



CITY OF DALTON
GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year ENded December 31, 2017







CITY OF DALTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended
December 31, 2017

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, 2017

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June 29, 2018

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, 2017, is hereby submitted as mandated by Georgia state statues. These statutes 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 accuracy of the data, and 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 unqualified opinion for the year ended December 31, 2017. The independent auditors' report is presented in the financial section of this report.

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

Profile of the Government

Dalton is located in northwest Georgia at the foothills of the Appalachian Mountains. Dalton is conveniently located off Interstate 75, 85 miles north of Atlanta and 25 miles south of Chattanooga, Tennessee, and is within a day's drive of half the United States population. Dalton is served by two major railroads, CSX and Norfolk Southern. 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 2017 population for Dalton at 33,748. Dalton boasts a mild climate with four distinctive seasons, an average temperature of 60°, and average annual rainfall of 56".

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.

Equal Opportunity Employer

The financial statements of the City include all government activities, organizations, and functions for which the City is financially accountable as defined by GASB. The City of Dalton Building Authority meets the current guidelines of GASB Statement No. 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 the Center's employees are City of Dalton employees.

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 of the Mayor and Council of the City of Dalton Employee's Pension Plan and the City of Dalton Post Retirement Plan, both of which are reported in the financial statements as trust funds.

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 the required public notices. The budget is required to be adopted no later than December 31st. The budget is prepared by department and fund. Annual budgets are adopted for the general fund, debt service fund, and all special revenue funds. Annual operating budgets of enterprise funds are not legally required, but are utilized for planning, control, and evaluation purposes. 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 (Mohawk Industries and Shaw Industries) and is the third largest manufacturing community per capita in Georgia. According to the Carpet and Rug Institute, the Dalton area continues to be the center of the tufted carpet industry and produces more than 70% of the total output of the world-wide industry of over $9 billion.

The local economy continues to strengthen and is evidenced by the declining unemployment rate. The Dalton Metropolitan Statistical Area ("MSA") unemployment rate at the end of 2017 was 5.6% and is currently at 4.1%. We remain slightly above the national average of 3.8% and slightly below the state rate of 4.2%

Dalton embraces its manufacturing base and the carpet industry, but also realizes the need for diversifying the industrial base. The Dalton-Whitfield Joint Development Authority ("JDA") is the economic arm of Dalton and Whitfield County for recruitment of new businesses to the area. The JDA focuses on economic growth of the community by attracting and retaining jobs, diverse investments, and growing the tax base.

Dalton's economic development policies are implemented by JDA. From an overall growth perspective, the JDA reports that during 2017, the Dalton MSA received $210 million in new capital investment. The investments were all flooring related, and included two expansions (IVC Group and Engineered Floors) and one new location (Marquis Industries).

The Georgia Department of Economic Development in conjunction with the JDA announced on May 30th that Hanwha Q CELLS Korea, a leader in global solar industry, will create more than 500 jobs and invest $150 million in a new solar module manufacturing facility in Dalton. The Korean company will produce high-performance, high-quality photovoltaic modules at the new facility. The 350,000 square-foot facility will be located in the Carbondale Business Park and is slated to be operational in the first quarter of 2019.

Hamilton Health Care System announced the Peeples Cancer Institute and Anna Shaw Children's Institute facilities are both targeted for completion in 2019. The Peeples Cancer Institute is a $30 million, 37,800 square foot building that will serve as a regional comprehensive cancer treatment center. The center will add cutting-edge technology for early detection and treatment of cancer and bring the cancer treatment operations under one roof. The Anna Shaw Children's Institute will treat children coping with autism spectrum disorder, attention deficit hyperactivity disorder, and other developmental delays.

On the education front, the Georgia Northwestern Technical College ("GNTC") will receive $18.7 million from the State of Georgia to build a 75,000 square foot facility. The Whitfield County School Board donated 23 acres of land to GNTC which made it possible to expand the campus. The expanded facility will provide classes that will develop the occupational skills and knowledge needed by area business and industry. The expansion is expected to be completed late 2018 or early 2019.

In November, voters approved the issuance of general obligation ("GO") bonds to finance the construction of a sixth and seventh grade academy for Dalton Public School System. The $40.4 million, thirty-year GO bonds were issued in April to assist in financing the $50 million project budget.

Dalton's downtown area continues to revitalize. The City entered into an agreement with the Community Foundation of Northwest Georgia to designate property to serve as a downtown public park and performance venue. Burr Park opened in the spring of 2018 and is host to a Friday night concert series as well as featured art festivals. The Downtown Dalton Development Authority and Believe Greater Dalton are completing a study about the vibrancy and future of downtown as we look to develop the area.

A private developer is renovating the old Crown Mill industrial facility into a 25,000 square foot shopping and meeting space. The building sits in the historic Crown Mill Village and will feature 4,000 square feet of common space under an atrium as well as a multiple patio spaces and a play area for children. The venue will have a funky urban feel and will host a Rak Market store, retail shops, restaurants, street vendors, a fitness facility, and a craft beer bar.

The closing of Kmart on Walnut Avenue spurred a host of retail interest for the prime real estate location. A new 50,000 square foot Food City will be the largest tenant, along with Ulta Beauty, Ross, and PetSmart. The developer will be adding 6,000 square feet of additional retail space as well. They are expected to open for business in mid-October 2018.

Planning for the Future

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 planning for the future, the City leadership is investing in quality of life projects. Of the $20.4 million estimated to be received from the 2015 1% Special Purpose Local Option Sales Tax ("SPLOST"), $7.2 million has been designated to fund the Lakeshore-Brookwood and Haig Mill Reservoir park projects. The Lakeshore and Brookwood park project was completed in the spring of 2018 and included construction of 6 tennis courts, wetland restoration and conservation, walking track, fishing pier, and a boardwalk. The Haig Mill Reservoir park construction project is expected to be complete by the end of July 2018. This brand new park will feature canoeing-kayaking, walking-running-hiking trails, a fishing dock, and picnic pavilions.

In 2015, the citizens of Dalton approved a referendum that authorizes the City to exercise redevelopment powers. The City has adopted a Redevelopment Plan and designated two tax allocation districts ("TAD"). The TAD #1 area encompasses much of the downtown area while the TAD #2 area encompasses East Walnut Avenue. In December 2016, the City amended the redevelopment plan, eliminated TAD #2, and adopted TAD #3. TAD #3 expanded the East Walnut Avenue area and reestablished base values for that area. Establishment of the district base value does not obligate the City, the City of Dalton Board of Education, or Whitfield County to participate in the TAD. The City has approved one pay-go TAD project for the redevelopment of the mall property located in TAD #3 and entered into intergovernmental agreements with the City of Dalton Board of Education and Whitfield County in regards to the project. Construction is expected to begin in August of 2018.

Community leaders from greater Dalton's public, private, and non-profit sectors formed a group coined "Greater Dalton Community & Economic Development Strategy Committee" to assess the community's economic health and well-being. The group hired a consultant to perform a community assessment. The report provided community goals and key initiatives. Enhancement of community pride and pursuit of a competitive and diverse housing stock are two of the initiatives the City leaders will focus in the coming year. The City will support these goals as follows:

- The City continues its commitment to reduce the amount of blight and improve the overall curb appeal of the City. The City will be adding emphasis on community pride through enhanced code enforcement and beautification efforts. Although the City's code enforcement operations have been robust to date, more emphasis is needed to continue progress. The City will be working to improve the appearance of both public and private properties on main traffic corridors.

- City leaders will be focusing on increasing the availability and diversity of residential housing units within the city and downtown area by working with developers and local groups.

The City continues to maintain a healthy fund balance and exceed the minimum general fund unrestricted fund balance requirement of 25% of operating expenditures. At the end of 2017, the City's general fund unrestricted fund balance was equal to 78% of general fund 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.

Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Excellence in Financial Reporting ("Certificate of Excellence") to the City for its CAFR for the fiscal year ended December 31, 2016. This is the fifteenth consecutive year that the City 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,

Jason Parker,
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, 2016

Christopher P. Morrill

Executive Director/CEO

City of Dalton, Georgia
City Officials and Administration
December 31, 2017

Dennis Mock
Mayor

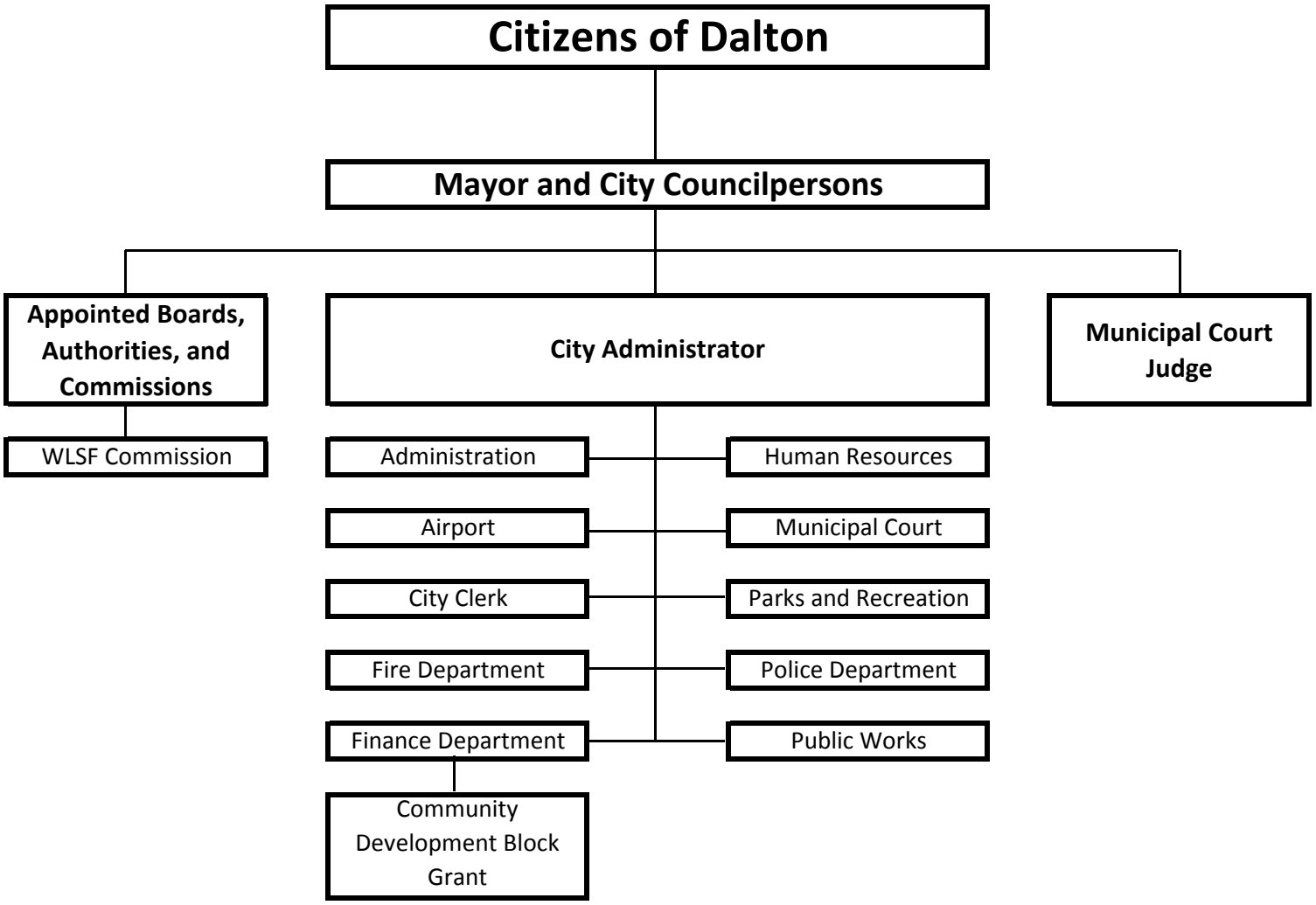
City Council

Denise Wood, Ward 1
Annalee Harlan, Ward 2
Tyree Goodlett, Ward 3
Gary Crews, Ward 4

City Administration

Jason Parker	City Administrator
Cindy Jackson	Chief Financial Officer
Bernadette Chattam	City Clerk
Tom Bundros	WLSF Commission CEO
Todd Pangle	Fire Chief
Greg Batts	Human Resource Director
Mike Miller	Parks & Recreation Director
Cliff Cason	Police Chief
Benny Dunn	Public Works Director

City of Dalton, Georgia
Organizational Chart
December 31, 2016



ESTES & WALCOTT
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dalton, Georgia as of and for the year ended December 31, 2017, 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.

Auditors' 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. The financial statements of the WLSF Commission were not audited in accordance with *Government Auditing* Standards. 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 auditors' 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, 2017, 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 4 –19 and 86 - 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of projects constructed with special purpose local option sales tax is presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-121, and is not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of projects constructed with special purpose local option sales tax 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 fund financial statements and schedules and the schedule of projects constructed with special purpose local option sales tax 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 29, 2018, 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 29, 2018

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, 2017. 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 and deferred outflows exceeded its liabilities and deferred inflows by $1,010,823,682 (net position) for the calendar year reported. This represents an increase of $39.4 million from the prior year net position.

- Total net position is comprised of the following:
    - Net investment in capital assets of $740.1 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 $221.2 million is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
    - Unrestricted net position of $49.5 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 $30.3 million this year. This represents an increase of $854,607 from the prior year.

- At the end of the current calendar year, unassigned fund balance for the general fund was $23.6 million, or 78% of total general fund expenditures.

- The business-type activities enterprise funds reported total ending net position of $920.2 million as of December 31, 2017. This reflects an increase of $31.1 million from the prior year net position. 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 $10.4 million to the general fund during 2017. 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 20 through 22 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 23 through 27 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 activity of the workers' compensation fund is reported in governmental activities in the government-wide statement.

  The basic enterprise fund financial statements are presented on pages 28 through 34 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 35 and 36 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 37 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 defined benefit pension plan. Required supplementary information can be found on pages 86 through 89 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 90.

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 147 through 149. Additional information about the component unit can be found in Note 1-A, Note 4-E, and Note 4-F.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City's overall financial position for the 2017 year is summarized as follows, based on information presented in the government-wide statement of net position.

Summary Statement of Net Position
Fiscal Years 2017 and 2016

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current assets	$ 33,906,880	$ 32,726,510	$ 54,653,426	$ 55,453,713	$ 88,560,306	$ 88,180,223
Capital assets	89,787,914	86,753,469	788,428,654	801,827,712	878,216,568	888,581,181
Other long-term assets	475,717	245,772	265,656,231	146,647,934	266,131,948	146,893,706
Total assets	124,170,511	119,725,751	1,108,738,311	1,003,929,359	1,232,908,822	1,123,655,110
Deferred outflows of resources	1,233,561	1,937,366	1,522,294	2,368,426	2,755,855	4,305,792
Total assets and deferred outflows	$125,404,072	$121,663,117	$1,110,260,605	$1,006,297,785	$1,235,664,677	$1,127,960,902
Liabilities:						
Current liabilities	5,535,659	5,514,443	27,929,426	26,543,879	33,465,085	32,058,322
Long-term liabilities	22,724,812	28,764,280	157,898,482	88,129,129	180,623,294	116,893,409
Total liabilities	28,260,471	34,278,723	185,827,908	114,673,008	214,088,379	148,951,731
Deferred inflows of resources	2,332,093	793,928	8,420,523	6,744,266	10,752,616	7,538,194
Net position:						
Net investment in capital assets	81,410,981	75,726,246	658,650,654	744,179,712	740,061,635	819,905,958
Restricted	7,061,016	8,550,470	214,165,000	96,509,000	221,226,016	105,059,470
Unrestricted	6,339,511	2,313,750	43,196,520	44,191,799	49,536,031	46,505,549
Total net position	94,811,508	86,590,466	916,012,174	884,880,511	1,010,823,682	971,470,977
Total liabilities, deferred inflows, and net position	$125,404,072	$121,663,117	$1,110,260,605	$1,006,297,785	$1,235,664,677	$1,127,960,902

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 and deferred outflows exceeded liabilities and deferred inflows by $1,010,823,682 at the close of the current year.

The most substantial portion of the City's net position is net investment in capital assets of $740.1 million (73%). 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 $221.2 million (22%). These funds are subject to external restrictions on how they may be used. The remaining net position of $49.5 million (5%) is unrestricted and may be used to meet the ongoing operations and obligations of the City.

Although net position of the business-type activities represents 91% 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 $39.4 million during 2017. The business-type activities net position increased by $31.1 million while the governmental activities net position increased by $8.2 million.

The effects of the City's operations and resulting change in net position for the 2017 year is summarized as follows, based on information presented in the government-wide statement of activities.

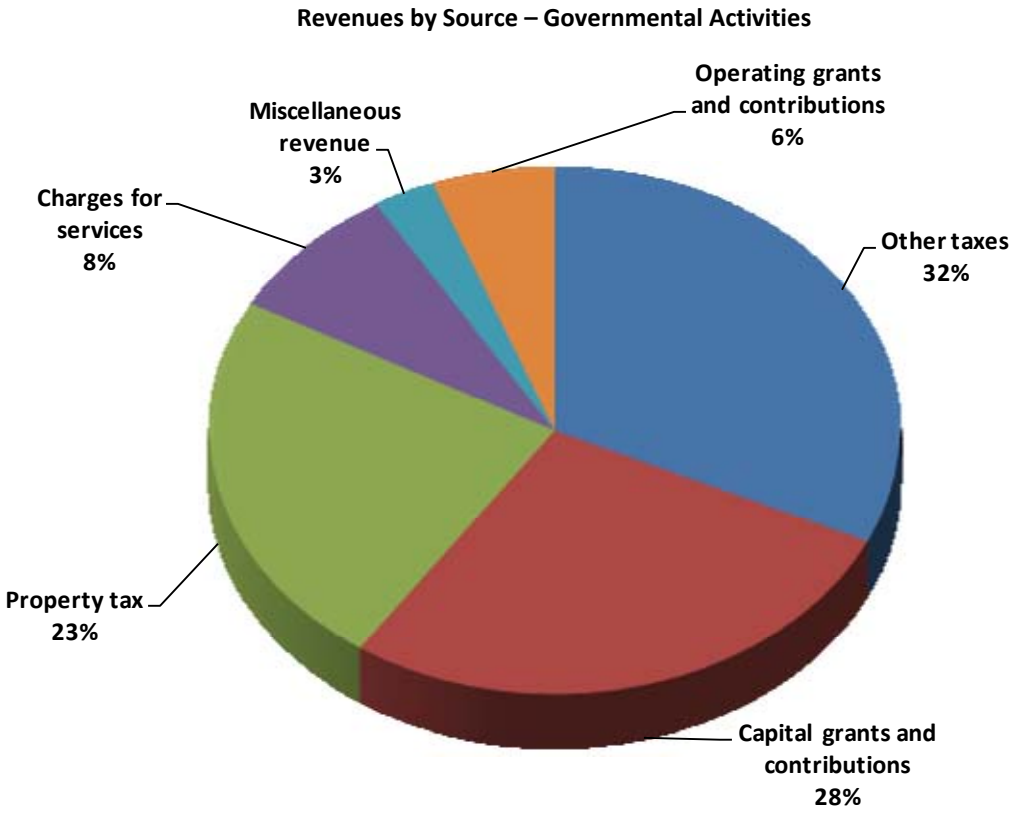
Summary Statement of Activities
Fiscal Years 2017 and 2016

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program:						
Charges for services	$ 3,070,268	$ 2,881,592	$ 212,477,335	$ 206,636,183	$ 215,547,603	$ 209,517,775
Operating grants	2,092,951	1,699,959	-	-	2,092,951	1,699,959
Capital grants	10,100,807	10,147,970	-	-	10,100,807	10,147,970
General:						
Property taxes	8,552,650	8,197,757	-	-	8,552,650	8,197,757
Other taxes	11,650,362	10,789,526	-	-	11,650,362	10,789,526
Investment earnings	299,310	227,495	1,371,485	180,242	1,670,795	407,737
Other	758,464	683,418	591,000	410,850	1,349,464	1,094,268
Total revenues	36,524,812	34,627,717	214,439,820	207,227,275	250,964,632	241,854,992
Program Expenses:						
General government	2,574,600	3,029,543	-	-	2,574,600	3,029,543
Judicial	424,203	433,156	-	-	424,203	433,156
Public safety	16,145,618	16,548,965	-	-	16,145,618	16,548,965
Public works	9,403,531	9,367,281	-	-	9,403,531	9,367,281
Health and welfare	419,892	468,925	-	-	419,892	468,925
Culture and recreation	5,627,651	5,833,592	-	-	5,627,651	5,833,592
Housing and development	121,645	260,840	-	-	121,645	260,840
Interest	324,325	372,838	-	-	324,325	372,838
Utilities	-	-	174,954,554	170,567,104	174,954,554	170,567,104
Trade Center	-	-	515,534	492,074	515,534	492,074
Landfill	-	-	(651,831)	(522,810)	(651,831)	(522,810)
Golf course	-	-	898,210	901,402	898,210	901,402
Airport	-	-	853,995	846,647	853,995	846,647
Total expenses	35,041,465	36,315,140	176,570,462	172,284,417	211,611,927	208,599,557
Excess (deficiency)	1,483,347	(1,687,423)	37,869,358	34,942,858	39,352,705	33,255,435
Transfers	6,737,695	9,567,313	(6,737,695)	(9,567,313)	-	-
Change in net position	8,221,042	7,879,890	31,131,663	25,375,545	39,352,705	33,255,435
Beginning net position	86,590,466	78,710,576	884,880,511	859,504,966	971,470,977	938,215,542
Ending net position	$ 94,811,508	$ 86,590,466	$ 916,012,174	$ 884,880,511	$ 1,010,823,682	$ 971,470,977

The City's total revenues increased $9.1 million (4%) and the total cost of services and programs provided increased $3.0 million (1%). 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, 2017:



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. The City's governmental activities total revenues increased $1.9 million (5%).

