll processing are not consistent among departments.
	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 implemented a new biometric timekeeping software during 2014 that imports information into the current payroll module. Written procedures are being developed and revised to ensure consistent application City-wide. The written procedures will also address the custodial aspect of source documents.
2014-003	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.
	Condition:	Controls related to monitoring the probation service provider are insufficient.
	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.

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2014

Findings – Federal Awards Programs

US Department of Housing and Urban Development
Direct Funding:
Entitlement Grants Cluster:
Community Development Block Grants/Entitlement Grants
CFDA 14.218

Activities Allowed, Allowable Costs/Cost Principles, and Procurement
Questioned Costs: None

2014-004	Criteria:	Charges to federal programs should comply with City internal control policies and procedures.
	Condition:	Charges to the federal program did not comply with existing internal control policies in place to assure compliance with program requirements.
	Cause:	Noted several instances of noncompliance with internal control procedures. Specific deficiencies noted include purchase orders dated subsequent to invoice dates.
	Effect:	Charges were not properly authorized prior to the activity.
	Recommendation:	Procedures should be implemented to ensure all charges to federal programs are supported by appropriate documentation and are authorized by appropriate levels of personnel prior to expenditure.
	Management Response:	We concur. Additional procedures will be implemented to prevent future occurrences.

City of Dalton, Georgia
Schedule of Expenditures of Federal Awards
December 31, 2014

Federal Grantor / Pass-Through Grantor / Program Title/Contract Number	Federal CFDA Number	Current Year Expenditures	Federal Awards Passed Through to Subrecipients
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct funding:			
Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218		
Grant/Contract # B13MC130011		$ 312,677	$ 163,173
Grant/Contract # B14MC130011		54,594	41,722
		367,271	204,895
U.S. DEPARTMENT OF THE INTERIOR			
Pass-through Georgia Department of Natural Resources:			
Historic Preservation Funds Grants-In-Aid	15.904	2,586	-
U.S. DEPARTMENT OF JUSTICE			
Direct funding:			
Bulletproof Vest Partnership Program	16.607	4,907	-
Equitable Sharing Program			
Grant/Contract # GA1550100	16.922	31,197	-
U.S. DEPARTMENT OF TRANSPORTATION			
Pass-through Georgia Department of Transportation:			
Airport Improvement Program	20.106		
Grant/Contract # AP013-9021-31(313)		19,623	-
Grant/Contract # AP014-9022-33(313)		119,112	-
		138,735	-
U.S. DEPARTMENT OF THE TREASURY			
Direct funding:			
Treasury Forfeiture Fund	21.000	31,138	-
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct funding:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
Grant/Contract # FEMA-DR-4165-DIR-GA	97.036	2,035	-
Total		$ 577,869	$ 204,895

City of Dalton, Georgia
Notes to Schedule of Expenditures of Federal Awards
December 31, 2014

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 Presentation

The accompanying schedule of expenditures of federal awards is presented using the full accrual basis of accounting, as described in Note

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, 2014

Prior Year Findings – Financial Statement Audit

2013-01 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 progress in their efforts to eliminate this finding, but the inventory module for the Recreation Department has yet to be implemented. Management believes this will not be a finding next year.

2013-02 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 progress in their efforts to eliminate this finding, and the new timeclock system has been implemented at most locations. Management believes this will not be a finding next year.

2013-03 Condition: Controls related to monitoring the probation service provider are insufficient.
Current Status: The City has the same finding this year. Management continues to work with the probation provider to obtain information to enable the entities to better reconcile their records. Management believes this will not be a finding next year.

Prior Year Findings – Federal Awards Programs

US Department of Housing and Urban Development
Direct Funding:
Entitlement Grants Cluster:
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.
Current Status: The City has implemented procedures to address this issue and no similar findings were noted this year.

US Department of Transportation
Pass-through Georgia 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.
Current Status: This program was not audited as a major program this year. However, this phase of the program was finalized in the prior year, so no similar activity occurred in the current year.

Prior Year Findings – Federal Awards Programs - continued

Real Property Acquisition and Relocation Assistance
Questioned Costs: None

2013-06	Condition:	Inadequate documentation of negotiation procedures and other items.
	Current Status:	This program was not audited as a major program this year. However, this phase of the program was finalized in the prior year, so no similar activity occurred in the current year.