Key elements regarding the increased revenues and fluctuations are discussed below:

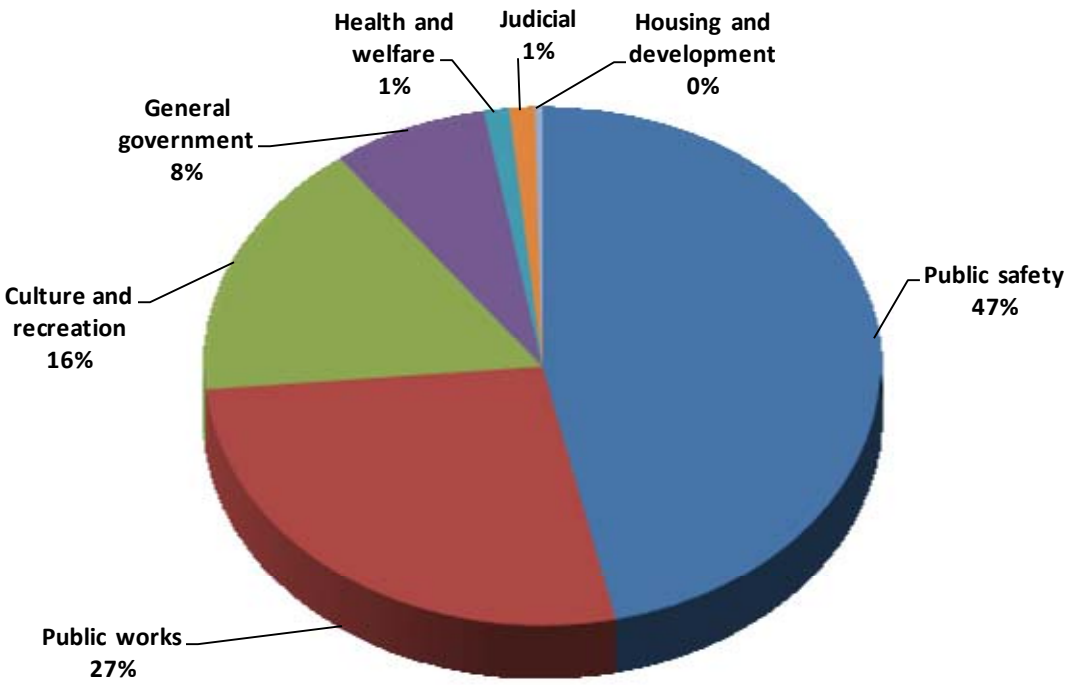
- The largest increase occurred in the other taxes category. This category comprises 32% of total revenues and increased $861,000 (8%). Sales tax increased $506,000, title ad valorem tax increased $179,000, insurance premium tax increased $134,000, and hotel-motel tax increased $90,000. The increase in this category is indiciative of a recovering economy.

- The operating grants and contribution category increased $393,000 (23%). This revenue increase is due to SPLOST collections earmarked for non-capitalized expenses such as road resurfacing costs.

- Property taxes comprised 23% of total revenue and increased $355,000 (4%). The taxable digest increased 4% coupled with an increase in the millage rate of 3% over the roll back rate.

The following chart depicts expenses of the governmental activities for the year ended December 31, 2017:

Expenses by Function – Governmental Activities



As depicted 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 $1.3 million (4%).

The overall decrease of $1.3 million is attributable to the decrease of $4.0 million in the net pension liability attributable to governmental activities. This liability decrease resulted in a decrease to pension expense of $1.8 million. Decreases were allocated to the governmental functions as follows: public safety $1.2 million, public works $418,000, culture and recreation $86,000, general government $74,000, health and welfare $27,000, and judicial $12,000.

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	$ 2,574,600	$ 161,332
Judicial	424,203	(319,488)
Public safety	16,145,618	14,422,028
Public works	9,403,531	2,621,008
Health and welfare	419,892	165,408
Culture and recreation	5,627,651	2,329,893
Housing and development	121,645	72,933
Interest	324,325	324,325
Total	$ 35,041,465	$ 19,777,439

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 $7.2 million (3%) and expenses increased $4.3 million (2%).

Revenues:

The increase in charges for services of $5.8 million (3%) is primarily attributable to Dalton's utility operations, the WLSF Commission, as follows:

- Electric operating revenues decreased $2.7 million (2%) primarily due to decreased consumption by all customer classes with the exception of the industrial customers. This decrease in consumption is partially a result of milder weather in 2017 as compared to 2016.

- Natural gas operating revenues increased $8.6 million (44%) primarily due to an increase in the average market-based index prices, coupled with increased consumption for industrial customers. During 2017, two of our large industrial customers changed from third party transport to retail natural gas.

- Water operating revenues decreased slightly by $0.7 million, or 3%, primarily due to a decrease in consumption for residential and commercial customers, partially offset by a rate increase for urban residential and commercial customers.

- Wastewater operating revenues increased slightly by $0.04 million, or 2%, primarily due to an increase in consumption for industrial customers, partially offset by a decrease in consumption by our commercial customers.

- Information technology operating revenues increased $0.4 million, or 2%, primarily due to an increase in customer base.

The increase in investment income of $1.2 million (661%) is primarily attributable to the WLSF Commission's operations as follows:

- Interest income increased $0.2 million due to the reinvestment of portfolio securities at slightly higher interest rates.

- The fair value of investments increased by approximately $0.2 million in 2017 versus a decrease in fair value of approximately $0.9 million in 2016 as a result of the change in the overall bond market.

Expenses:

The increase in program expenses of $4.3 million (3%) is primarily attributable to the WLSF Commission's operations as follows:

- Production expenses decreased $2.8 million (7%) due primarily to a decrease in fuel expenses at jointly owned generating facilities, resulting from a decrease in the average price of coal in 2017.

- Purchased electricity expenses increased $4.3 million (10%) primarily due to an increase in the variable incremental energy and fixed capacity expenses.

- Purchased natural gas expenses increased $8.0 million (63%) primarily due to an increase in the average monthly index cost of natural gas, coupled with increased consumption for industrial customers. The average monthly index cost of natural gas increased 25% and the average price was $3.03 per Dth for 2017 as compared to $2.42 per Dth for 2016.

- Distribution expenses increased slightly by $0.3 million (1%) primarily due to an increase in television content charges.

- Depreciation and amortization decreased $4.8 million (17%), which reflects lower depreciation rates implemented in 2017, offset by the addition of assets in the normal course of business.

- General and administrative expenses increased by $0.4 million (3%) primarily due to a decrease in retirement contributions for the defined benefit plan. Employees of the Company participate in the City of Dalton's defined-contribution retirement plan and the Company records the required annual contributions as operating expenses.

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 $30,320,847. Of this year-end total, 78% ($23,563,828) is unassigned fund balance that is available for spending at the City's discretion. The remainder is nonspendable ($171,720) and restricted for particular purposes ($6,585,299).

The total ending fund balances of governmental funds reflect an increase of $854,607 (3%) from the prior year. The general fund reported an increase in fund balance of $2,588,966 (12%) and the other governmental funds reported a decrease in fund balances of $1,734,359 (21%).

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 2017, the fund balance of the general fund was $23.9 million. Unassigned fund balance represents 78% of general fund expenditures, an increase from the prior year, in which unassigned fund balance represented 70% of expenditures.

The general fund increased fund balance by $2.6 million during the fiscal year. Key factors are as follows:

- General fund total revenues of $23.1 million were $1.3 million more than the prior year's revenue. The increase in assessed taxable property values and a slight millage rate increase accounted for $676,000 of increased revenues. The City also saw increases in sales tax $506,000, title ad valorem tax $179,000 and insurance premium tax of $134,000.

- General fund total expenditures of $30.1 million were flat when compared with the prior year due to unfilled positions in public safety, public works, general government, and recreation.

- Other financing sources of $10.7 million increased $291,000 from the prior year due to an increase in the utility transfer of $148,000 and hotel-motel tax of $143,000.

- Other financing uses of $1.1 million decreased $1.6 million from the prior year due primarily to a decrease in capital funding.

Capital Projects Funds

- The SPLOST 2015 capital projects fund is used to account for the issuance of debt associated with the 2015 SPLOST and the acquisition and construction of major capital assets from those funds. Revenues consisted of investment earnings of $9,869 and expenditures totaled $3.0 million for various SPLOST projects. At the end of 2017, fund balance was $463,565 and is restricted to complete the various projects.

- The SPLOST 2015 bonded debt capital projects fund is used to account for the acquisition and construction of major capital assets and accumulation of funds to retire the debt associated with the 2015 SPLOST. Revenues are derived primarily from SPLOST. SPLOST revenues totaled $6.4 million, state funding totaled $554,738, investment earnings totaled $57,287, and expenditures totaled $5.8 million, $3.6 million for various SPLOST projects and $2.2 million to retire debt. At the end of 2017, fund balance was $5.8 million and is restricted to complete the various projects and retire debt.

- The SPLOST 2007 capital projects fund is used to account for the acquisition and construction of major capital assets. Revenues are primarily derived from SPLOST. This SPLOST expired at the end of 2010. Whitfield County, Georgia is fiscally responsible for unspent funds. The City of Dalton accounts for the various infrastructure projects within the City of Dalton limits as the funds are spent.

- The capital acquisition fund is used to account for expenditures for general capital outlays. Revenues are derived from transfers from the general fund. Other financing sources totaled $480,820 from the general fund for equipment purchases. Total expenditures were $480,820 for acquisition of vehicles, equipment, and building repairs and renovations for various departments.

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 $584,440, a net decrease to budgeted expenditures of $1,456,350, and net decrease to other financing sources (uses) of $68,845.

The following addresses the major differences between the original adopted and final adjusted budget:

Revenues:

- Increase of $1,000,620 for property taxes
- Increase of $224,040 for cash donations
- Increase of $35,000 for interest earnings
- Increase of $31,180 for federal grant revenue
- Increase of $25,000 for penalties and interest
- Increase of $22,500 for rental revenue
- Increase of $800 for senior center activity revenue
- Decrease of $400,000 for the anticipated sale of the Dalton Depot
- Decrease of $354,700 to transfer LMIG funds for SPLOST paving match

Expenditures:

- Increase of $44,100 for DWCDC funding
- Increase of $31,180 for public safety federal grant fund expenditures
- Increase of $20,290 for donations for public safety and recreation expenditures
- Increase of $12,500 for City Hall maintenance
- Decrease of $981,500 for wages and benefits associated with unfilled positions
- Decrease of $354,700 for LMIG road expenditures moved to SPLOST funds
- Decrease of $212,885 for fuel, utilities, legal and contract services within various departments
- Decrease of $15,335 for senior center activity expenditures

Other Financing Sources (Uses):

- Increased uses of $367,290 for capital expenditures for public safety, public works, IT and recreation departments
- Increased uses of $113,755 for restricted donation for recreation department pool renovation
- Decreased uses of $72,700 for funding of TAD and airport grant special revenue funds
- Increased sources of $339,500 for hotel-motel tax revenue and utility transfer fee

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental and business-type activities at December 31, 2017 was $89.8 million and $788.4 million, respectively. The book value of the governmental activities investment in capital assets increased by $3.0 million. The book value of the business-type activities investment in capital assets decreased by $13.4 million. Depreciated cost for capital assets of the City as a whole decreased by $10.4 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 2017 and 2016

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Non-depreciable assets:						
Land	$ 17,966,370	$ 20,805,637	$ 4,525,529	$ 1,664,722	$ 22,491,899	$ 22,470,359
Construction in progress	11,138,926	7,475,228	108,866,000	135,273,000	120,004,926	142,748,228
Total non-depreciable	29,105,296	28,280,865	113,391,529	136,937,722	142,496,825	165,218,587
Depreciable assets:						
Land improvements	33,236,321	30,235,823	7,954,905	7,819,408	41,191,226	38,055,231
Buildings and improvements	35,310,771	35,310,771	3,763,489	3,763,489	39,074,260	39,074,260
Machinery, equipment, and furniture	26,833,766	24,102,913	2,528,014	2,508,198	29,361,780	26,611,111
Intangibles	1,102,492	1,161,002	-	-	1,102,492	1,161,002
Utility plant	-	-	1,190,281,000	1,156,064,000	1,190,281,000	1,156,064,000
Infrastructure	106,358,329	105,955,134	-	-	106,358,329	105,955,134
Total depreciable assets	202,841,679	196,765,643	1,204,527,408	1,170,155,095	1,407,369,087	1,366,920,738
Less accumulated depreciation	142,159,061	138,293,039	549,444,283	526,225,105	691,603,344	664,518,144
Book value-depreciable assets	60,682,618	58,472,604	655,083,125	643,929,990	715,765,743	702,402,594
Percentage depreciated	70%	70%	46%	45%	49%	49%
Nuclear fuel, at amortized cost	-	-	19,954,000	20,960,000	19,954,000	20,960,000
Book value - all assets	$ 89,787,914	$ 86,753,469	$ 788,428,654	$ 801,827,712	$ 878,216,568	$ 888,581,181

Major capital asset changes during the current year for governmental activities included the following:

- Public safety vehicle and equipment purchases of $421,000; major purchases include eleven public safety vehicles
- Public works machinery and equipment purchases of $243,000
- Culture and recreation machinery and equipment purchases of $114,000
- Land and construction in progress for various road infrastructure projects ($4.8 million) and recreational facilities ($3.0 million)
- Various parcels of land and associated costs were transferred to the airport proprietary fund ($3.0 million)

Major capital asset changes during the current year ended for business-type activities were primarily attributable to the WLSF Commission and included the following:

- Increase in accumulated depreciation of $22.7 million, offset by an increase in plant in service of $34.2 million. Construction work in progress decreased $26.4 million as a result of additional construction costs for the WLSF Commission's ownership interest in the construction of Vogtle Units 3 and 4 of approximately $35 million, offset by the proceeds of approximately $59 million from the Toshiba Guarantee Settlement Agreement.

Long-term Debt

At the end of the calendar year, the City had total capital leases, revenue bonds, and notes outstanding of $83.3 million. This is an increase of $72.3 million 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	
	2017	2016	2017	2016	2017	2016
Capital leases payable	$ 8,270,933	$ 10,868,223	$ -	$ -	$ 8,270,933	$ 10,868,223
Revenue bonds	-	-	74,953,000	-	74,953,000	-
Notes	106,000	159,000	-	-	106,000	159,000
Total	$ 8,376,933	$ 11,027,223	$ 74,953,000	$ -	$ 83,329,933	$ 11,027,223

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 (5/18) unemployment rate of 4.1% is lower than the state rate of 4.2%, but continues to be higher than the national rate of 3.8%. The rate is steadily declining as the flooring industry, the dominant component of the economy in Dalton, continues to improve and expand operations.

The citizens of Dalton passed a referendum in 2015 that authorized the City to exercise redevelopment powers. The City has adopted a Redevelopment Plan and designated two redevelopment districts. The City designated the Dalton-Whitfield Joint Development Authority as the designated redevelopment agency. The City approved its first TAD project to redevelop the mall site located on West Walnut Avenue. Intergovernmental agreements have been adopted with Whitfield County, Georgia and the City of Dalton Board of Education and the project is expected to begin in the summer of 2018.

The current LOST agreement provides for an additional 1% allocation starting in 2017 that increases the City's total collection percentage to 34% for the 2017 and 2018 budget year.

The City contracted with a consulting firm to provide a high-level review of the City operations in order to identify opportunities for increased efficiency and effectiveness that may result in budgetary savings and service improvements. The study was completed in late October 2017 and will be utilized as a management tool for subsequent budgets.

The 2018 general fund budget reflects a 6% ($1.3 million) decrease in revenues when compared to 2017 actual revenues. Budgeted expenditures for 2018 reflect a 9% ($2.7 million) increase when compared to actual 2017 expenditures. The 2018 budgeted other financing resources indicate a 7% ($707,000) increase when compared to 2017, and the 2018 budgeted other financing uses indicate a 29% ($330,000) decrease. The City's adopted 2018 general fund budget is balanced with utilization of fund balance of $1.6 million.

The City considered the following factors when preparing the 2018 budget:

- Assessed property values are expected to remain flat. The 2018 budget assumes no millage rate change.
- Revenues were adjusted down to reflect the decrease expected in sales tax, vehicle tax revenue, title ad valorem tax, donations, and municipal court fees and fines-forfeitures. Revenues were adjusted up to reflect the increase expected in intergovernmental revenue, new stormwater fee line item, and interest income.
- A 3% COLA is factored in for full-time employees effective 1/1/18.
- The employer pension contribution rate will increase by 2.4% to a total rate of 50.9%. The defined contribution plan employer match will remain at 5%.
- The OPEB funding will continue to be paid from the OPEB trust fund with no additional employer contributions to the trust in 2018.
- The public safety, public works, and recreation budgets assume less than 100% staffing level. Employee levels remained flat with no added positions for 2018.
- 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

This financial report is designed to provide a general overview of the City's finances. If you have questions concerning this document or would like to request additional information, contact the City's Chief Financial Officer, 300 West Waugh Street, Dalton, Georgia 30720 or access the City's website at www.cityofdalton-ga.gov.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Dalton, Georgia
Statement of Net Position
December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Assets				
Current Assets				
Cash and cash equivalents	$ 21,882,962	$ 7,532,335	$ 29,415,297	$ 7,105,069
Investments	6,618,081	251,000	6,869,081	-
Receivables:				
Accounts	1,283,710	14,973,340	16,257,050	-
Taxes	1,029,478	-	1,029,478	-
Intergovernmental	2,920,929	-	2,920,929	-
Interest	-	230,000	230,000	-
Capital leases	-	-	-	9,037,000
Unbilled revenues	-	7,722,000	7,722,000	-
Fuel stocks	-	2,915,000	2,915,000	-
Inventory	170,031	17,364,751	17,534,782	-
Deposits and prepaid items	1,689	719,000	720,689	-
Restricted customer deposit fund	-	2,946,000	2,946,000	-
Total Current Assets	33,906,880	54,653,426	88,560,306	16,142,069
Noncurrent Assets				
Nondepreciable capital assets	29,105,296	113,391,529	142,496,825	-
Depreciable capital assets, net	60,682,618	655,083,125	715,765,743	-
Nuclear fuel, at amortized cost	-	19,954,000	19,954,000	-
Restricted combined renewals and extensions fund	-	67,134,000	67,134,000	-
Restricted combined utilities construction fund	-	75,643,000	75,643,000	-
Restricted nuclear decommissioning	-	66,709,000	66,709,000	-
Regulatory asset	-	36,828,000	36,828,000	-
Capital leases receivable	-	-	-	10,575,000
Investment in joint ventures	475,717	19,342,231	19,817,948	-
Total Noncurrent Assets	90,263,631	1,054,084,885	1,144,348,516	10,575,000
Total Assets	124,170,511	1,108,738,311	1,232,908,822	26,717,069
Deferred Outflows of Resources	1,233,561	1,522,294	2,755,855	-
Total Assets and Deferred Outflows	$125,404,072	$1,110,260,605	$1,235,664,677	$ 26,717,069

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	$ 2,070,554	$ 22,382,821	$ 24,453,375	$ 7,105,069
Internal balances	(1,412,669)	1,412,669	-	-
Accrued interest payable	115,043	-	115,043	-
Claims payable	620,916	-	620,916	-
Unearned revenue	192,738	19,936	212,674	-
Compensated absences payable	1,500,000	40,000	1,540,000	-
Notes payable	53,000	-	53,000	-
Revenue bonds payable	-	-	-	6,782,000
Recovery zone economic development bonds payable	-	-	-	255,000
QZAB bonds payable	-	-	-	2,000,000
Capital leases payable	2,396,077	-	2,396,077	-
Customer deposits	-	4,074,000	4,074,000	-
Total Current Liabilities	5,535,659	27,929,426	33,465,085	16,142,069
				(continued)
Long-Term Liabilities				
Compensated absences payable (less current portion)	2,781,122	72,540	2,853,662	-
Unearned revenue-TVA right of use	-	67,000	67,000	-
Asset retirement obligations	-	64,695,000	64,695,000	-
Notes payable (less current portion)	53,000	-	53,000	-
Revenue bonds payable (less current portion)	-	74,953,000	74,953,000	6,870,000
Recovery zone bonds payable (less current portion)	-	-	-	3,705,000
Capital leases payable (less current portion)	5,874,856	-	5,874,856	-
Net pension liability	11,875,635	15,291,141	27,166,776	-
Net OPEB obligation	2,140,199	2,819,801	4,960,000	-
Total Long-Term Liabilities	22,724,812	157,898,482	180,623,294	10,575,000
Total Liabilities	28,260,471	185,827,908	214,088,379	26,717,069
Deferred Inflows of Resources	2,332,093	8,420,523	10,752,616	-
Net Position				
Net investment in capital assets	81,410,981	658,650,654	740,061,635	-
Restricted for:				
Debt service	10	74,980,000	74,980,010	-
Capital projects	6,275,719	67,134,000	73,409,719	-
Economic development	66,553	-	66,553	-
Public safety	128,041	-	128,041	-
Development	475,719	-	475,719	-
Public works	104,974	-	104,974	-
Culture and recreation	10,000	-	10,000	-
Nuclear decommissioning	-	67,372,000	67,372,000	-
Pension	-	4,679,000	4,679,000	-
Unrestricted	6,339,511	43,196,520	49,536,031	-
Total Net Position	$ 94,811,508	$ 916,012,174	$1,010,823,682	$ -
Total Liabilities, Deferred Inflows, and Net Position	$125,404,072	$1,110,260,605	$1,235,664,677	$ 26,717,069

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Activities
For the Year Ended December 31, 2017

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	$ 2,574,600	$ 988,534	$ 214,882	$ 1,209,852	$ (161,332)	$ -	$ (161,332)	$ -
Judicial	424,203	743,691	-	-	319,488	-	319,488	-
Public safety	16,145,618	650,221	36,203	1,037,166	(14,422,028)	-	(14,422,028)	-
Public works	9,403,531	231,156	1,589,746	4,961,621	(2,621,008)	-	(2,621,008)	-
Health and welfare	419,892	51,076	203,408	-	(165,408)	-	(165,408)	-
Culture and recreation	5,627,651	405,590	-	2,892,168	(2,329,893)	-	(2,329,893)	-
Housing and development	121,645	-	48,712	-	(72,933)	-	(72,933)	-
Interest on long-term debt	324,325	-	-	-	(324,325)	-	(324,325)	-
Total Governmental Activities	35,041,465	3,070,268	2,092,951	10,100,807	(19,777,439)	-	(19,777,439)	-
Business-Type Activities:								
WLSF:								
Electric system	95,303,240	119,178,000	-	-	-	23,874,760	23,874,760	-
Gas system	25,731,143	28,176,000	-	-	-	2,444,857	2,444,857	-
Water system	18,128,394	20,128,000	-	-	-	1,999,606	1,999,606	-
Wastewater system	19,269,419	22,306,000	-	-	-	3,036,581	3,036,581	-
Information technology system	16,522,358	21,401,000	-	-	-	4,878,642	4,878,642	-
Landfill	(651,831)	-	-	-	-	651,831	651,831	-
Trade Center	515,534	-	-	-	-	(515,534)	(515,534)	-
Municipal golf course	898,210	820,183	-	-	-	(78,027)	(78,027)	-
Municipal airport	853,995	468,152	-	-	-	(385,843)	(385,843)	-
Total Business-Type Activities	176,570,462	212,477,335	-	-	-	35,906,873	35,906,873	-
Total - Primary Government	$ 211,611,927	$ 215,547,603	$ 2,092,951	$ 10,100,807	(19,777,439)	35,906,873	16,129,434	-
		General Revenues						
		Property taxes levied for:						
		General purposes			8,552,650	-	8,552,650	-
		Selective taxes			10,149,190	-	10,149,190	-
		Hotel motel taxes			1,501,172	-	1,501,172	-
		Investment earnings			299,310	1,371,485	1,670,795	-
		Donations - unrestricted			261,115	-	261,115	-
		Miscellaneous			497,349	591,000	1,088,349	-
		Total General Revenues			21,260,786	1,962,485	23,223,271	-
		Transfers			6,737,695	(6,737,695)	-	-
		Total General Revenues and Transfers			27,998,481	(4,775,210)	23,223,271	-
		Change in Net Position			8,221,042	31,131,663	39,352,705	-
		Net Position Beginning of Year			86,590,466	884,880,511	971,470,977	-
		Net Position End of Year			$ 94,811,508	$ 916,012,174	$ 1,010,823,682	$ -

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

City of Dalton, Georgia
Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 15,613,845	$ 5,488,333	$ 21,102,178
Investments	6,618,081	-	6,618,081
Receivables:			
Accounts	1,181,399	102,311	1,283,710
Taxes	1,029,368	110	1,029,478
Intergovernmental - federal	2,168	8,146	10,314
Intergovernmental - state	723	-	723
Intergovernmental - local	314,208	2,595,684	2,909,892
Interfund	813,195	20,670	833,865
Inventory	170,031	-	170,031
Prepaid items	1,649	40	1,689
Total Assets	$ 25,744,667	$ 8,215,294	$ 33,959,961
Liabilities			
Accounts payable	$ 654,621	$ 810,667	$ 1,465,288
Accrued expenditures	604,719	-	604,719
Accrued interest payable	-	115,043	115,043
Unearned revenue	144,385	48,353	192,738
Interfund payable	-	770,788	770,788
Total Liabilities	1,403,725	1,744,851	3,148,576
Deferred Inflows of Resources			
Unavailable revenue - property taxes	490,460	78	490,538
Fund Balances			
Nonspendable:			
Inventory	170,031	-	170,031
Prepaid items	1,649	40	1,689
Restricted:			
Economic development (tax allocation districts)	-	66,553	66,553
Public safety (police expenditures)	-	128,041	128,041
Housing and development (grant expenditures)	-	2	2
Debt service (debt service expenditures)	-	10	10
Capital projects (SPLOST 2015 projects)	-	6,275,719	6,275,719
Public works (cemetery chapel and streetscape)	104,974	-	104,974
Culture and recreation (greenway project)	10,000	-	10,000
Unassigned	23,563,828	-	23,563,828
Total Fund Balances	23,850,482	6,470,365	30,320,847
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 25,744,667	$ 8,215,294	$ 33,959,961

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, 2017

Total Governmental Fund Balances		$ 30,320,847
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	231,946,975	
Less accumulated depreciation	(142,159,061)	89,787,914
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		490,538
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	(770,788)	
Interfund payables	770,788	-
Liabilities, including notes, bonds, capital leases, compensated absences, and net pension liability are not due and payable in the current period and therefore are not reported in governmental funds but are reported on the statement of net position:		
Notes payable	(106,000)	
Capital leases payable	(8,270,933)	
Compensated absences	(4,281,122)	
Net pension liability	(11,875,635)	(24,533,690)
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		475,717
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.		159,321
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows related to pensions	1,233,561	
Deferred inflows related to pensions	(2,332,093)	(1,098,532)
The OPEB trust fund accumulates resources for other post employment benefit payments to qualified City employees. The City has not fully funded their annual required contribution to the OPEB plan. The liability for the cumulative effect of current and past underfunding of the ARC attributable to governmental activities is reported as a liability in the governmental activities column in the statement of net position as net OPEB obligation.		(2,140,199)
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.		1,349,592
Net Position of Governmental Activities		$ 94,811,508

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, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 18,967,428	$ 1,505,753	$ 20,473,181
Licenses and permits	988,534	-	988,534
Intergovernmental - federal	32,685	511,995	544,680
Intergovernmental - state	4,136	1,158,528	1,162,664
Intergovernmental - local	255,638	10,230,776	10,486,414
Charges for services	1,413,867	-	1,413,867
Fines and forfeitures	371,666	83,181	454,847
Investment earnings	126,773	169,143	295,916
Miscellaneous	937,334	38,180	975,514
Total Revenues	23,098,061	13,697,556	36,795,617
Expenditures			
Current:			
General government	2,132,448	89,563	2,222,011
Judicial	436,770	-	436,770
Public safety	16,264,247	91,884	16,356,131
Public works	6,992,412	1,234,390	8,226,802
Health and welfare	386,579	26,408	412,987
Culture and recreation	3,493,570	620,914	4,114,484
Housing and development	351,590	-	351,590
Capital Outlay:			
General government	-	1,995,218	1,995,218
Public safety	19,995	401,044	421,039
Public works	18,100	4,986,251	5,004,351
Culture and recreation	-	3,159,012	3,159,012
Debt Service:			
Principal retirement	-	2,650,290	2,650,290
Interest and fiscal charges	-	324,325	324,325
Total Expenditures	30,095,711	15,579,299	45,675,010
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,997,650)	(1,881,743)	(8,879,393)
Other Financing Sources (Uses)			
Transfers in	10,714,483	1,127,867	11,842,350
Transfers out	(1,127,867)	(980,483)	(2,108,350)
Total Other Financing Sources (Uses)	9,586,616	147,384	9,734,000
Net Change in Fund Balances	2,588,966	(1,734,359)	854,607
Fund Balances Beginning of Year	21,261,516	8,204,724	29,466,240
Fund Balances End of Year	$ 23,850,482	$ 6,470,365	$ 30,320,847

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, 2017

Net Changes in Fund Balances - Total Governmental Funds		$ 854,607
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 capital outlays exceeded depreciation expense in the current period:		
Depreciation expense	(4,546,915)	
Capital outlay	10,579,620	6,032,705
Write off of capital assets are not reported at the fund level.		(1,955)
Transfers of capital assets to the airport enterprise fund are not reported at the fund level.		(2,996,305)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(270,169)
Elimination of transfers between governmental funds:		
Transfers in	(1,480,350)	
Transfers out	1,480,350	-
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayment of capital leases	2,597,290	
Repayment of notes payable	53,000	2,650,290
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. These items include:		
Net change in accrued compensated absences liability	(51,171)	
Pension contributions in excess of pension expense	1,799,839	1,748,668
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	72,195	229,945
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.		(26,744)
Change in Net Position of Governmental Activities		$ 8,221,042

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, 2017

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	$ 17,847,355	$ 18,890,605	$ 18,967,428	$ 76,823
Licenses and permits	969,000	969,300	988,534	19,234
Intergovernmental - federal	7,300	32,000	32,685	685
Intergovernmental - state	354,700	4,000	4,136	136
Intergovernmental - local	262,700	255,700	255,638	(62)
Charges for services	1,372,400	1,363,500	1,413,867	50,367
Fines and forfeitures	380,000	371,600	371,666	66
Investment earnings	90,050	125,250	126,773	1,523
Miscellaneous	1,035,400	891,390	937,334	45,944
Total Revenues	22,318,905	22,903,345	23,098,061	194,716
Expenditures				
Current:				
General government	2,420,860	2,221,860	2,132,448	89,412
Judicial	476,780	451,780	436,770	15,010
Public safety	16,746,725	16,414,765	16,264,247	150,518
Public works	7,711,360	7,049,510	6,992,412	57,098
Health and welfare	594,950	397,630	386,579	11,051
Culture and recreation	3,598,270	3,557,080	3,493,570	78,010
Housing and development	307,500	351,600	351,590	10
Total Current	31,856,445	30,444,225	30,057,616	401,109
Capital Outlay				
General government	10,265	10,315	-	10,315
Public safety	37,000	20,045	19,995	50
Public works	11,000	18,100	18,100	-
Health and welfare	20,000	1,175	-	1,175
Culture and recreation	30,000	14,500	-	-
Total Capital Outlay	108,265	64,135	38,095	11,540
Total Expenditures	31,964,710	30,508,360	30,095,711	412,649
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,645,805)	(7,605,015)	(6,997,650)	607,365
Other Financing Sources (Uses)				
Transfers in	10,375,000	10,714,500	10,714,483	(17)
Transfers out	(729,195)	(1,137,540)	(1,127,867)	9,673
Total Other Financing Sources (Uses)	9,645,805	9,576,960	9,586,616	9,656
Net Change in Fund Balances	$ -	$ 1,971,945	2,588,966	$ 617,021
Fund Balances Beginning of Year			21,261,516	
Fund Balances End of Year			$ 23,850,482	

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2017

	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	$ 7,180,000	$ 352,335	$ 7,532,335	$ 780,784
Short-term investments	251,000	-	251,000	-
Accounts receivable, net	14,969,000	4,340	14,973,340	-
Unbilled revenues	7,722,000	-	7,722,000	-
Interest receivable	230,000	-	230,000	-
Fuel stocks	2,915,000	-	2,915,000	-
Inventory	17,307,000	57,751	17,364,751	-
Deposits and prepaid items	719,000	-	719,000	-
Restricted customer deposit fund	2,946,000	-	2,946,000	-
Total Current Assets	54,239,000	414,426	54,653,426	780,784
Noncurrent Assets:				
Land	-	4,525,529	4,525,529	-
Construction in progress	108,866,000	-	108,866,000	-
Nuclear fuel, at amortized cost	19,954,000	-	19,954,000	-
Depreciable capital assets, net	649,067,000	6,016,125	655,083,125	-
Restricted combined renewals/extensions fund	67,134,000	-	67,134,000	-
Restricted combined utilities construction fund	75,643,000	-	75,643,000	-
Restricted nuclear decommissioning fund	66,709,000	-	66,709,000	-
Regulatory assets, net	36,828,000	-	36,828,000	-
Investment in joint ventures	-	19,342,231	19,342,231	-
Total Noncurrent Assets	1,024,201,000	29,883,885	1,054,084,885	-
Total Assets	1,078,440,000	30,298,311	1,108,738,311	780,784
Deferred Outflows of Resources	1,499,000	23,294	1,522,294	-
Total Assets and Deferred Outflows	$ 1,079,939,000	$ 30,321,605	$ 1,110,260,605	$ 780,784

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2017

	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	$ 22,359,000	$ 23,821	$ 22,382,821	$ 547
Unearned revenue	-	19,936	19,936	-
Interfund payable	-	63,077	63,077	-
Claims payable	-	-	-	620,916
Compensated absences payable	-	40,000	40,000	-
Customer deposits	4,074,000	-	4,074,000	-
Total Current Liabilities	26,433,000	146,834	26,579,834	621,463
Long-Term Liabilities:				
Compensated absences (net of current portion)	-	72,540	72,540	-
Unearned revenue - TVA right of use	67,000	-	67,000	-
Revenue bonds payable (net of current portion)	74,953,000	-	74,953,000	-
Net pension liability	15,064,000	227,141	15,291,141	-
Asset retirement obligations	64,695,000	-	64,695,000	-
Total Long-Term Liabilities	154,779,000	299,681	155,078,681	-
Total Liabilities	181,212,000	446,515	181,658,515	621,463
Deferred Inflows of Resources	8,369,000	51,523	8,420,523	-
Net Position				
Net investment in capital assets	648,109,000	10,541,654	658,650,654	-
Restricted for:				
Capital projects	67,134,000	-	67,134,000	-
Nuclear decommissioning	67,372,000	-	67,372,000	-
Pension	4,679,000	-	4,679,000	-
Unrestricted	28,084,000	19,281,913	47,365,913	159,321
Total Net Position	890,358,000	29,823,567	920,181,567	159,321
Total Liabilities, Deferred Inflows, and Net Position	$ 1,079,939,000	$ 30,321,605	$ 1,110,260,605	$ 780,784

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, 2017

Total Statement of Net Position - Proprietary Funds Net Position	$ 920,181,567
Amounts reported for Business-Type Activities in the Statement of Net Position are different because:	
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.	(2,819,801)
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.	(1,349,592)
Net Position of Business-Type Activities	$ 916,012,174

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, 2017

	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	$ 211,189,000	$ 1,051,678	$ 212,240,678	$ 708,000
Merchandise sales	-	89,238	89,238	-
Tournaments	-	87,420	87,420	-
Concessions	-	56,881	56,881	-
Miscellaneous	-	3,118	3,118	-
Total Operating Revenues	211,189,000	1,288,335	212,477,335	708,000
Operating Expenses				
Cost of sales and services	129,038,000	677,213	129,715,213	274,439
Personal services and benefits	22,698,000	571,813	23,269,813	-
Depreciation	23,217,000	503,179	23,720,179	-
Claims	-	-	-	465,253
Total Operating Expenses	174,953,000	1,752,205	176,705,205	739,692
Operating Income (Loss)	36,236,000	(463,870)	35,772,130	(31,692)
Non-Operating Revenues (Expenses)				
Interest income	1,210,000	1,485	1,211,485	3,394
Net increase (decrease) in fair value of investments	160,000	-	160,000	-
Miscellaneous income	591,000	-	591,000	-
Income (loss) from joint ventures	-	136,297	136,297	-
Total Non-Operating Revenues (Expenses)	1,961,000	137,782	2,098,782	3,394
Income Before Contributions and Transfers	38,197,000	(326,088)	37,870,912	(28,298)
Transfers in (out)	(10,362,000)	3,624,305	(6,737,695)	-
Change in Net Position	27,835,000	3,298,217	31,133,217	(28,298)
Net Position Beginning of Year	862,523,000	26,525,350	889,048,350	187,619
Net Position End of Year	$ 890,358,000	$ 29,823,567	$ 920,181,567	$ 159,321

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, 2017

Changes in Fund Net Position - Total Business-Type Activities	$ 31,133,217
Amounts reported for Business-Type Activities in the Statement of Activities are different because:	
The internal service funds are used by management to charge the costs of the operation and maintenance of the 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.	(1,554)
Change in Net Position of Business-Type Activities	$ 31,131,663

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	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	$ 209,967,000	$ 1,290,525	$ 211,257,525	$ -
Cash received from overparity in transmission facilities	2,812,000	-	2,812,000	-
Cash received from interfund services provided	-	-	-	708,000
Cash payments for personnel services	(23,705,000)	(603,577)	(24,308,577)	-
Cash payments for goods, services, claims, and fees	(125,440,000)	(603,900)	(126,043,900)	(813,728)
Net Cash Provided by (Used in) Operating Activities	63,634,000	83,048	63,717,048	(105,728)
Cash Flows from Investing Activities				
Interest on investments	1,130,000	1,485	1,131,485	3,394
Cash restricted for future purchases of investment securities	(47,063,000)	-	(47,063,000)	-
Sales and maturity of investment securities	28,649,000	-	28,649,000	-
Purchases of investment securities	(96,293,000)	-	(96,293,000)	-
Net Cash Provided by (Used in) Investing Activities	(113,577,000)	1,485	(113,575,515)	3,394
Cash Flows from Noncapital Financing Activities				
Transfers out	(10,362,000)	-	(10,362,000)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	(10,362,000)	-	(10,362,000)	-
Cash Flows from Capital and Related Financing Activities				
Payments on interfund loans	-	(128,503)	(128,503)	-
Proceeds from revenue bond offering	74,980,000	-	74,980,000	-
Proceeds pursuant to the Toshiba Settlement Agreement	59,276,000	-	59,276,000	-
Acquisition of capital assets	(75,329,000)	(19,816)	(75,348,816)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	58,927,000	(148,319)	58,778,681	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,378,000)	(63,786)	(1,441,786)	(102,334)
Cash and Cash Equivalents Beginning of Year	8,558,000	416,121	8,974,121	883,118
Cash and Cash Equivalents End of Year	$ 7,180,000	$ 352,335	$ 7,532,335	$ 780,784

(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, 2017

	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)	$ 36,236,000	$ (463,870)	$ 35,772,130	$ (31,692)
Adjustments:				
Depreciation	23,217,000	503,179	23,720,179	-
Amortization	4,845,000	-	4,845,000	-
Pension contributions in excess of payments	(2,036,000)	(41,255)	(2,077,255)	-
(Increase) Decrease in Assets:				
Accounts receivable	1,590,000	(3,285)	1,586,715	-
Interfund receivable	-	86,759	86,759	-
Fuel stocks	79,000	-	79,000	-
Inventory	(2,159,000)	(5,214)	(2,164,214)	-
Increase (Decrease) in Liabilities:				
Accounts payable	575,000	(8,232)	566,768	(17,671)
Accrued expenses	-	(506)	(506)	-
Unearned revenue	-	5,475	5,475	-
Other	1,287,000	9,997	1,296,997	-
Claims payable	-	-	-	(56,365)
Net Cash Provided by (Used in) Operating Activities	$ 63,634,000	$ 83,048	$ 63,717,048	$ (105,728)
Noncash Investing, Capital, and Financing Activities				
Net increase (decrease) in fair value of investments	$ 160,000	$ -	$ 160,000	$ -
Accrued property additions at year end	$ 1,084,000	$ -	$ 1,084,000	$ -

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Fiduciary Funds
December 31, 2017

	Pension Trust Fund	OPEB Trust Fund	Municipal Court Agency Fund
Assets			
Cash and cash equivalents	$ 911,496	$ -	$ 49,333
Investments, at fair value:			
Georgia Municipal Employees Benefit System OPEB Trust Account	-	4,152,814	-
MetLife Equity Index Fund	25,137,255	-	-
MetLife Core Bond Index Fund	32,201,701		
MetLife Goldman Sachs Fund	10,499,182	-	-
Vanguard Institutional Index Fund	23,826,984	-	-
Vanguard Small Cap Index Fund	11,715,771	-	-
Contributions receivable	163,739	-	-
Total Assets	$ 104,456,128	$ 4,152,814	$ 49,333
Liabilities			
Current Liabilities:			
Accounts payable	$ 2,855	$ 138,010	$ 13,785
Other liabilities	-	-	35,548
Total Liabilities	2,855	138,010	49,333
Net Position			
Restricted for pension and other post employment benefits	104,453,273	4,014,804	-
Total Liabilities and Net Position	$ 104,456,128	$ 4,152,814	$ 49,333

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Changes in Fiduciary Net Position
Pension Trust Fund and OPEB Trust Fund
For the Year Ended December 31, 2017

	Pension Trust Fund	OPEB Trust Fund
Additions		
Contributions:		
Employer	$ 7,225,029	$ -
Plan members	727,343	181,832
Total contributions	7,952,372	181,832
Investment income:		
Interest and dividends	2,158,505	77,417
Net increase (decrease) in fair value of investments	9,584,791	592,938
Total investment income	11,743,296	670,355
Less: investment expense	186,083	12,450
Net investment earnings	11,557,213	657,905
Total Additions (Reductions)	19,509,585	839,737
Deductions		
Administrative expenses	57,739	5,833
Premium payments	-	729,715
Benefit payments	7,133,475	-
Total Deductions	7,191,214	735,548
Change in Net Position	12,318,371	104,189
Net Position Beginning of Year	92,134,902	3,910,615
Net Position End of Year	$ 104,453,273	$ 4,014,804

See accompanying notes to the basic financial statements.

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The City of Dalton, Georgia ("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. One member of the City Council 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 ("Convention Center"). The Convention Center was formerly accounted for within the City as an enterprise fund. The Convention 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 Convention Center 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"), formerly 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, 2017, 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 JDA 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, 2017, the City paid $34,077 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 NWGRC, 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 fourteen 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 hotel motel tax, confiscated assets, community development block grant, community HOME investment program grant, airport improvement grant, transportation enhancement grant, tax allocation district #1, tax allocation district #3, and economic development. The capital projects funds include the SPLOST 2015 capital projects fund, the SPLOST 2015 bonded debt capital projects fund, the SPLOST 2007 capital projects fund, and the capital acquisition fund.

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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 fund – This fund is 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 fund is for workers' compensation.

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. 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 - Governmental funds are 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 statement of net position. The statement of revenues, expenses, and changes in fund net position presents 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 basis and the modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

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

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

WLSF Commission - The WLSF Commission follows GAAP 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.

1-D Basis of Accounting (continued)

The WLSF Commission's accounts are maintained separately for each system generally in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission for the electric and natural gas sectors (with the exception of its 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 $7,722,000 for the year ended December 31, 2017.

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 $600,000 for the year ended December 31, 2017.

Electricity that is generated and not used by the WLSF Commission is sold back to Southern Power Company ("SPC"), the wholesale power subsidiary of the Southern Company. In 2017, MW hours sold back to SPC totaled 29,939, with proceeds of $900,000, which are presented 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

The WLSF Commission's investment policy allows the following types of investments:

- Government obligations which are direct general obligations of the U.S. government or obligations that are unconditionally guaranteed by the U.S. government
- Obligations of the Federal Home Loan Bank that are senior debt obligations
- Repurchase agreements with a term of thirty days or less
- Certificates of deposit of national or state banks
- Securities or other interests in any no-load and 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

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, 2017.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017 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 WLSF 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 machinery, equipment, furniture and fixtures, and works of art; a threshold of ten thousand dollars for land improvements, building improvements, and intangibles; and no threshold for land, buildings, infrastructure assets, vehicles, motorized equipment, computers and computer related equipment, and weapons and bullet proof vests. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value 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, 2017.

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 ("OPC"), and Municipal Electric Authority of Georgia ("MEAG") 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, 2017
Plant Hatch, Nuclear Units 1 and 2	2.2%	$ 69,232,000
Plant Vogtle, Nuclear Units 1 and 2	1.6%	106,122,000
Plant Wansley, Coal-Fired Units 1 and 2	1.4%	26,097,000
Plant Scherer, Coal-Fired Units 1 and 2	1.4%	38,843,000

In addition, the WLSF Commission is a joint owner of the new nuclear units under construction at Plant Vogtle ("Vogtle Units 3 and 4"), with an interest in those units of 1.6%. As of December 31, 2017, the WLSF Commissions' portion of total work in progress related to Vogtle Units 3 and 4 was $108.9 million (net of the $59.3 million received from Toshiba in 2017 under the Guarantee Settlement Agreement). See Note 4-C for additional information about the Vogtle nuclear development projects and the Guarantee Settlement Agreement.

1-E-7 Capital Assets (continued)

The WLSF Commission's 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.

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 improvements 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 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 $2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed.

The cost of WLSF Commission property retired or disposed of in the normal course of business which does not have detailed property records is estimated by management. Property retirements and disposals totaled $1,500,000 during 2017. 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 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 during 2017.

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 amortization is included in production expense and totaled $4,800,000 during 2017.

Depreciation and nuclear decommissioning - Depreciation of the major classes of utility plant is computed on additions when placed in service using rates computed under the composite straight-line method, which approximated 2.0% in 2017, and is based on the following remaining useful lives:

Electric system	29-59 years
Natural gas system	30-75 years
Water system	40-70 years
Wastewater system	40-50 years
Information technology system	6-40 years

1-E-7 Capital Assets (continued)

Depreciation studies are conducted periodically to update the composite rates that are approved by the WLSF 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 2015 for the WLSF Commissions' ownership interests in plants Hatch and Vogtle were as follows:

	Plant Hatch	Plant Vogtle
Decommissioning periods		
Beginning year	2034	2047
Completion year	2075	2079
Site study cost	$ 1,800,300,000	$ 1,760,000,000
WLSF's portion	2.2%	1.6%
	$ 39,607,000	$ 28,160,000

The decommissioning cost estimates are based on prompt dismantlement and removal of the plants from service. The actual decommissioning costs may vary from the above estimates because of changes in the assumed dates of decommissioning, changes in NRC 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 MEAG, to maintain a specified level of investment (i.e., 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, 2017, 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, 2017 was $107,000,000. In 2017, the WLSF Commission recognized $200,000 into income from the deferred inflow of resources resulting from the sale of transmission lines in 2012 (Note 1-E-7). The unrecognized gain presented within deferred inflows of resources is $5,583,000 at December 31, 2017. Parity income for the year ended December 31, 2017 totaled $2,800,000.

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 statement of net position, bond premiums and discounts are netted against bonds payable. On the government-wide statement of activities and proprietary fund statement of revenues, expenses, and changes in fund net position, 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 the 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 - This represents 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 This 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. Restricted fund balance for governmental funds totaled $6,585,339 at December 31, 2017. The major projects that comprise this total include: $6,275,719 held in two capital projects funds to be used for 2015 SPLOST projects as approved by voter referendum (see Schedule of Projects Constructed with Special Purpose Local Option Sales Tax for project to date information); $66,553 held in three special revenue funds for economic development both generally and within specific tax allocation districts; $89,974 held in the general fund for cemetery chapel renovations; $10,000 held in the general fund for a greenway project; $15,000 held in the general fund for streetscape projects; and $128,081 held in the confiscated assets special revenue fund for future police expenditures.

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. No amounts were reported as committed for governmental funds at December 31, 2017.

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

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. No amounts were reported as assigned for governmental funds at December 31, 2017.

5) **Unassigned fund balance** - Residual spendable fund balance for the general fund after subtracting all above amounts. The general fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance, as all fund balances of other governmental funds are, at a minimum, assigned to specific purposes. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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.

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

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 only one item that qualifies for reporting in this category; deferred outflows of resources related to pension reported in the government-wide and proprietary funds statements of net position.

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 City has two types of this item. The first is unavailable revenue, which arises only under the modified accrual basis of accounting, and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, and these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second is deferred inflows of resources related to pension reported in the government-wide and proprietary funds statements of net position.

The WLSF Commission reports deferred inflows and outflows of resources related to pensions and also reports deferred inflows of resources related to the sale of certain ITS assets during 2012 as disclosed in Notes 1-E-7 and 1-E-8.

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.

1-E-15 Operating and Non-Operating Revenues and Expenses (continued)

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.

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, 2017 comprised approximately 15% of total sales and 15% of electricity sales. WLSF Commission sales to a second major customer for the year ended December 31, 2017 comprised approximately 12% of electricity sales. No other customer accounted for more than 10% percent of the WLSF Commission's electricity or total sales during 2017.

The DWRSWMA's fee revenue from three major customers during the year ended December 31, 2017 comprised approximately 34% of total fee revenue. The largest of these comprised 15% 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 2016 amounts have been reclassified to conform to the 2017 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 Investments

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 net position/balances.

Custodial 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 has an investment policy for credit risk that limits its investments to those authorized by Georgia law.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

3-A Investments (continued)

The City has the following recurring fair value measurements as of December 31, 2017:

- Cash, money market accounts, and certificates of deposit in the amount of $21,102,178 for governmental funds, $352,335 for nonmajor proprietary funds, $911,496 for trust funds, $49,333 for agency funds, $780,784 for internal service funds, and $7,105,069 for discretely presented component units are presented in the financial statements and are reported at cost or amortized cost and are not subject to fair value hierarchy measurement.
- Investments in the local government investment pool, a 2a-7-like investment, in the amount of $6,618,081 for governmental funds are presented in the financial statements and, while reported at fair value, are not subject to the fair value hierarchy measurement. The pool is managed to maintain a constant net asset value of $1.00. The fund is rated AAAf by A&P. The primary objectives of the pool are safety of capital, liquidity, investment income, and diversification. The weighted average maturity was 9 days at December 31, 2017.
- Investments in index and other mutual funds in the amount of $35,542,755 for trust funds are valued based on quoted prices in active markets for identical assets (level 1).
- Investments in index and other mutual funds in the amount of $67,838,138 for trust funds are valued based on significant other observable inputs (level 2).
- Investments in the Georgia Municipal Employees Benefit System OPEB Trust in the amount of $4,152,814 for trust funds are valued using significant unobservable inputs (level 3).

Investments (pension trust fund) – In general, the cash and investments held by the Mayor and Council of the City of Dalton Employee's Pension Plan ("Pension Plan") in the pension trust fund are exempt from the City's investment and cash management policies, including the requirement that deposits be federally insured. The City of Dalton Pension Board has adopted a separate investment policy for the pension trust fund.

The assets of the Pension Plan are invested in an immediate participation contract with Metropolitan Life Insurance Company and in mutual funds with Vanguard. The pension trust fund investments follow State of Georgia Code Sections 47-20-82, 47-20-83, and 47-20-84 for authorized investments.

The pension investment policy limits investment in equity securities to 55% (book value – cost) of total asset value. Investments in international equities and derivative investments are prohibited. The investment manager is restricted from using financial leverage or engaging in short sale techniques. Domestic equities must be traded on the New York or American Stock Exchange, NASDAQ system, or any other major exchange and single securities may not comprise more than 5% (market value) of the investment's equity mix. Domestic fixed income shall be of investment grade quality and the average credit quality of the Pension Plan's fixed income assets should be rated A or higher as rated by Standard & Poor's or Moody's rating services.

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 Equity Index Fund	$ 25,137,255	Not rated
MetLife Core Bond Index Fund	32,201,701	Not rated
MetLife Goldman Sachs Fund	10,499,182	Not rated
Vanguard Institutional Index Fund	23,826,984	Not rated
Vanguard Institutional Small Cap Index Fund	11,715,771	Not rated
Total pension trust fund investments	$ 103,380,893	
Georgia Municipal Employees Benefit System OPEB Trust Account	$ 4,152,814	Not rated
Total OPEB trust fund investments	$ 4,152,814	

3-A Investments (continued)

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 WLSF Commission has the following recurring fair value measurements as of December 31, 2017:

- Cash and certificates of deposit in the amount of $48,701,000 are reported at cost or amortized cost and are not subject to fair value hierarchy measurement.
- U.S. government securities in the amount of $88,089,000 are valued based on observable market data and valuations of similar inputs (level 2 inputs).
- Sachs treasury instruments in the amount of $74,980,000 from the long-term debt proceeds invested by Branch Banking and Trust (level 2 inputs).
- No investment securities are valued using level 3 inputs.

The fair value analysis of the investments for the year ended December 31, 2017 is as follows:

Fund Type	Cost	Fair Value at 1/1/17	Fair Value		Fair Value at 12/31/17	Change in Fair Value
			Purchases	Sales		
Customer deposit fund	$ 3,000,000	$ 2,951,000	$ -	$ -	$ 2,946,000	$ (5,000)
Combined utilities renewals and extensions fund	19,547,000	29,636,000	49,210,000	11,773,000	67,134,000	61,000
Combined utilities construction fund	74,980,000	-	74,980,000	-	74,980,000	-
Nuclear decommissioning fund	67,660,000	64,315,000	19,166,000	16,875,000	66,710,000	104,000
Total	$ 165,187,000	$ 96,902,000	$ 143,356,000	$ 28,648,000	$ 211,770,000	$ 160,000

The change in fair value includes $500,000 related to interest income accrued on the zero coupon bonds in the nuclear decommissioning fund.

The WLSF Commission had the following investments and maturities for the year ended December 31, 2017:

	Credit Quality	Fair Value	Investment Maturities (in Years)			
			Less than 1	1 to 5	6 to 10	10 +
Cash and cash equivalents	Not Rated	$ 48,206,000	$ 48,206,000	$ -	$ -	$ -
Certificates of deposit	Not Rated	495,000	-	-	495,000	-
Sachs treasury instruments	Not Rated	74,980,000	74,980,000	-	-	
Federal Home Loan Bank	AAA/Aaa	13,820,000	1,987,000	5,924,000	5,909,000	-
Federal Home Loan Mortgage Corporation	AAA/Aaa	46,113,000	-	15,009,000	29,173,000	1,931,000
Federal National Mortgage Association	AAA/Aaa	17,696,000	-	9,901,000	7,795,000	-
Federal Farm Credit Banks	AAA/Aaa	3,138,000	-	-	3,138,000	-
Coupons (Resolution Fund Corporation)	AAA/Aaa	7,322,000	-	7,322,000	-	-
Total		$ 211,770,000	$ 125,173,000	$ 38,156,000	$ 46,510,000	$ 1,931,000

3-A Investments (continued)

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.

Custodial 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, 2017 consisted of taxes, interest, accounts (billings for user charges), and intergovernmental receivables arising from grants and contracts.

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

Property tax rates are set by the City each year and are limited by statutory or constitutional provision. The Whitfield County tax assessor's office sets property values and assesses property tax bills in accordance with those values and tax rates set by all applicable taxing authorities. The Whitfield County tax commissioner's office 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, 2017 consists of uncollected property taxes levied during the year ended December 31, 2017 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 reported in the general fund and in the special revenue tax allocation district funds, and are summarized below.

Gross property taxes receivable	$ 1,039,883
Allowance for uncollectible taxes	(10,405)
Property taxes receivable	$ 1,029,478
Taxes uncollected 60 days subsequent to year end, net of allowance, reported in deferred inflows	$ 490,538

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 regulation, 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, 2017 relate to the following:

Asset retirement obligations (a)	$ 41,684,000
Cost of removal (b)	(25,880,000)
Pension (c)	21,024,000
Total regulatory assets - net	$ 36,828,000

(a) Amount being recovered over the life of the related capital asset and will be settled following completion of the related activities.
(b) Amount will be settled and trued up following completion of related activities.
(c) The adoption of GASB 68 in 2015 required the recognition of the funded status of defined benefit pensions in the statements of net position, with a cumulative effect of adpotion recorded as a restatement of beginning net position for 2015. The WLSF Commission Board, however, is recognizing this cumulative impact amount as a regulatory asset, which resulted in no restatement to the beginning net position for 2015. This recorded amount will change annually based on actuarial values. See Notes 3-J and 5-A for additional information.

3-E Capital Assets

Governmental capital asset activity for the year ended December 31, 2017 was as follows:

	Balance 12/31/2016	Additions	Reclass-ifications	Disposals	Balance 12/31/2017
Capital assets not being depreciated:					
Land	$ 20,805,637	$ 157,038	$ -	$ (2,996,305)	$ 17,966,370
Construction in progress	7,475,228	5,894,285	(2,230,587)	-	11,138,926
Total capital assets not being depreciated	28,280,865	6,051,323	(2,230,587)	(2,996,305)	29,105,296
Other capital assets:					
Land improvements	30,235,823	1,245,908	1,754,590	-	33,236,321
Buildings	31,290,513	-	-	-	31,290,513
Building improvements	4,020,258	-	-	-	4,020,258
Vehicles	5,917,883	401,045	(5,817)	(232,163)	6,080,948
Machinery	14,152,228	224,630	-	(384,975)	13,991,883
Equipment	3,856,110	2,261,369	473,964	(7,200)	6,584,243
Furniture & fixtures	176,692	-	-	-	176,692
Intangibles	1,161,002	-	-	(58,510)	1,102,492
Bridge and bridge culvert	8,752,560	-	-	-	8,752,560
Streets and streetscape	96,938,356	395,345	7,850	-	97,341,551
Mast arm lighting	264,218	-	-	-	264,218
Total other capital assets	196,765,643	4,528,297	2,230,587	(682,848)	202,841,679
Total cost	225,046,508	10,579,620	-	(3,679,153)	231,946,975
Accumulated depreciation:					
Land improvements	17,792,536	1,381,214	-	-	19,173,750
Buildings	9,837,568	637,799	-	-	10,475,367
Building improvements	1,482,840	182,993	-	-	1,665,833
Vehicles	3,819,916	506,898	(5,817)	(230,207)	4,090,790
Machinery	9,286,500	503,401	-	(384,976)	9,404,925
Equipment	2,485,962	239,686	5,817	(7,200)	2,724,265
Furniture & fixtures	163,638	2,520	-	-	166,158
Intangibles	1,136,335	13,261	-	(58,510)	1,091,086
Bridge and bridge culvert	6,493,771	175,051	-	-	6,668,822
Streets and streetscape	85,621,940	890,881	-	-	86,512,821
Mast arm lighting	172,033	13,211	-	-	185,244
Total accumulated depreciation	138,293,039	4,546,915	-	(680,893)	142,159,061
Governmental activities capital assets, net	$ 86,753,469	$ 6,032,705	$ -	$ (2,998,260)	$ 89,787,914

Land disposals disclosed above totaling $2,996,305 were transferred to the airport fund, as disclosed in the business-type activities capital asset note below.

3-E Capital Assets (continued)

Governmental activities depreciation expense

General government	$ 407,732
Judicial	1,096
Public safety	923,443
Public works	1,551,612
Culture and recreation	1,633,285
Health and welfare	29,747
Total governmental activities depreciation expense	$ 4,546,915

Business-type capital asset activity for the year ended December 31, 2017 was as follows:

-	Balance at 12/31/16	Additions	Disposals and Reclassifications	Balance at 12/31/17
Capital assets not being depreciated:				
Land	$ 1,664,722	$ 2,860,807	$ -	$ 4,525,529
Construction in progress	135,273,000	12,273,000	(38,680,000)	108,866,000
Total capital assets not being depreciated	136,937,722	15,133,807	(38,680,000)	113,391,529
Other capital assets:				
Land improvements	7,819,408	135,498	-	7,954,906
Buildings	3,692,434		-	3,692,434
Building improvements	71,055	-	-	71,055
Vehicles	51,991	-	-	51,991
Machinery and equipment	2,456,207	19,816	-	2,476,023
Utility plant	1,156,064,000	34,718,000	(501,000)	1,190,281,000
Total other capital assets	1,170,155,095	34,873,314	(501,000)	1,204,527,409
Total cost	1,307,092,817	50,007,121	(39,181,000)	1,317,918,938
Accumulated depreciation:				
Land improvements	4,432,876	272,351	-	4,705,227
Buildings	1,977,262	79,727	-	2,056,989
Building improvements	66,735	216	-	66,951
Vehicles	43,936	2,417	-	46,353
Machinery and equipment	1,206,296	148,468	-	1,354,764
Utility plant	518,498,000	23,217,000	(501,000)	541,214,000
Total accumulated depreciation	526,225,105	23,720,179	(501,000)	549,444,284
Nuclear fuel, at amortized cost	20,960,000	3,839,000	(4,845,000)	19,954,000
Business-type activities capital assets, net	$ 801,827,712	$ 30,125,942	$ (43,525,000)	$ 788,428,654

Land and land improvements additions disclosed above totaling $2,996,305 were transferred from the general fund, as disclosed in the governmental activities capital assets note above.

3-F Interfund Balances and Transfers

Interfund balances at December 31, 2017 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, 2017 consisted of the following:

	Payable from:		
Payable to:	Non-major governmental funds	Non-major enterprise funds	Total
General fund	$ 750,118	$ 63,077	$ 813,195
Non-major governmental funds	20,670	-	20,670
Total	$ 770,788	$ 63,077	$ 833,865

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, 2017 consisted of the following:

	Transfer from:			
Transfer to:	General fund	WLSF Commission fund	Non-major governmental funds	Total
General fund	$ -	$ 10,362,000	$ 352,483	$ 10,714,483
Non-major governmental funds	1,127,867	-	-	1,127,867
Non-major enterprise funds	-	-	3,624,305	3,624,305
Total	$ 1,127,867	$ 10,362,000	$ 3,976,788	$ 15,466,655

During 2017, the airport improvement grant fund, a special revenue fund, transferred certain capital assets to the Dalton municipal airport fund, an enterprise fund. The transfer of capital assets, with a net value of $2,996,305 (included in the $3,624,305 above), was reported in the Dalton municipal airport fund as a transfer in. The transfer out was not reported in the governmental fund statements for the airport improvement grant fund, as the funds report on a modified accrual basis and do not report capital assets. The transfer out was recorded during the conversion to the full accrual government-wide governmental activities statements, and is included as a reconciling item on the reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities.

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 2017 was approximately $23,000. The annual minimum lease payments under operating leases as of December 31, 2017 are as follows:

2018	$	18,449
2019		14,626
2020		9,636
2021		2,815
2022		1,454

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:

Date Due	Principal	Interest	Total
2018	$ 53,000	$ -	$ 53,000
2019	53,000	-	53,000
	$ 106,000	$ -	$ 106,000

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
2018	$ 255,000	$ 230,087	$ (103,539)	$ 381,548
2019	260,000	217,592	(97,916)	379,676
2020	270,000	204,228	(91,903)	382,325
2021	275,000	190,188	(85,585)	379,603
2022	285,000	175,068	(78,778)	381,290
2023 - 2027	1,550,000	621,498	(279,673)	1,891,825
2028 - 2030	1,065,000	134,373	(60,472)	1,138,901
	$ 3,960,000	$ 1,773,034	$ (797,866)	$ 4,935,168

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 2017 was reduced by $7,493 (6.9%), from $108,601 to $101,108. 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.

Building Authority Series 2015 Revenue Bonds, dated August 1, 2015, were issued in the amount of $26,940,000, with an effective interest rate of 1.297%. The purpose of these bonds was to finance certain SPLOST projects for the City, Whitfield County, Georgia, and other cities within Whitfield County in advance of SPLOST receipts. The City and Whitfield County entered into an intergovernmental contract, also dated August 1, 2015, regarding the allocation of the proceeds of this bond issuance and the related debt repayments. The allocations were based upon the referendum-approved SPLOST projects and each government entities' respective share of the projects. The City received proceeds of $4,276,043, Whitfield County received proceeds of $22,331,677, and proceeds of $332,280 were set aside to pay for bond issuance costs. The City is responsible for repayment of $8,505,956 and Whitfield County is responsible for repayment of $18,434,044, each government's allocable share of the funds received, issuance costs shared, and county-wide projects performed by Whitfield County. 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. Only the City's allocable share of the debt repayment is included in the financial statements. Whitfield County, Georgia will report their allocable share of the debt repayment in their financial statements.

Bond debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Total
2018	$ 2,141,077	$ 55,900	$ 2,196,977
2019	2,169,856	28,134	2,197,990
	$ 4,310,933	$ 84,034	$ 4,394,967

3-I Long-term Debt (continued)

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. The lease was paid in full during 2017.

Revenue Bonds – On November 21, 2017, the City issued $66,660,000 principal amount of the City of Dalton, Georgia, Combined Utilities Revenue Bonds, Series 2017, maturing March 1, 2038. The bonds were issued primarily for the benefit of the WLSF Commission to fund water and wastewater projects with a par amount of $66,660,000 and all-in true interest cost of 3.24% for a total debt service amount of $103,620,575.

At December 31, 2017, WLSF Commission debt consisted of the following:

Bond offering principal	$ 66,660,000
Unamortized debt premium, net of $0.7M of debt issuance costs	8,293,000
Total long-term debt	$ 74,953,000

Bond debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Total
2018	$ -	$ 2,414,000	$ 2,414,000
2019	2,005,000	3,053,000	5,058,000
2020	2,110,000	2,951,000	5,061,000
2021	2,220,000	2,842,000	5,062,000
2022	2,330,000	2,729,000	5,059,000
2023 - 2027	13,580,000	11,723,000	25,303,000
2028 - 2032	17,440,000	7,864,000	25,304,000
2033 - 2037	22,015,000	3,286,000	25,301,000
2038	4,960,000	99,000	5,059,000
	$ 66,660,000	$ 36,961,000	$ 103,621,000

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 systems.

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 liability will be paid from the pension trust fund. The net OPEB obligation will be paid from the OPEB trust fund. Any remaining net pension liability 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.

3-I Long-term Debt (continued)

Asset retirement obligations and other costs of removal – The WLSF Commission records asset retirement obligations ("ARO") 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 ARO recognized in the financial statements to retire long-lived assets primarily relates to the WLSF Commission's ownership interests in the jointly owned nuclear plants Hatch and Vogtle, as well as coal ash ponds, landfills, and gypsum cells 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.

Details of the AROs reflected in the statement of net position as of December 31, 2017 are as follows:

ARO balance at December 31, 2016	$	62,848,000
Accretion		1,847,000
ARO balance at December 31, 2017	$	64,695,000

The cost estimates for ARO related to the CCR Rule are based on information as of December 31, 2017 using various assumptions related to closure and post-closure costs, timing of future cash outlays, inflation and discount rates, and the potential methods for complying with the CCR Rule requirements for closure. As further analysis is performed, including evaluation of the expected method of compliance, refinement of assumptions underlying the cost estimates, such as the quantities of CCR at each site, and the determination of timing, including the potential for closing ash ponds prior to the end of their currently anticipated useful life, the WLSF Commission expects to continue to periodically update the estimates.

3-I Long-term Debt (continued)

Changes in long-term liabilities - The City's long-term obligations consisted of the following at December 31, 2017:

	Outstanding 12/31/2016	Additions	Reductions	Outstanding 12/31/2017	Amounts Due in One Year
Governmental activities:					
Capital leases payable	$ 10,868,223	$ -	$ (2,597,290)	$ 8,270,933	$ 2,396,077
Notes payable	159,000	-	(53,000)	106,000	53,000
Compensated absences	4,229,951	1,499,345	(1,448,174)	4,281,122	1,500,000
Total governmental activities	$ 15,257,174	$ 1,499,345	$ (4,098,464)	$ 12,658,055	$ 3,949,077
Business-type activities					
Unearned revenue - TVA right of use	$ 117,000	$ -	$ (50,000)	$ 67,000	$ -
Accrued construction retention	2,134,000	-	(2,134,000)	-	-
Asset retirement obligations	62,848,000	1,847,000	-	64,695,000	-
Revenue bonds payable	-	66,660,000	-	66,660,000	-
Unamortized premium on revenue bonds	-	8,293,000	-	8,293,000	-
Compensated absences	102,543	38,138	(28,141)	112,540	40,000
Total business-type activities	$ 65,201,543	$ 76,838,138	$ (2,212,141)	$ 139,827,540	$ 40,000

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 a defined benefit single employer public employee retirement system. 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 is accounted for in the pension trust fund, financial statements for which are found on pages 35 and 36 of this report. The Pension Plan is audited on a biennial basis and issues stand-alone financial statements in conjunction with those audits. The most recent stand alone financial statement issued by the Pension Plan was for the year ended December 31, 2016, and may be obtained from the City of Dalton Finance Department. The Pension Plan's fiduciary net position has been determined on the same basis used by the Pension Plan and is equal to the market value of assets calculated under the accrual basis of accounting.

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.

3-J Pensions (continued)

Eligibility - 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 - 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 participant's early retirement age precedes their normal retirement age.

The benefit terms of the Pension Plan have not changed from the prior measurement date.

Current membership of active and inactive participants as of the most recent Pension Plan valuation date of January 1, 2018 is as follows:

Actively employed participants		227
Average age		49.2 years
Average service		20.9 years
Total annualized compensation for the prior year	$	13,647,538
Total expected compensation for the current year	$	14,091,077
Participants receiving a benefit		
Service retirees		301
Beneficiaries		63
Inactive participants - deferred; vested		16

3-J Pensions (continued)

Contribution requirements - In accordance with the most recent actuarial report, the Pension Plan's funding policy for employers should be increased from 46.5% (at the last valuation date) to 49.2% 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.

Investments - The Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote. The Board has full power to invest or reinvest Pension Plan assets in any kind of property which the Pension Board deems proper. It is the policy of the Pension Board to purse an investment strategy which reduces risk through prudent diversification of the portfolio. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class for the investments of the Pension Plan is as follows:

Investment Category	Target Allocation	Expected Long Term Real Return
US large cap stocks	40%	6.00% per annum
US small cap stocks	15%	6.75% per annum
US fixed income	45%	2.00% per annum
Total or weighted arithmetic average	100%	4.31% per annum

For the year ended December 31, 2017, the annual money-weighted rate of return on the Pension Plan's investments, net of Pension Plan investment expense, was 12.72%. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability of the City – The net pension liability reported by the City is based on the measurement date of December 31, 2017. The components of the net pension liability of the City as of the Pension Plan's year end were as follows:

Total pension liability	$ 133,000,312
Plan fiduciary net position	104,453,266
City's net pension liability	$ 28,547,046
Plan fiduciary net position as a % of the total pension liability	79%

3-J Pensions (continued)

The following actuarial assumptions used in the determination of the City's net pension liability were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2017:

Actuarial Assumptions	
Discount rate:	6.81% per annum (2.50% per annum is attributable to long term inflation); this rate was used to discount all future benefit payments.
Salary increases:	4.00% per annum
Cost of living increase:	None assumed
Mortality basis:	Sex-distinct rates set forth in the RP-2000 Mortality Table for annuitants, projected to 2015 by Scale AA, as published by the Internal Revenue Service for purposes of Internal Revenue Code Section 430; future generational improvements in mortality have not been reflected.
Retirement:	Retirement is assumed to occur at normal retirement age.
Other decrements:	Assumed employment termination is based on age and ranges from 23.00% at age 20 to 4.00% at age 55. Assumed disability is based on age and gender and ranges from 0.04% for males and 0.02% for females at age 20 to 2.24% for males and 1.27% for females at age 65.
Non-investment expenses:	$50,000 per year
Future contributions:	Contributions from the employer and employees are assumed to be made as legally required.
Changes:	No assumptions were changed since the prior measurement date.

The following represents the net pension liability as of the measurement date and the Pension Plan's year end, December 31, 2017, calculated using the discount rate of 6.81%, as well as what the net pension liability would be using a discount rate that is 1% lower or 1% higher than the current rate:

	Discount Rate Minus 1.00%	Discount Rate 6.81%	Discount Rate Plus 1.00%
Total pension liability	$ 147,266,218	$ 133,000,312	$ 120,981,724
Plan fiduciary net position	104,453,266	104,453,266	104,453,266
Net pension liability	$ 42,812,952	$ 28,547,046	$ 16,528,458

3-J Pensions (continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended December 31, 2017, the City recognized pension expense of $3,128,535. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of December 31, 2016	$ 4,483,110	$ 1,862,044
Change due to:		
Amortization payments	(1,601,882)	(1,812,158)
Investment gain/loss	-	5,258,879
Demographic gain/loss	-	54,192
Total change	(1,601,882)	3,500,913
Balance as of December 31, 2017	$ 2,881,228	$ 5,362,957

The above amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	$ 1,601,882	$ 1,804,059
2019	1,273,559	1,292,431
2020	5,787	1,214,692
2021	-	1,051,775
2022	-	-

The deferred outflows of resources, net pension liability, and deferred inflows of resources were allocated and reported among the Pension Plan's participants, which includes City departments, the WLSF Commission, and the DWRSWMA, a joint venture. Amounts recorded for DWRSWMA are not reflected on the statements of net position, as the balances and activity are reported as a net investment in the joint venture. The allocations were as follows:

	Deferred Outflows of Resources	Net Pension Liability	Deferred Inflows of Resources
Governmental activities	$ 1,233,561	$ 11,875,635	$ 2,332,093
WLSF Commission	1,499,000	15,064,000	2,786,000
Municipal golf course	23,294	227,141	51,523
DWRSWMA	125,373	1,380,270	193,341
	$ 2,881,228	$ 28,547,046	$ 5,362,957

Additional information on the Pension Plan, including the schedule of changes in the net pension liability, the schedule of funding progress, the schedule of actuarially determined contributions, the schedule of annual money-weighted returns, and the notes to the required supplementary information, is presented in the financial statements as required supplementary information, which immediately follows these notes to the basic financial statements.

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 2013 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 at January 1, 2014 as zero.

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 in early 2015 and provided actuarial information as of December 31, 2014 and December 31, 2015. During 2017, the information was rolled forward as of December 31, 2016. OPEB information rolled forward as of December 31, 2017 is not yet available, so these disclosures present the most up to date information available, most as of December 31, 2016. 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 2017 are as follows:

Coverage	Annual Employee/Retiree Premium
Employee	$ 1,068
Employee + 1	3,312
Family	4,524

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
2016	$ 1,051,000	$ 2,942,000	36%	$ 2,681,000	39%	$ 4,960,000
2015	1,036,000	2,809,000	37%	2,677,000	39%	3,330,000
2014	1,036,000	2,725,000	38%	2,725,000	38%	1,689,000

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. 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 reported the following information as of December 31, 2016. 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, 2015	$	3,330,000
Annual OPEB cost for the 2016 plan year		2,681,000
Employer contributions for the 2016 plan year		(1,030,000)
Interest on employer contributions		(21,000)
Net OPEB obligation as of December 31, 2016	$	4,960,000
Development of the Annual OPEB Cost		
Annual required contribution	$	2,942,000
Interest on net OPEB obligation		134,000
Annual required contribution adjustment		(395,000)
Annual OPEB cost	$	2,681,000
Development of the Annual Required Contribution		
Employer normal cost	$	815,000
Amortization of the unfunded accrued actuarial liability		1,732,000
Amortization of the net OPEB obligation		395,000
Annual required contribution	$	2,942,000

Actuarial methods and assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB Plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations, after this initial year, will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

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 ("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 5% of the employee's compensation, up to an annual limit of $200,000. Employees hired on or after December 27, 2014 become vested in the employer's contributions over a three-year period. Employees hired prior to December 27, 2014 become vested in employer matching contributions after 1 year of service. Participation is not mandatory; however, non-participating employees will not receive any matching employer contributions. In 2014, the Retirement Plan was revised to include a Roth contribution option. Employees who participate in the Pension Plan are allowed to make contributions to the Retirement Plan up to IRS annual limitations, but do not receive matching employer contributions. For the year 2017, employee contributions totaled $645,989 and employer contributions totaled $421,006. For the year 2017, forfeitures of employer matching contributions totaled $2,353 and the ending balance in the forfeiture account was $2,294.

3-M Net Position

Net investment in capital assets reported on the government-wide statement of net position as of December 31, 2017 is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Cost of capital assets	$ 231,946,975	$ 1,337,872,938	$ 1,569,819,913
Less: accumulated depreciation	142,159,061	549,444,284	691,603,345
Book value	89,787,914	788,428,654	878,216,568
Less: capital related debt	8,376,933	66,660,000	75,036,933
Less: premium on capital related debt	-	8,989,000	8,989,000
Less: asset retirement obligations	-	64,695,000	64,695,000
Less: deferred inflows of resources - ITS sale	-	5,583,000	5,583,000
Add: accrued interest payable	-	345,000	345,000
Add: regulatory asset - AROs	-	15,804,000	15,804,000
Net investment in capital assets	$ 81,410,981	$ 658,650,654	$ 739,371,635

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, 2017, interutility sales were as follows:

Electric	$	4,482,000
Natural gas		10,000
Water		212,000
Wastewater		141,000
Information technology		2,531,000
Total	$	7,376,000

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	$	1,501,172
Expenditures for promotion of tourism and support:		
Northwest Georgia Trade and Convention Center Authority		628,000
Dalton Area Convention and Visitors Bureau		367,585
Softball players association		115,054
Coaches hall of fame		20,958
Other tourism expenditures		369,575
Total expenditures	$	1,501,172
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. 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 $500,000 per covered individual are covered through a private insurer. There were no significant reductions in insurance coverage from coverage in the prior year.

4-B Risk Management (continued)

The workers' compensation internal service fund pays premiums to a private insurance carrier to process and investigate claims. A reserve has been made for estimated claims incurred but not paid at December 31, 2017. The private insurance carrier estimated claims incurred but not paid at December 31, 2017 were $620,916. 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, 2017, 2016, and 2015 there were no settlements in excess of insurance coverage.

The City of Dalton Board of Education also participates in the workers' compensation fund. Twenty-three 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.

Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Current Year Claims Payments	End of Fiscal Year Liability
2017	$ 677,281	$ 573,661	$ (630,026)	$ 620,916
2016	443,315	487,108	(253,142)	677,281
2015	466,461	566,260	(589,406)	443,315

The workers' compensation fund had a decrease in net position for 2017. 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	$ (3,354)
Public safety	3,136
Public works	34,392
Culture & recreation	(7,430)
Total governmental activities	26,744
Business-type activities:	
WLSF Commission	1,554
Total business-type activities	1,554
Decrease in net position	$ 28,298

4-B Risk Management (continued)

Of the total allocation to the governmental activities public works function, $32,022 of net loss allocated is attributable to the City's DWRSWMA joint venture. Of the total allocation to the governmental activities culture and recreation function, $7,588 of net income allocated is attributable to the City's Northwest Georgia Trade and Convention Center Authority joint venture.

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 $450,000,000, 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 $2,293,447 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 joint owners of the Vogtle plant in the construction of two additional nuclear units at the site. The revised estimated certified cost for the WLSF Commission's 1.6% of the total cost was $237 million as of December 31, 2017. The sources of construction funds for the WLSF Commission's portion of Vogtle Units 3 and 4 will be from a combination of internally generated funds and investment funds restricted for renewals and extensions. Through December 31, 2017, the WLSF Commission has spent $108.9 million on the new nuclear units under construction, net of the $59.3 million received from Toshiba in 2017 under the Guarantee Settlement Agreement (discussed below), all of which is included in construction in progress in Note 3-E.

In 2008, GPC, acting for itself and as agent for OPC, the MEAG, and the WLSF Commission (collectively, the "Owners"), entered into an agreement with a consortium consisting of Westinghouse Electric Company, LLC ("Westinghouse") and Stone & Webster, Inc., which was subsequently acquired by Westinghouse and changed its name to WECTEC Global Project Services Inc. ("WECTEC"), (Westinghouse and WECTEC, collectively, the "Contractor") pursuant to which the Contractor agreed to design, engineer, procure, construct, and test two AP1000 nuclear units with electric generating capacity of approximately 1,100 MWs each and related facilities at Plant Vogtle (the "Vogtle 3 & 4 Agreement").

4-C Commitments and Contingent Liabilities (continued)

Under the terms of the Vogtle 3 & 4 Agreement, the Owners agreed to pay a purchase price subject to certain price escalations and adjustments, including fixed escalation amounts and index-based adjustments, as well as adjustments for change orders, and performance bonuses for early completion and unit performance. Toshiba Corporation guaranteed certain payment obligations of Westinghouse under the Vogtle 3 and 4 Agreement (the "Toshiba Guarantee"), including any liability of Westinghouse for abandonment of work. Until March 2017, construction on the units continued under the substantially fixed-price Vogtle 3 and 4 Agreement.

On March 29, 2017, Westinghouse and WECTEC each filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. GPC, acting for itself and as agent for the other Owners, entered into an interim assessment agreement with the Contractor and WECTEC Staffing Services LLC ("WECTEC Staffing"), as of March 29, 2017 (the "Interim Assessment Agreement"), to provide for a continuation of work with respect to Plant Vogtle Units 3 and 4. The Interim Assessment Agreement expired on July 27, 2017, upon the effective date of the Services Agreement discussed below. Subsequent to Westinghouse's bankruptcy filing, a number of subcontractors to Westinghouse alleged non-payment by Westinghouse for amounts owed for work performed on Vogtle Units 3 and 4. GPC, acting for itself and as agent for the co-owners, has taken actions to remove liens on the site filed by those subcontractors through the posting of surety bonds. Related to such liens, certain subcontractors have filed, and additional subcontractors may file, actions against Westinghouse and the co-owners to preserve their payment rights with respect to such claims. All amounts associated with the removal of subcontractor liens and other Westinghouse pre-petition accounts payable have been paid or accrued as of December 31, 2017.

On June 9, 2017, GPC and the other co-owners and Toshiba entered into a settlement agreement regarding the Toshiba Guarantee (the "Guarantee Settlement Agreement"). Pursuant to the Guarantee Settlement Agreement, Toshiba acknowledged the amount of its obligations under the Toshiba Guarantee was $3.7 billion (the "Guarantee Obligations"), of which our proportionate share was $59.3 million. The Guarantee Settlement Agreement provided for a schedule of payments for the Guarantee Obligations beginning in October 2017 and continuing through January 2021. Toshiba made the first three payments as scheduled. On December 8, 2017, the co-owners, certain affiliates of MEAG, and Toshiba entered into Amendment No. 1 to the Guarantee Settlement Agreement (the "Settlement Agreement Amendment"). Under the Settlement Agreement Amendment Toshiba satisfied the remaining scheduled payment obligations on December 14, 2017, and was deemed to be the owner of certain pre-petition bankruptcy claims of the co-owners and certain affiliates of MEAG against Westinghouse. Additionally, the co-owners surrendered certain letters of credit securing a portion of Westinghouse's potential obligations under the EPC Agreement.

Effective in July 2017, GPC, acting for itself and as agent for the other Vogtle Owners, and Westinghouse entered into the Vogtle Services Agreement, whereby Westinghouse will provide facility design and engineering services, procurement and technical support, and staff augmentation. The Vogtle Services Agreement will continue until the start-up and testing of Vogtle Units 3 and 4 are complete and electricity is generated and sold from both units. The Vogtle Services Agreement is terminable by the Vogtle Owners upon 30 days written notice.

In October 2017, GPC, acting for itself and as agent for the co-owners, entered into a construction completion agreement with Bechtel Power Corporation ("Bechtel"), whereby Bechtel will serve as the primary contractor for the remaining construction activities for Vogtle 3 and 4 (the "Bechtel Agreement"). Each Vogtle owner is severally (not jointly) liable for its proportionate share, based on its ownership interest, of all amounts owed to Bechtel under the Bechtel Agreement. The Vogtle Owners may terminate the Bechtel Agreement at any time for their convenience, provided that the Vogtle owners will be required to pay amounts related to work performed prior to the termination, certain termination-related costs, and, at certain stages of the work, the applicable portion of the at-risk fee. Bechtel may terminate the Bechtel Agreement under certain circumstances, including certain Vogtle owner suspensions of work, certain breaches of the Bechtel Agreement by the Vogtle owners, Vogtle owner insolvency, and certain other events.

4-C Commitments and Contingent Liabilities (continued)

In November 2017, the co-owners entered into an amendment to their joint ownership agreements for Vogtle 3 and 4 (as amended, the "Joint Ownership Agreements") to provide for, among other conditions, additional co-owner approval requirements. Pursuant to the Joint Ownership Agreements, the holders of at least 90% of the ownership interests in Vogtle 3 and 4 must vote to continue construction if certain adverse events occur, including the bankruptcy of Toshiba, termination or rejection in bankruptcy of certain agreements, including the Services Agreement or the Bechtel Agreement, and the Georgia Public Service Commission or GPC determines that any of GPC's costs relating to the construction will not be recovered in retail rates because such costs are deemed unreasonable or imprudent or an increase in the construction budget contained in GPC's seventeenth Vogtle construction monitoring ("VCM") report of more than $1 billion or extension of the project schedule contained in the seventeenth VCM report of more than one year.

We expect Vogtle Units 3 and 4 to be placed in service by November 2021 and November 2022, respectively. As construction continues risks remain that construction-related challenges, including management of contractors, subcontractors, and vendors, labor productivity and availability, fabrication, delivery, assembly, and installation of plant systems, structures and components (some of which are based on new technology and have not yet operated in the global nuclear industry at this scale), or other issues could further impact the projected schedule and estimated cost.

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.

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 but was appealed. It was amended on October 13, 2015 and will expire at midnight on March 31, 2020.

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 2017, the WLSF Commission incurred purchased gas expense of $20,600,000 and purchased electricity expense of $48,600,000, the majority of which was purchased under long-term commitments. The WLSF Commission expects that a substantial amount of its future gas and purchased electricity needs will continue to be purchased under long-term commitments.

4-D Joint Ventures

The City participates with Whitfield County in the Dalton-Whitfield Regional Solid Waste Management Authority. All budgetary and financial records are maintained by the City of Dalton. The DWRSWMA issued separate audited financial statements dated May 31, 2018.

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	$ 3,216,000	$ 2,217,000	$ 1,767,000	$ 7,200,000
Post-closure	$ 542,000	$ 1,348,000	2,165,000	1,493,000	1,243,000	6,791,000
	542,000	1,348,000	5,381,000	3,710,000	3,010,000	13,991,000
Percentage of total landfill capacity used as of December 31, 2017	100.0%	100.0%	100.0%	64.0%	76.6%	
	542,000	1,348,000	5,381,000	2,374,000	2,305,000	11,950,000
Land acquisition	50,000	-	-	-	-	50,000
Accrual at 12/31/17	$ 592,000	$ 1,348,000	$ 5,381,000	$ 2,374,000	$ 2,305,000	$ 12,000,000

The DWRSWMA will record the remaining estimated cost of closure and post-closure care costs of $1,991,000 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 2017. 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 August 1, 2017, the DWRSWMA was in compliance for closure and post-closure care financial assurance requirements for the 2016 year.

Condensed audited financial statements for the DWRSWMA at December 31, 2017 are as follows:

Statement of Net Position		
Assets		
Current assets	$	19,148,687
Capital assets, net		20,825,947
Total assets		39,974,634
Deferred outflows of resources		125,373
Total assets and deferred outflows	$	40,100,007
Liabilities		
Current liabilities	$	987,969
Non-current liabilities		13,628,952
Total liabilities		14,616,921
Deferred inflows of resources		193,341
Net position		25,289,745
Total liabilities, deferred inflows, and net position	$	40,100,007
Statement of Revenues, Expenses, and Changes in Fund Net Position		
Operating revenues	$	6,875,696
Operating expenses		3,925,780
Depreciation		1,518,026
Operating income (loss)		1,431,890
Non-operating revenues (expenses)		(128,229)
Change in net position		1,303,661
Beginning net position		23,986,084
Ending net position	$	25,289,745

4-D Joint Ventures (continued)

The City participates with Whitfield County in the Northwest Georgia Trade and Convention Center Authority. All budgetary and financial records are maintained by the City of Dalton. The Convention Center issued separate audited financial statements dated May 25, 2018.

The City and Whitfield County share equally in operations of the Convention Center, which operates to promote tourism within the City of Dalton and Whitfield County by hosting conventions, special events, and trade shows. 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 Convention Center at December 31, 2017 are as follows:

Statement of Net Position	
Assets	
Current assets	$ 737,439
Capital assets, net	10,147,747
Total assets	$ 10,885,186
Current liabilities	$ 494,313
Net position	10,390,873
Total liabilities and net position	$ 10,885,186
Statement of Revenues, Expenses, and Changes in Fund Net Position	
Operating revenues	$ 1,269,660
Operating expenses	1,729,522
Depreciation	561,805
Operating income (loss)	(1,021,667)
Non-operating revenues (expenses)	1,246,599
Change in net position	224,932
Beginning net position	10,165,941
Ending net position	$ 10,390,873

4-D Joint Ventures (continued)

The City participates with Whitfield County in the Dalton-Whitfield Joint Development Authority and the Dalton-Whitfield Economic Development Authority, which are reported as one entity as disclosed in Note 1. All budgetary and financial records are maintained by the JDA, which is housed at the Dalton-Whitfield Chamber of Commerce. The JDA issued separate audited financial statements dated June 18, 2018.

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.

Condensed audited financial statements for the JDA at December 31, 2017 are as follows:

Statement of Net Position		
Assets		
Current assets	$	1,230,482
Capital assets, net		5,138
Total assets	$	1,235,620
Current liabilities	$	284,187
Net position		951,433
Total liabilities and net position	$	1,235,620
Statement of Activities		
Program revenues	$	538,850
Intergovernmental revenues		315,185
Economic development expenses		394,145
Change in net position		459,890
Beginning net position		491,543
Ending net position	$	951,433

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, Whitfield County, Georgia, 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 inflows from the City of Dalton Board of Education, Whitfield County, and the City as transfers in and reports the related outflows of principal, interest, and sinking fund payments as debt service expenditures, as the entity is primarily a conduit for the respective governmental entities. The Building Authority holds various cash balances from proceeds from debt on behalf of the City or of the Board of Education. Amounts held in the Building Authority's cash account are reported as a receivable or payable in the financials.

4-F Debt Contingency

The City of Dalton Building Authority issued qualified zone academy bonds dated May 1, 2003 in the amount of $2,000,000 to finance capital improvements within the City of Dalton for the benefit of the school system. The amount of the bonds outstanding as of December 31, 2017 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, 2017 is $2,184,925.

The City of Dalton Building Authority issued revenue bonds during 2015 to finance SPLOST projects within Whitfield County. Based on an intergovernmental agreement, the City is responsible for repayment of $8,505,956 and Whitfield County is responsible for repayment of $18,434,044, as disclosed in Note 3-I. The amount of the bonds outstanding as of December 31, 2017 is $13,652,000. Prepayments of 2017 principal amounts due have been made to sinking funds. Those prepayments total $3,206,216 as of December 31, 2017.

4-G Tax Abatements

The Dalton-Whitfield Joint Development Authority (a joint venture between the City and Whitfield County, as disclosed in Note 1-A) has entered into several agreements for abatement of property taxes. The JDA provides tax incentives, based upon certain criteria, to potential and existing entities for the purpose of furthering economic growth in the Dalton-Whitfield area. The JDA is not a taxing authority. The tax abatements offered are abatements of Whitfield County, Georgia property tax and City of Dalton, Georgia property tax. Whitfield County and the City must approve the tax incentive agreements prior to their execution.

The criteria that makes an entity eligible for tax abatements through the JDA include providing new capital investment and/or new jobs in the Dalton-Whitfield area. The amount of the tax abatement transaction is determined based upon a specified rubric. Planned new jobs, community investment, diversification, wage levels, project location, and other factors are considered in determining the amount of tax abatement offered to an entity. The tax abatement period for a project can last up to fifteen years.

The entity must be willing to enter into a contractual agreement with the JDA and willing to enter into a bond financed sale leaseback transaction ("Industrial Revenue Bonds") which transfers title to improvements (land, buildings, equipment) during the life of the tax deferment/abatement plan to the JDA, as provided by Georgia state law. The local taxing jurisdictions and the public receive notice of the title transfer pursuant to an Industrial Revenue Bond validation.

Entities with tax abatements are required to file an annual report with the JDA which certifies the number of jobs created, the cumulative amount of capital investment, and other applicable measurements. In the event the entity fails to meet specified goals, a percentage method described in each agreement is used to determine the shortfall. The shortfall percentage is multiplied by the amount of taxes abated for the year for the project to arrive at a recovery payment. The recovery payment is due with the annual report.

Six tax abatement agreements are outstanding as of December 31, 2017. Reductions in tax revenues attributable to local governments are as follows:

Government Entity	2017 Tax Reduction
City of Dalton, Georgia	$ 95,654
Whitfield County, Georgia	1,215,903
City of Dalton Board of Education	312,993
Whitfield County Board of Education	1,577,234

4-H Georgia DCA Grant

During 2017, the City received a $200,000 grant from the Georgia Department of Community Affairs ("Georgia DCA") OneGeorgia Equity Fund to use for storm water drainage improvements. A schedule detailing the grants received and expended is as follows:

Schedule of OneGeorgia Grants
From Inception and for the Year Ended December 31, 2017

Grant # 16gq-155-2-4803	Project Award	Prior Years	Current Year	Total to Date
Revenues				
OneGeorgia Authority Equity Grant	$ 200,000	$ -	$ 200,000	$ 200,000
Total Revenues	200,000	-	200,000	200,000
Expenditures				
Stormwater drainage improvements	200,000	-	200,000	200,000
Total Expenditures	$ 200,000	$ -	$ 200,000	$ 200,000
Excess	$ -	$ -	$ -	$ -

4-I Subsequent Events – Debt Issuances

On February 14, 2018 the City of Dalton Building Authority issued revenue bonds totaling $13,360,000 for use by the City of Dalton Board of Education to fund capital outlay projects for the school district, including the purchase of land to be used for a new facility. The interest rate on the bonds is 1.989% and the maturity date is February 1, 2023.

On April 12, 2018, the City of Dalton issued general obligation bonds totaling $40,380,000 for use by the City of Dalton Board of Education to fund capital outlay projects for the school district, including the construction and equipping of a new facility. The interest rate on the bonds is 3.857% and the maturity date is February 1, 2048.

On April 17, 2018 the City of Dalton Building Authority issued revenue bonds totaling $3,200,000 for use by Whitfield County, Georgia to fund construction of a fire station. The interest rate on the bonds is 3.140% and the maturity date is December 31, 2029.

Management has evaluated subsequent events through June 29, 2018, the date the financial statements were available to be issued.

PENSION PLAN REQUIRED SUPPLEMENTARY INFORMATION

City of Dalton, Georgia
Required Supplementary Information
Schedule of Changes in the Net Pension Liability
December 31, 2017

	2015	2016	2017
Total pension liability:			
Service cost	$ 1,743,901	$ 1,652,021	$ 1,592,733
Expected interest growth	8,238,500	8,495,017	8,713,989
Demographic experience	(1,273,686)	216,267	(54,192)
Benefit payments and refunds	(6,513,889)	(6,904,562)	(7,133,475)
Assumption changes	1,890,054	-	-
Net change in total pension liability	4,084,880	3,458,743	3,119,055
Total pension liability - beginning (a)	122,337,634	126,422,514	129,881,257
Total pension liability - ending (c)	$ 126,422,514	$ 129,881,257	$ 133,000,312
Plan fiduciary net position:			
Employer contributions	$ 7,099,703	$ 6,841,734	$ 7,225,029
Employee contributions	784,871	769,249	727,343
Benefit payments and refunds	(6,513,878)	(6,904,591)	(7,133,475)
Administrative expenses	(59,791)	(42,900)	(59,239)
Expected interest growth	5,718,288	5,800,923	6,299,827
Unexpected investment income	(5,527,933)	814,584	5,258,879
Net change in plan fiduciary net position	1,501,260	7,278,999	12,318,364
Plan fiduciary net position - beginning (b)	83,354,643	84,855,903	92,134,902
Plan fiduciary net position - ending (d)	$ 84,855,903	$ 92,134,902	$ 104,453,266
Net pension liability - beginning (a) - (b)	$ 38,982,991	$ 41,566,611	$ 37,746,355
Net pension liability - ending (c) - (d)	$ 41,566,611	$ 37,746,355	$ 28,547,046
Pension Plan's fiduciary net position as a percentage of total pension liability	67%	71%	79%
Covered employee payroll	$ 16,758,095	$ 15,756,935	$ 15,113,517
Net pension liability as a percentage of covered employee payroll	248%	240%	189%

Note: 2015 was the first year that data was measured in accordance with GASB 68.
Note: Only three years of information are presented in the schedule above; ten years of information will be presented as it becomes available.

City of Dalton, Georgia
Required Supplementary Information
Schedule of Funding Progress
December 31, 2017

Measurement Date	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Funded Percentage	Covered Payroll	Net Pension Liability as a % of Covered Payroll
01/01/2009	$ 74,982,215	$ 50,049,875	$ 24,932,340	67%	$ 23,258,581	107%
01/01/2010	90,051,325	55,261,296	34,790,029	61%	21,418,412	162%
01/01/2011	94,177,910	60,426,552	33,751,358	64%	21,461,361	157%
01/01/2012	96,181,160	61,883,573	34,297,587	64%	19,632,308	175%
01/01/2013	103,250,126	66,758,929	36,491,197	65%	17,874,717	204%
12/31/2013	118,614,630	75,640,022	42,974,608	64%	17,324,713	248%
12/31/2014	122,337,631	83,354,743	38,982,888	68%	17,324,713	225%
12/31/2015	126,422,514	84,855,903	41,566,611	67%	16,758,095	248%
12/31/2016	129,881,257	92,134,902	37,746,355	71%	15,756,935	240%
12/31/2017	133,000,312	104,453,266	28,547,046	79%	15,113,517	189%

Note: 2015 was the first year that data was measured in accordance with GASB 68.

City of Dalton, Georgia
Required Supplementary Information
Schedule of Actuarially Determined Contributions
December 31, 2017

Year End	Actuarially Determined Contribution (1)	Contributions Recognized by the Plan (2)	Difference Between (1) and (2)	Covered Payroll	Contributions as a % of Covered Payroll
12/31/2008	$ 2,624,838	$ 2,624,838	$ -	$ 24,817,638	11%
12/31/2009	3,214,925	3,214,925	-	23,258,581	14%
12/31/2010	3,657,993	3,657,993	-	21,418,412	17%
12/31/2011	3,977,435	3,977,435	-	21,461,361	19%
12/31/2012	4,220,538	4,220,538	-	19,632,308	21%
12/31/2013	4,374,373	4,374,373	-	17,874,717	24%
12/31/2014	6,789,929	6,789,929	-	17,324,713	39%
12/31/2015	7,099,703	7,099,703	-	16,758,095	42%
12/31/2016	6,657,107	6,841,734	(184,627)	15,756,935	43%
12/31/2017	7,409,656	7,225,029	184,627	15,113,517	48%

Note: 2015 was the first year that data was measured in accordance with GASB 68.

City of Dalton, Georgia
Required Supplementary Information
Schedule of Annual Money-Weighted Rates of Return and Notes to Required Supplementary Information
December 31, 2017

Schedule of Annual Money-Weighted Rates of Return, Net of Investment Expense:

December 31, 2017	12.72%

Notes to the Required Supplementary Information:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Employers reporting date:	December 31, 2017
Measurement date:	December 31, 2017
Actuarial valuation date:	January 1, 2017
Actuarial cost method:	Entry age normal cost method
Amortization method:	The unfunded actuarial accrued liability is amortized over a 10 year period with level dollar payments.
Asset method:	The actuarial value of assets is equal to the market value of assets.
Interest (discount) rate:	6.81% per annum
Salary increases:	Pension Plan compensation is assumed to increase at the rate of 4.00% per annum, unless actual Pension Plan compensation is known for a prior Pension Plan year.

No significant Pension Plan changes have been adopted since the completion of the previous valuation.

Note: 2015 is the first year that data has been measured in accordance with GASB 68.

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 expenditure 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 SPLOST and LOST projects as well as general capital acquisition.

City of Dalton, Georgia
Combining Balance Sheet - By Fund Type
Nonmajor Governmental Funds
December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 214,615	$ 48,363	$ 5,225,355	$ 5,488,333
Receivables:				
Accounts	102,311	-	-	102,311
Taxes	110	-	-	110
Intergovernmental - federal	8,146	-	-	8,146
Intergovernmental - local	-	115,043	2,480,641	2,595,684
Interfund	-	-	20,670	20,670
Prepaid items	40	-	-	40
Total Assets	$ 325,222	$ 163,406	$ 7,726,666	$ 8,215,294
Liabilities				
Accounts payable	$ 84,295	$ -	$ 726,372	$ 810,667
Accrued interest payable	-	115,043	-	115,043
Interfund payable	46,213	-	724,575	770,788
Unearned revenue	-	48,353	-	48,353
Total Liabilities	130,508	163,396	1,450,947	1,744,851
Deferred Inflows of Resources				
Unavailable revenue - property taxes	78	-	-	78
Fund Balances				
Nonspendable:				
Prepaid items	40	-	-	40
Restricted for:				
Economic development	66,553	-	-	66,553
Public safety	128,041	-	-	128,041
Housing and development	2	-	-	2
Debt service	-	10	-	10
Capital projects	-	-	6,275,719	6,275,719
Total Fund Balances	194,636	10	6,275,719	6,470,365
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 325,222	$ 163,406	$ 7,726,666	$ 8,215,294

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, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Real and personal property taxes	$ 4,581	$ -	$ -	$ 4,581
Hotel motel tax	1,501,172	-	-	1,501,172
Intergovernmental - federal	511,995	-	-	511,995
Intergovernmental - state	3,790	-	1,154,738	1,158,528
Intergovernmental - local	45,910	53,000	10,131,866	10,230,776
Fines and forfeitures	83,181	-	-	83,181
Investment earnings	615	101,372	67,156	169,143
Miscellaneous	38,180	-	-	38,180
Total Revenues	2,189,424	154,372	11,353,760	13,697,556
Expenditures				
Current:				
General government	88,480	-	1,083	89,563
Public safety	60,658	-	31,226	91,884
Public works	-	-	1,234,390	1,234,390
Health and welfare	26,408	-	-	26,408
Culture and recreation	528,828	-	92,086	620,914
Capital Outlay				
General government	157,038	-	1,838,180	1,995,218
Public safety	-	-	401,044	401,044
Public works	-	-	4,986,251	4,986,251
Culture and recreation	270,767	-	2,888,245	3,159,012
Debt Service:				
Principal retirement	-	536,678	2,113,612	2,650,290
Interest and fiscal charges	-	241,012	83,313	324,325
Total Expenditures	1,132,179	777,690	13,669,430	15,579,299
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,057,245	(623,318)	(2,315,670)	(1,881,743)
Other Financing Sources (Uses)				
Transfers in	23,888	623,159	480,820	1,127,867
Transfers out	(980,483)	-	-	(980,483)
Total Other Financing Sources (Uses)	(956,595)	623,159	480,820	147,384
Net Change in Fund Balances	100,650	(159)	(1,834,850)	(1,734,359)
Fund Balances Beginning of Year	93,986	169	8,110,569	8,204,724
Fund Balances End of Year	$ 194,636	$ 10	$ 6,275,719	$ 6,470,365

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, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 15,613,845	$ 17,939,475
Investments	6,618,081	1,156,275
Receivables:		
Accounts	1,181,399	1,329,212
Taxes	1,029,368	973,117
Intergovernmental - federal	2,168	1,724
Intergovernmental - state	723	574
Intergovernmental - local	314,208	229,883
Interfund	813,195	1,453,783
Inventory	170,031	207,651
Prepaid items	1,649	41,411
Total Assets	$ 25,744,667	$ 23,333,105
Liabilities		
Accounts payable	$ 654,621	$ 371,400
Accrued expenditures	604,719	563,441
Unearned revenue	144,385	119,695
Interfund payable	-	256,772
Total Liabilities	1,403,725	1,311,308
Deferred Inflows of Resources		
Unavailable revenue - property taxes	490,460	760,281
Fund Balances		
Nonspendable:		
Inventory	170,031	207,651
Prepaid items	1,649	41,411
Restricted:		
Public works (cemetery chapel renovation)	89,974	89,974
Public works (streetscape)	15,000	-
Culture and recreation (greenway project)	10,000	10,000
Unassigned	23,563,828	20,912,480
Total Fund Balances	23,850,482	21,261,516
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 25,744,667	$ 23,333,105

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Taxes:					
Real and personal property taxes	$ 8,088,255	$ 8,772,605	$ 8,818,238	$ 45,633	$ 8,142,248
Vehicle tax	140,000	126,000	126,497	497	155,598
Title ad valorem tax	800,100	1,090,000	1,116,315	26,315	937,747
Sales tax	5,406,000	5,365,000	5,365,013	13	4,859,185
Insurance premium tax	2,066,000	2,200,000	2,200,390	390	2,066,095
Recording intangibles	35,000	40,000	40,669	669	43,826
Franchise tax	529,000	497,000	497,696	696	523,655
Real estate transfer tax	16,000	13,000	13,427	427	15,894
Beer tax	539,000	548,000	548,966	966	549,301
Wine tax	75,000	76,000	76,387	387	75,372
Liquor tax	88,000	89,000	89,245	245	86,687
Mixed drink tax	65,000	74,000	74,585	585	65,405
Total taxes	17,847,355	18,890,605	18,967,428	76,823	17,521,013
Licenses and permits:					
Alcohol beverage licenses	237,100	237,100	243,563	6,463	233,208
Occupation tax	730,000	730,000	742,771	12,771	734,465
Other permits	1,900	2,200	2,200	-	2,000
Total licenses and permits	969,000	969,300	988,534	19,234	969,673
Intergovernmental:					
Whitfield County	177,000	177,000	177,000	-	180,110
Housing Authority	48,700	48,700	48,712	12	48,712
Payments in lieu of taxes	37,000	30,000	29,926	(74)	63,438
Federal grants and contracts	7,300	32,000	32,685	685	8,927
State grants and contracts	354,700	4,000	4,136	136	274,734
Total intergovernmental	624,700	291,700	292,459	759	575,921
Charges for services:					
Senior center	56,000	55,300	51,076	(4,224)	50,800
Program admission and fees	145,200	140,900	156,890	15,990	123,918
Concession revenue	273,800	242,800	242,850	50	270,716
Garbage and recycling revenue	2,800	3,500	3,523	23	6,569
Public works fees	68,000	76,400	103,188	26,788	77,495
Municipal court fees	741,000	741,000	743,691	2,691	803,218
Public safety fees	46,600	30,100	38,279	8,179	36,765
Cemetery fees	39,000	73,500	74,370	870	39,610
Total charges for services	1,372,400	1,363,500	1,413,867	50,367	1,409,091
Fines and forfeitures	380,000	371,600	371,666	66	410,826
Investment earnings	90,050	125,250	126,773	1,523	90,200

(Continued)

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Miscellaneous:					
Penalties, fines, and interest	85,400	111,000	112,204	1,204	101,549
Rental income	236,200	236,100	240,585	4,485	235,717
Donations	13,600	245,800	261,115	15,315	50,252
Sale of property	460,000	42,000	54,872	12,872	152,401
Reimbursements	164,000	165,800	170,357	4,557	187,576
Miscellaneous	76,200	90,690	98,201	7,511	70,777
Total miscellaneous	1,035,400	891,390	937,334	45,944	798,272
Total revenues	$ 22,318,905	$ 22,903,345	$ 23,098,061	$ 194,716	$ 21,774,996

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Current:					
General Government:					
Legislative					
Personal services and benefits	$ 64,640	$ 64,640	$ 62,413	$ 2,227	$ 63,802
Other	80,655	80,655	77,088	3,567	82,464
Total	145,295	145,295	139,501	5,794	146,266
Administrative					
Personal services and benefits	194,295	75,485	73,883	1,602	187,261
Other	301,000	195,810	170,557	25,253	329,181
Total	495,295	271,295	244,440	26,855	516,442
City Clerk					
Personal services and benefits	239,420	242,785	242,726	59	239,468
Other	42,500	39,135	31,823	7,312	37,344
Total	281,920	281,920	274,549	7,371	276,812
Elections					
Other	15,500	15,500	7,581	7,919	-
Total	15,500	15,500	7,581	7,919	-
Finance					
Personal services and benefits	334,695	331,810	325,413	6,397	320,723
Other	323,905	306,790	293,679	13,111	291,323
Total	658,600	638,600	619,092	19,508	612,046
Human Resources					
Personal services and benefits	288,660	291,895	290,263	1,632	286,157
Other	66,500	63,265	56,217	7,048	61,983
Total	355,160	355,160	346,480	8,680	348,140
Technology					
Personal services and benefits	139,875	143,875	142,136	1,739	134,781
Other	103,465	99,465	95,162	4,303	149,002
Capital outlay	-	-	-	-	20,443
Total	243,340	243,340	237,298	6,042	304,226
Buildings and Grounds					
Other	225,750	270,750	263,507	7,243	250,056
Total	225,750	270,750	263,507	7,243	250,056

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Infrastructure					
Capital outlay	10,265	10,315	-	10,315	-
Total	10,265	10,315	-	10,315	-
Total General Government	2,431,125	2,232,175	2,132,448	99,727	2,453,988
Judicial:					
Municipal Court					
Personal services and benefits	251,940	241,140	239,605	1,535	240,406
Other	224,840	210,640	197,165	13,475	193,330
Total	476,780	451,780	436,770	15,010	433,736
Total Judicial	476,780	451,780	436,770	15,010	433,736
Public Safety:					
Fire Department					
Personal services and benefits	7,831,595	7,616,670	7,605,579	11,091	7,333,406
Other	894,720	898,375	842,861	55,514	839,290
Capital outlay	-	-	-	-	40,096
Total	8,726,315	8,515,045	8,448,440	66,605	8,212,792
Police Department					
Personal services and benefits	6,806,355	6,631,720	6,611,990	19,730	6,375,549
Other	1,214,055	1,268,000	1,203,817	64,183	1,094,708
Capital outlay	37,000	20,045	19,995	50	55,396
Total	8,057,410	7,919,765	7,835,802	83,963	7,525,653
Total Public Safety	16,783,725	16,434,810	16,284,242	150,568	15,738,445
Public Works:					
Public Works					
Personal services and benefits	4,633,655	4,470,040	4,433,992	36,048	4,293,122
Other	2,722,955	2,579,470	2,558,420	21,050	2,384,612
Capital outlay	11,000	18,100	18,100	-	10,618
Total	7,367,610	7,067,610	7,010,512	57,098	6,688,352
Infrastructure					
Other	354,750	-	-	-	390,123
Capital outlay	-	-	-	-	53,253
Total	354,750	-	-	-	443,376
Total Public Works	7,722,360	7,067,610	7,010,512	57,098	7,131,728

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Health and Welfare:					
Senior Center					
Personal services and benefits	254,360	262,830	262,795	35	250,981
Other	138,790	133,810	122,800	11,010	150,510
Capital outlay	20,000	1,175	-	1,175	-
Total	413,150	397,815	385,595	12,220	401,491
Special Projects					
Other	201,800	990	984	6	984
Total	201,800	990	984	6	984
Total Health and Welfare	614,950	398,805	386,579	12,226	402,475
Culture and Recreation:					
Recreation Department					
Personal services and benefits	2,155,870	1,949,365	1,930,653	18,712	1,933,445
Other	1,361,400	1,325,905	1,281,107	44,798	1,217,301
Capital outlay	30,000	14,500	-	14,500	-
Total	3,547,270	3,289,770	3,211,760	78,010	3,150,746
Special Projects					
Other	81,000	281,810	281,810	-	281,810
Total	81,000	281,810	281,810	-	281,810
Infrastructure					
Capital outlay	-	-	-	-	183,436
Total	-	-	-	-	183,436
Total Culture and Recreation	3,628,270	3,571,580	3,493,570	78,010	3,615,992
Housing and Development:					
Special Projects					
Other	307,500	351,600	351,590	10	311,750
Total	307,500	351,600	351,590	10	311,750
Total Housing and Development	307,500	351,600	351,590	10	311,750
Total expenditures	$ 31,964,710	$ 30,508,360	$ 30,095,711	$ 412,649	$ 30,088,114

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Police Department					
Administration					
Personal services and benefits	$ 705,255	$ 695,565	$ 691,361	4,204	$ 623,583
Other	393,940	428,770	406,317	22,453	379,339
Total	1,099,195	1,124,335	1,097,678	26,657	1,002,922
Patrol					
Personal services and benefits	4,029,720	3,926,860	3,921,768	5,092	3,773,843
Other	450,585	479,570	471,461	8,109	380,629
Capital outlay	37,000	20,045	19,995	50	-
Total	4,517,305	4,426,475	4,413,224	13,251	4,154,472
Criminal Investigation Division					
Personal services and benefits	1,199,400	1,214,785	1,209,435	5,350	1,145,013
Other	114,040	100,690	86,745	13,945	98,123
Total	1,313,440	1,315,475	1,296,180	19,295	1,243,136
Support Services					
Personal services and benefits	871,980	794,510	789,426	5,084	833,110
Other	255,490	258,970	239,294	19,676	236,617
Capital outlay	-	-	-	-	55,396
Total	1,127,470	1,053,480	1,028,720	24,760	1,125,123
Total Police Department	$ 8,057,410	$ 7,919,765	$ 7,835,802	$ 83,963	$ 7,525,653

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Public Works Department					
Administration					
Personal services and benefits	$ 586,880	$ 491,840	$ 489,205	$ 2,635	$ 504,516
Other	778,275	706,745	702,794	3,951	576,447
Total	1,365,155	1,198,585	1,191,999	6,586	1,080,963
Street					
Personal services and benefits	809,585	755,505	745,802	9,703	702,831
Other	233,285	247,300	243,682	3,618	197,772
Total	1,042,870	1,002,805	989,484	13,321	900,603
Sanitation					
Personal services and benefits	1,631,480	1,522,460	1,511,265	11,195	1,592,990
Other	360,650	348,200	347,275	925	365,147
Total	1,992,130	1,870,660	1,858,540	12,120	1,958,137
Shop					
Personal services and benefits	532,170	558,945	558,418	527	510,029
Other	702,995	700,225	700,089	136	672,499
Total	1,235,165	1,259,170	1,258,507	663	1,182,528
Traffic engineer					
Personal services and benefits	444,995	421,485	413,685	7,800	409,396
Other	94,525	88,925	88,805	120	97,359
Total	539,520	510,410	502,490	7,920	506,755
Landscaping					
Personal services and benefits	351,255	438,765	438,651	114	313,938
Other	271,170	222,270	217,432	4,838	217,200
Capital outlay	11,000	18,100	18,100	-	10,618
Total	633,425	679,135	674,183	4,952	541,756
Stormwater					
Personal services and benefits	277,290	281,040	276,966	4,074	259,422
Other	282,055	265,805	258,343	7,462	258,188
Total	559,345	546,845	535,309	11,536	517,610
Total Public Works	$ 7,367,610	$ 7,067,610	$ 7,010,512	$ 57,098	$ 6,688,352

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Recreation Department					
Administration					
Personal services and benefits	$ 901,545	$ 820,300	$ 813,882	$ 6,418	$ 825,950
Other	166,700	162,775	156,562	6,213	145,272
Total	1,068,245	983,075	970,444	12,631	971,222
Programs					
Personal services and benefits	366,130	353,405	348,321	5,084	352,810
Other	477,800	426,230	418,407	7,823	375,188
Total	843,930	779,635	766,728	12,907	727,998
Parks					
Personal services and benefits	888,195	775,660	768,450	7,210	754,685
Other	716,900	736,900	706,138	30,762	696,841
Capital outlay	30,000	14,500	-	14,500	-
Total	1,635,095	1,527,060	1,474,588	52,472	1,451,526
Total Recreation Department	$ 3,547,270	$ 3,289,770	$ 3,211,760	$ 78,010	$ 3,150,746

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.

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

Transportation Enhancement Grant – Established to account for grant proceeds from the Georgia Department of Transportation for a multi-phase greenway and street project connecting cultural and recreational amenities.

Tax Allocation District #1 – Established to account for property tax collections derived from the City tax allocation districts for the purpose of stimulating private redevelopment within a specified area in downtown Dalton.

Tax Allocation District #3 – Established to account for property tax collections derived from the City tax allocation districts for the purpose of stimulating private redevelopment within a specified area on West Walnut Avenue.

Economic Development Fund – Established to account for payments in lieu of taxes derived from an agreement between a business and the Dalton-Whitfield Joint Development Authority, with the proceeds restricted for economic development.

City of Dalton, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Hotel Motel Tax	Confiscated Assets	Community Development Block Grant	Community HOME Invest. Program Grant	Airport Improvement Grant	Transportation Enhancement Grant	Tax Allocation District #1	Tax Allocation District #3	Economic Development	Total Nonmajor Special Revenue Funds
Assets										
Cash and cash equivalents	$ -	$ 145,472	$ 1	$ 1	$ -	$ -	$ 13,631	$ 9,600	$ 45,910	$ 214,615
Receivables:										
Accounts	102,311	-	-	-	-	-	-	-	-	102,311
Taxes	-	-	-	-	-	-	110	-	-	110
Intergovernmental - federal	-	-	8,146	-	-	-	-	-	-	8,146
Prepaid items	-	40	-	-	-	-	-	-	-	40
Total Assets	$ 102,311	$ 145,512	$ 8,147	$ 1	$ -	$ -	$ 13,741	$ 9,600	$ 45,910	$ 325,222
Liabilities										
Accounts payable	$ 70,404	$ 6,920	$ 4,351	$ -	$ -	$ -	$ -	$ 2,620	$ -	$ 84,295
Interfund payable	31,907	10,511	3,795	-	-	-	-	-	-	46,213
Total Liabilities	102,311	17,431	8,146	-	-	-	-	2,620	-	130,508
Deferred Inflows of Resources										
Unavailable revenue - property taxes	-	-	-	-	-	-	78	-	-	78
Fund Balances										
Nonspendable:										
Prepaid items	-	40	-	-	-	-	-	-	-	40
Restricted for:										
Economic development	-	-	-	-	-	-	13,663	6,980	45,910	66,553
Public safety	-	128,041	-	-	-	-	-	-	-	128,041
Housing and development	-	-	1	1	-	-	-	-	-	2
Total Fund Balances	-	128,081	1	1	-	-	13,663	6,980	45,910	194,636
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 102,311	$ 145,512	$ 8,147	$ 1	$ -	$ -	$ 13,741	$ 9,600	$ 45,910	$ 325,222

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	Hotel Motel Tax	Confiscated Assets	Community Development Block Grant	Community HOME Invest. Program Grant	Airport Improvement Grant	Transportation Enhancement Grant	Tax Allocation District #1	Tax Allocation District #3	Economic Development	Total Nonmajor Special Revenue Funds
Revenues										
Real and personal property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,581	$ -	$ -	$ 4,581
Hotel/motel taxes	1,501,172	-	-	-	-	-	-	-	-	1,501,172
Payments in lieu of taxes	-	-	-	-	-	-	-	-	45,910	45,910
Intergovernmental - federal	-	-	382,635	-	129,360	-	-	-	-	511,995
Intergovernmental - state	-	-	-	-	3,790	-	-	-	-	3,790
Fines & forfeitures	-	83,181	-	-	-	-	-	-	-	83,181
Investment earnings	-	599	-	-	-	-	16	-	-	615
Miscellaneous	8,139	20,041	-	-	-	-	-	10,000	-	38,180
Total Revenues	1,509,311	103,821	382,635	-	133,150	-	4,597	10,000	45,910	2,189,424
Expenditures										
Current:										
General government	-	-	85,460	-	-	-	-	3,020	-	88,480
Public safety	-	60,658	-	-	-	-	-	-	-	60,658
Health and welfare	-	-	26,408	-	-	-	-	-	-	26,408
Culture and recreation	528,828	-	-	-	-	-	-	-	-	528,828
Total Current	528,828	60,658	111,868	-	-	-	-	3,020	-	704,374
Capital Outlay:										
General government	-	-	-	-	157,038	-	-	-	-	157,038
Culture and recreation	-	-	270,767	-	-	-	-	-	-	270,767
Total Capital Outlay	-	-	270,767	-	157,038	-	-	-	-	427,805
Total Expenditures	528,828	60,658	382,635	-	157,038	-	-	3,020	-	1,132,179
Excess (Deficiency) of Revenues Over (Under) Expenditures	980,483	43,163	-	-	(23,888)	-	4,597	6,980	45,910	1,057,245
Other Financing Sources (Uses)										
Transfers in (out)	(980,483)	-	-	-	23,888	-	-	-	-	(956,595)
Net Change in Fund Balances	-	43,163	-	-	-	-	4,597	6,980	45,910	100,650
Fund Balances Beginning of Year	-	84,918	1	1	-	-	9,066	-	-	93,986
Fund Balances End of Year	$ -	$ 128,081	$ 1	$ 1	$ -	$ -	$ 13,663	$ 6,980	$ 45,910	$ 194,636

City of Dalton, Georgia
Hotel/Motel Tax Fund
Comparative Balance Sheet
December 31, 2017 and 2016

	2017	2016
Assets		
Accounts receivable	$ 102,311	$ 116,283
Total Assets	$ 102,311	$ 116,283
Liabilities		
Accounts payable	$ 70,404	$ 21,892
Interfund payable	31,907	94,391
Total Liabilities	$ 102,311	$ 116,283

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, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Hotel/motel taxes	$ 1,300,000	$ 1,501,500	$ 1,501,172	$ (328)	$ 1,410,761
Miscellaneous	-	8,000	8,139	139	14,862
Total Revenues	1,300,000	1,509,500	1,509,311	(189)	1,425,623
Expenditures					
Current:					
Culture and recreation:					
Other	497,000	529,000	528,828	172	604,486
Total Expenditures	497,000	529,000	528,828	172	604,486
Excess (Deficiency) of Revenues Over (Under) Expenditures	803,000	980,500	980,483	(17)	821,137
Other Financing (Uses)					
Transfers out	(803,000)	(980,500)	(980,483)	17	(821,137)
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, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 145,472	$ 86,679
Prepaid items	40	-
Total Assets	$ 145,512	$ 86,679
Liabilities		
Accounts payable	$ 6,920	$ 1,761
Interfund payable	10,511	-
Total Liabilities	17,431	1,761
Fund Balances		
Nonspendable:		
Prepaid items	40	-
Restricted - public safety	128,041	84,918
Total Fund Balances	128,081	84,918
Total Liabilities and Fund Balances	$ 145,512	$ 86,679

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, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 60,000	$ 60,000	$ -	$ (60,000)	$ 24,277
Fines & forfeitures	25,000	25,000	83,181	58,181	45,837
Investment earnings	290	290	599	309	354
Miscellaneous	-	18,540	20,041	1,501	2,565
Total Revenues	85,290	103,830	103,821	(9)	73,033
Expenditures					
Current:					
Public Safety:					
Other	80,450	60,680	60,658	22	56,063
Capital Outlay:					
Public Safety:					
Capital outlay	-	-	-	-	8,168
Total Expenditures	80,450	60,680	60,658	22	64,231
Net Change in Fund Balances	$ 4,840	$ 43,150	43,163	$ 13	8,802
Fund Balances Beginning of Year			84,918		76,116
Fund Balances End of Year			$ 128,081		$ 84,918

City of Dalton, Georgia
Community Development Block Grant Fund
Comparative Balance Sheet
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 1	$ 1
Intergovernmental receivable - federal	8,146	81,257
Total Assets	$ 8,147	$ 81,258
Liabilities		
Accounts payable	$ 4,351	$ 76,529
Interfund payable	3,795	4,728
Total Liabilities	8,146	81,257
Fund Balances		
Restricted - housing and development	1	1
Total Fund Balances	1	1
Total Liabilities and Fund Balances	$ 8,147	$ 81,258

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CDBG Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 390,000	$ 383,195	$ 382,635	$ (560)	$ 245,733
Total Revenues	390,000	383,195	382,635	(560)	245,733
Expenditures					
Current:					
General Government:					
Other	78,000	85,650	85,460	190	93,035
Health and Welfare:					
Other	30,000	26,780	26,408	372	39,085
Housing and Development:					
Other	-	-	-	-	113,613
Capital outlay:					
Culture and Recreation:					
Capital outlay	282,000	270,765	270,767	(2)	-
Total Expenditures	390,000	383,195	382,635	560	245,733
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, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 1	$ 1
Total Assets	$ 1	$ 1
Fund Balances		
Restricted - housing and development	$ 1	$ 1
Total Fund Balances	$ 1	$ 1

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CHIP Grant
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 304,980	$ 304,980	$ -	$ (304,980)	$ -
Total Revenues	304,980	304,980	-	(304,980)	-
Expenditures					
Current:					
Housing and Development:					
Other	309,980	309,980	-	309,980	150
Total Expenditures	309,980	309,980	-	309,980	150
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(5,000)	-	5,000	(150)
Other Financing Sources					
Transfers in	5,000	5,000	-	(5,000)	150
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			1		1
Fund Balances End of Year			$ 1		$ 1

City of Dalton, Georgia
Airport Improvement Grant Fund
Comparative Balance Sheet
December 31, 2017 and 2016

	2017	2016
Assets		
Receivables:		
Intergovernmental - federal	$ -	$ 138,952
Intergovernmental - state	-	7,719
Total Assets	$ -	$ 146,671
Liabilities		
Accounts payable	$ -	$ 32,633
Interfund payable	-	114,038
Total Liabilities	$ -	$ 146,671

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, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 1,607,835	$ 128,335	$ 129,360	$ 1,025	$ 335,775
Intergovernmental - state	89,325	4,925	3,790	(1,135)	17,444
Total Revenues	1,697,160	133,260	133,150	(110)	353,219
Expenditures					
Current:					
General Government:					
Other	-	-	-	-	40,160
Capital outlay:					
General Government:					
Capital outlay	1,778,795	157,195	157,038	157	342,493
Total Expenditures	1,778,795	157,195	157,038	157	382,653
Excess (Deficiency) of Revenues Over (Under) Expenditures	(81,635)	(23,935)	(23,888)	47	(29,434)
Other Financing Sources					
Transfers in	81,635	23,935	23,888	(47)	29,434
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

City of Dalton, Georgia
Transportation Enhancement Grant
Comparative Balance Sheet
December 31, 2017 and 2016

	2017	2016
Assets		
Receivables:		
Intergovernmental - federal	$ -	$ 72,733
Total Assets	$ -	$ 72,733
Liabilities		
Interfund payable	$ -	$ 72,733
Total Liabilities	$ -	$ 72,733

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Transportation Enhancement Grant
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ -	$ -	$ -	$ -	$ 481,361
Total Revenues	-	-	-	-	481,361
Expenditures					
Current:					
Culture and recreation:					
Other	-	-	-	-	3,780
Capital outlay:					
Culture and recreation:					
Capital outlay	-	-	-	-	481,763
Total Expenditures	-	-	-	-	485,543
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	(4,182)
Other Financing Sources					
Transfers in	-	-	-	-	4,182
Net Change in Fund Balances	$ -	$ -	-	$ -	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ -		$ -

City of Dalton, Georgia
Tax Allocation District #1
Comparative Balance Sheet
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 13,631	$ -
Receivables:		
Taxes	110	568
Interfund	-	9,064
Total Assets	$ 13,741	$ 9,632
Liabilities		
Accounts payable	$ -	$ 140
Total Liabilities	-	140
Deferred Inflows of Resources		
Unavailable revenue - property taxes	78	426
Fund Balances		
Restricted - economic development	13,663	9,066
Total Fund Balances	13,663	9,066
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 13,741	$ 9,632

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual - Tax Allocation District #1
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Real and personal property taxes	$ -	$ 4,965	$ 4,581	$ (384)	$ 9,066
Investment earnings	-	15	16	1	-
Total Revenues	-	4,980	4,597	(383)	9,066
Expenditures					
Current:					
General Government:					
Other	15,000	-	-	-	14,133
Total Expenditures	15,000	-	-	-	14,133
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	4,980	4,597	(383)	(5,067)
Other Financing Sources					
Transfers in	15,000	-	-	-	14,133
Net Change in Fund Balances	$ -	$ 4,980	4,597	$ (383)	9,066
Fund Balances Beginning of Year			9,066		-
Fund Balances End of Year			$ 13,663		$ 9,066

City of Dalton, Georgia
Tax Allocation District #3
Comparative Balance Sheet
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 9,600	$ -
Total Assets	$ 9,600	$ -
Liabilities		
Accounts payable	$ 2,620	$ -
Total Liabilities	2,620	-
Fund Balances		
Restricted - economic development	6,980	-
Total Fund Balances	6,980	-
Total Liabilities and Fund Balances	$ 9,600	$ -

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual - Tax Allocation District #3
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Miscellaneous	$ -	$ 10,000	$ 10,000	$ -	$ -
Total Revenues	-	10,000	10,000	-	-
Expenditures					
Current:					
General Government:					
Other	-	3,100	3,020	80	-
Total Expenditures	-	3,100	3,020	80	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	6,900	6,980	80	-
Net Change in Fund Balances	$ -	$ 6,900	6,980	$ 80	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ 6,980		$ -

City of Dalton, Georgia
Economic Development Fund
Comparative Balance Sheet
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 45,910	$ -
Total Assets	$ 45,910	$ -
Fund Balances		
Restricted - economic development	$ 45,910	$ -
Total Fund Balances	$ 45,910	$ -

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual - Economic Development Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Payments in lieu of taxes	$ -	$ 45,915	$ 45,910	$ (5)	$ -
Net Change in Fund Balances	$ -	$ 45,915	45,910	$ (5)	-
Fund Balances Beginning of Year			-		-
Fund Balances End of Year			$ 45,910		$ -

NONMAJOR DEBT SERVICE FUND

City of Dalton, Georgia
Comparative Balance Sheet
Debt Service Fund
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 48,363	$ 50,723
Receivables:		
Intergovernmental - local	115,043	120,668
Total Assets	$ 163,406	$ 171,391
Liabilities		
Accrued interest payable	$ 115,043	$ 120,668
Unearned revenue	48,353	50,554
Total Liabilities	163,396	171,222
Fund Balances		
Restricted - debt service	10	169
Total Fund Balances	10	169
Total Liabilities and Fund Balances	$ 163,406	$ 171,391

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, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - local	$ 53,000	$ 53,000	$ 53,000	$ -	$ 53,000
Investment earnings	98,870	98,870	101,372	2,502	105,673
Total Revenues	151,870	151,870	154,372	2,502	158,673
Expenditures					
Debt Service:					
Principal retirement	536,675	536,685	536,678	7	522,704
Interest and fiscal charges	242,755	242,745	241,012	1,733	257,013
Total Expenditures	779,430	779,430	777,690	1,740	779,717
Excess (Deficiency) of Revenues Over (Under) Expenditures	(627,560)	(627,560)	(623,318)	4,242	(621,044)
Other Financing Sources (Uses)					
Transfers in	627,560	627,560	623,159	(4,401)	620,720
Net Change in Fund Balances	$ -	$ -	(159)	$ (159)	(324)
Fund Balances Beginning of Year			169		493
Fund Balances End of Year			$ 10		$ 169

NONMAJOR CAPITAL PROJECTS FUNDS

2015 SPLOST Capital Projects Fund – Established to account for a portion of 2015 SPLOST proceeds and related current and capital expenditures of those proceeds. The Building Authority issued debt during 2015 to prefund certain City and county-wide SPLOST projects, and the proceeds and related projects will be accounted for and reported in this fund.

2015 SPLOST Bonded Debt Capital Projects Fund – Established to account for a portion of 2015 SPLOST proceeds and related current and capital expenditures of those proceeds. The Building Authority issued debt during 2015 to prefund certain City and county-wide SPLOST projects, and the repayment of that debt with SPLOST revenues collected will be accounted for and reported in this fund. Further, all SPLOST projects that were not prefunded by the debt issuance will be accounted for and reported in this fund.

2007 SPLOST Capital Projects Fund – Established to account for all 2007 SPLOST proceeds and related current and capital expenditures of those 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, 2017

	SPLOST 2015 Capital Projects Fund	SPLOST 2015 Bonded Debt Capital Projects Fund	SPLOST 2007 Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Assets					
Cash and cash equivalents	$ -	$ 5,201,899	$ -	$ 23,456	$ 5,225,355
Receivables:					
Intergovernmental - local	559,308	1,632,623	288,710	-	2,480,641
Interfund	20,670	-	-	-	20,670
Total Assets	$ 579,978	$ 6,834,522	$ 288,710	$ 23,456	$ 7,726,666
Liabilities					
Accounts payable	$ 116,252	$ 362,540	$ 224,124	$ 23,456	$ 726,372
Interfund payable	161	659,828	64,586	-	724,575
Total Liabilities	116,413	1,022,368	288,710	23,456	1,450,947
Fund Balances					
Restricted for:					
Capital projects	463,565	5,812,154	-	-	6,275,719
Total Fund Balances	463,565	5,812,154	-	-	6,275,719
Total Liabilities and Fund Balances	$ 579,978	$ 6,834,522	$ 288,710	$ 23,456	$ 7,726,666

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017

	SPLOST 2015 Capital Projects Fund	SPLOST 2015 Bonded Debt Capital Projects Fund	SPLOST 2007 Capital Projects Fund	Capital Acquisition Fund	Total Nonmajor Capital Projects Funds
Revenues					
Intergovernmental - state	$ -	$ 554,738	$ 600,000	$ -	$ 1,154,738
Intergovernmental - local	-	6,365,590	3,766,276	-	10,131,866
Investment earnings	9,869	57,287	-	-	67,156
Total Revenues	9,869	6,977,615	4,366,276	-	11,353,760
Expenditures					
Current:					
General government	497	586	-	-	1,083
Public safety	-	-	-	31,226	31,226
Public works	-	1,234,390	-	-	1,234,390
Culture and recreation	3,889	-	-	88,197	92,086
Total Current	4,386	1,234,976	-	119,423	1,358,785
Capital Outlay:					
General government	1,815,740	-	-	22,440	1,838,180
Public safety	-	401,044	-	-	401,044
Public works	-	395,345	4,366,276	224,630	4,986,251
Culture and recreation	1,207,769	1,566,149	-	114,327	2,888,245
Total Capital Outlay	3,023,509	2,362,538	4,366,276	361,397	10,113,720
Debt Service:					
Principal retirement	-	2,113,612	-	-	2,113,612
Interest and fiscal charges	-	83,313	-	-	83,313
Total Debt Service	-	2,196,925	-	-	2,196,925
Total Expenditures	3,027,895	5,794,439	4,366,276	480,820	13,669,430
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,018,026)	1,183,176	-	(480,820)	(2,315,670)
Other Financing Sources (Uses)					
Transfers in	-	-	-	480,820	480,820
Net Change in Fund Balances	(3,018,026)	1,183,176	-	-	(1,834,850)
Fund Balances Beginning of Year	3,481,591	4,628,978	-	-	8,110,569
Fund Balances End of Year	$ 463,565	$ 5,812,154	$ -	$ -	$ 6,275,719

City of Dalton, Georgia
SPLOST 2015 Capital Projects Fund
Comparative Balance Sheet
December 31, 2017 and 2016

	2017	2016
Assets		
Intergovernmental receivable - local	$ 559,308	$ 3,488,169
Interfund receivable	20,670	-
Total Assets	$ 579,978	$ 3,488,169
Liabilities		
Accounts payable	$ 116,252	$ 1,723
Interfund payable	161	4,855
Total Liabilities	116,413	6,578
Fund Balances		
Restricted - capital projects	463,565	3,481,591
Total Fund Balances	463,565	3,481,591
Total Liabilities and Fund Balances	$ 579,978	$ 3,488,169

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - SPLOST 2015 Capital Projects Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017	2016	Project to Date			
	Actual	Actual	Original Budget	Final Budget	Actual	Remaining Budget
Revenues						
Investment earnings	$ 9,869	$ 12,703	$ -	$ 26,065	$ 26,063	$ 2
Total Revenues	9,869	12,703	-	26,065	26,063	2
Expenditures						
Current:						
General Government:						
Other	497	15,121	113,000	63,715	15,618	48,097
Public Safety:						
Other	-	36,557	36,610	36,610	36,557	53
Culture and Recreation:						
Library	3,889	43,250	-	162,551	47,139	115,412
Other	-	-	87,000	83,750	82,454	1,296
Total Current	4,386	94,928	236,610	346,626	181,768	164,858
Capital Outlay:						
General Government:						
Communication project	1,815,740	1,500,299	-	3,901,222	3,784,186	117,036
Public Safety:						
Fire Department vehicles	-	303,951	1,565,000	1,565,000	1,558,372	6,628
Police Department vehicles	-	53,194	474,433	474,433	474,433	-
Culture and Recreation:						
Tennis courts	-	529,368	600,000	529,370	529,368	2
Lakeshore renovation	1,207,769	133,924	1,365,000	1,489,380	1,341,693	147,687
Brookwood Bridge	-	-	35,000	35,000	33,278	1,722
Total Capital Outlay	3,023,509	2,520,736	4,039,433	7,994,405	7,721,330	273,075
Debt Service:						
Issuance costs/fiscal fees	-	-	166,140	166,140	165,356	784
Total Debt Service	-	-	166,140	166,140	165,356	784
Total Expenditures	3,027,895	2,615,664	4,442,183	8,507,171	8,068,454	438,717
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,018,026)	(2,602,961)	(4,442,183)	(8,481,106)	(8,042,391)	438,715
Other Financing Sources (Uses)						
Issuance of debt	-	-	4,442,183	8,505,956	8,505,956	-
Net Change in Fund Balances	(3,018,026)	(2,602,961)	$ -	$ 24,850	$ 463,565	$ 438,715
Fund Balances Beginning of Year	3,481,591	6,084,552				
Fund Balances End of Year	$ 463,565	$ 3,481,591				

Note: This capital projects fund is project based, and therefore the budget presented above represents anticipated expenditures over multiple years.

City of Dalton, Georgia
SPLOST 2015 Bonded Debt Capital Projects Fund
Comparative Balance Sheet
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 5,201,899	$ 3,308,948
Intergovernmental receivable - local	1,632,623	1,485,162
Total Assets	$ 6,834,522	$ 4,794,110
Liabilities		
Accounts payable	$ 362,540	$ 12,646
Interfund payable	659,828	152,486
Total Liabilities	1,022,368	165,132
Fund Balances		
Restricted - capital projects	5,812,154	4,628,978
Total Fund Balances	5,812,154	4,628,978
Total Liabilities and Fund Balances	$ 6,834,522	$ 4,794,110

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -
SPLOST 2015 Bonded Debt Capital Projects Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017	2016	Project to Date			
	Actual	Actual	Original Budget	Final Budget	Actual	Remaining Budget
Revenues						
Intergovernmental - state	$ 554,738	$ -	$ -	$ 774,465	$ 554,738	$ 219,727
Intergovernmental - local	6,365,590	6,895,002	16,123,957	24,913,115	2,419,874	22,493,241
Investment earnings	57,287	15,579	-	71,020	72,866	(1,846)
Total Revenues	6,977,615	6,910,581	16,123,957	25,758,600	3,047,478	22,711,122
Expenditures						
Current:						
General Government:						
Other	586	200	-	741	9,646	(8,905)
Public Safety:						
Other	-	447	500	500	447	53
Public Works:						
Bridge maintenance	32,189	4,500	1,000,000	1,000,000	36,689	963,311
Willowdale drainage	-	8,130	-	8,130	8,130	-
Street resurfacing	1,202,201	777,025	5,000,000	5,668,655	1,979,226	3,689,429
Total Current	1,234,976	790,302	6,000,500	6,678,026	2,034,138	4,643,888
Capital Outlay:						
Public Safety:						
Police Department vehicles	401,044	352,812	1,123,457	1,123,457	822,167	301,290
Public Works:						
Sidewalk construction	-	-	2,000,000	2,000,000	-	2,000,000
S. Thornton infrastructure	-	-	2,000,000	1,701,700	-	1,701,700
Willowdale drainage	395,345	-	-	395,980	399,845	(3,865)
Culture and Recreation:						
Haig Mill recreation project	1,566,149	754,545	5,000,000	5,000,000	2,320,694	2,679,306
Total Capital Outlay	2,362,538	1,107,357	10,123,457	10,221,137	3,542,706	6,678,431
Debt Service:						
Principal retirement	2,113,612	2,081,410	-	8,505,956	4,195,022	4,310,934
Interest and fiscal charges	83,313	115,825	-	283,201	199,138	84,063
Total Debt Service	2,196,925	2,197,235	-	8,789,157	4,394,160	4,394,997
Total Expenditures	5,794,439	4,094,894	16,123,957	25,688,320	9,971,004	15,717,316
Net Change in Fund Balances	1,183,176	2,815,687	$ -	$ 70,280	$ (6,923,526)	$ 6,993,806
Fund Balances Beginning of Year	4,628,978	1,813,291				
Fund Balances End of Year	$ 5,812,154	$ 4,628,978				

Note: This capital projects fund is project based, and therefore the budget presented above represents anticipated expenditures over multiple years.

City of Dalton, Georgia
SPLOST 2007 Capital Projects Fund
Comparative Balance Sheet
December 31, 2017 and 2016

	2017	2016
Assets		
Intergovernmental receivable - local	$ 288,710	$ 1,006,207
Total Assets	$ 288,710	$ 1,006,207
Liabilities		
Accounts payable	$ 224,124	$ 187,235
Interfund payable	64,586	818,972
Total Liabilities	$ 288,710	$ 1,006,207

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - SPLOST 2007 Capital Projects Fund
For the Year Ended December 31, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - state	$ -	$ 600,000	$ 600,000	$ -	$ -
Intergovernmental - local	4,707,900	3,766,550	3,766,276	(274)	3,219,416
Total Revenues	4,707,900	4,366,550	4,366,276	(274)	3,219,416
Expenditures					
Capital Outlay:					
Public Works:					
Road projects	4,707,900	4,366,550	4,366,276	274	3,219,416
Total Expenditures	4,707,900	4,366,550	4,366,276	274	3,219,416
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, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 23,456	$ -
Interfund receivable	-	160,949
Total Assets	$ 23,456	$ 160,949
Liabilities		
Accounts payable	$ 23,456	$ 160,949
Total Liabilities	$ 23,456	$ 160,949

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, 2017
(With Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Original Budget	Final Budget	Actual	Variance	Actual
Expenditures					
Current:					
Public Safety:					
Other	$ -	$ 31,230	$ 31,226	$ 4	$ 78,800
Culture and Recreation:					
Other	-	88,205	88,197	8	188,199
Total Current	-	119,435	119,423	12	266,999
Capital Outlay:					
General Government:					
Equipment	-	22,440	22,440	-	-
Public Safety:					
Equipment and vehicles	-	-	-	-	104,515
Public Works:					
Equipment and vehicles	-	224,840	224,630	210	784,953
Culture and Recreation:					
Equipment	-	114,330	114,327	3	820,044
Total Capital Outlay	-	361,610	361,397	213	1,709,512
Total Expenditures	-	481,045	480,820	225	1,976,511
Other Financing Sources (Uses)					
Transfers in	-	481,045	480,820	(225)	1,976,511
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
Nonmajor Enterprise Funds
December 31, 2017

	Municipal Golf Course	Municipal Airport	Northwest Georgia Trade and Convention Center Authority	Dalton/Whitfield Regional Solid Waste Mgt Authority	Total Nonmajor Enterprise Funds
Assets					
Current Assets:					
Cash and cash equivalents	$ 260,749	$ 91,586	$ -	$ -	$ 352,335
Receivables:					
Accounts	-	4,340	-	-	4,340
Inventory	21,729	36,022	-	-	57,751
Total Current Assets	282,478	131,948	-	-	414,426
Noncurrent Assets:					
Capital Assets:					
Land	739,352	3,786,177	-	-	4,525,529
Depreciable capital assets, net	602,364	5,413,761	-	-	6,016,125
Other Assets:					
Investment in joint ventures	-	-	6,697,358	12,644,873	19,342,231
Total Noncurrent Assets	1,341,716	9,199,938	6,697,358	12,644,873	29,883,885
Total Assets	1,624,194	9,331,886	6,697,358	12,644,873	30,298,311
Deferred Outflows of Resources	23,294	-	-	-	23,294
Total Assets and Deferred Outflows	$ 1,647,488	$ 9,331,886	$ 6,697,358	$ 12,644,873	$ 30,321,605
Liabilities					
Current Liabilities:					
Accounts payable	3,694	1,595	-	-	5,289
Accrued expenses	14,266	4,266	-	-	18,532
Unearned revenue	16,855	3,081	-	-	19,936
Interfund payable	63,077	-	-	-	63,077
Compensated absences payable	36,000	4,000	-	-	40,000
Total Current Liabilities	133,892	12,942	-	-	146,834
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	67,586	4,954	-	-	72,540
Net pension liability	227,141	-	-	-	227,141
Total Long-Term Liabilities	294,727	4,954	-	-	299,681
Total Liabilities	428,619	17,896	-	-	446,515
Deferred Inflows of Resources	51,523	-	-	-	51,523
Net Position					
Net investment in capital assets	1,341,716	9,199,938	-	-	10,541,654
Unrestricted	(174,370)	114,052	6,697,358	12,644,873	19,281,913
Total Net Position	1,167,346	9,313,990	6,697,358	12,644,873	29,823,567
Total Liabilities, Deferred Inflows, and Net Position	$ 1,647,488	$ 9,331,886	$ 6,697,358	$ 12,644,873	$ 30,321,605

City of Dalton, Georgia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2017

	Municipal Golf Course	Municipal Airport	Northwest Georgia Trade and Convention Center	Dalton/Whitfield Regional Solid Waste Mgt Authority	Total Nonmajor Enterprise Funds
Operating Revenues					
Charges for services	$ 584,085	$ 467,593	$ -	$ -	$ 1,051,678
Merchandise sales	89,238	-	-	-	89,238
Tournaments	87,420	-	-	-	87,420
Concessions	56,881	-	-	-	56,881
Miscellaneous	2,559	559	-	-	3,118
Total Operating Revenues	820,183	468,152	-	-	1,288,335
Operating Expenses					
Cost of sales and services	335,691	341,522	-	-	677,213
Personal services and benefits	455,811	116,002	-	-	571,813
Depreciation	106,708	396,471	-	-	503,179
Total Operating Expenses	898,210	853,995	-	-	1,752,205
Operating Income (Loss)	(78,027)	(385,843)	-	-	(463,870)
Non-Operating Revenues					
Investment earnings	1,433	52	-	-	1,485
Income (loss) from joint ventures	-	-	(515,534)	651,831	136,297
Total Non-Operating Revenues	1,433	52	(515,534)	651,831	137,782
Income (Loss) Before Transfers In	(76,594)	(385,791)	(515,534)	651,831	(326,088)
Transfers in	-	2,996,305	628,000	-	3,624,305
Change in Net Position	(76,594)	2,610,514	112,466	651,831	3,298,217
Net Position Beginning of Year	1,243,940	6,703,476	6,584,892	11,993,042	26,525,350
Net Position End of Year	$ 1,167,346	$ 9,313,990	$ 6,697,358	$ 12,644,873	$ 29,823,567

City of Dalton, Georgia
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2017

	Municipal Golf Course	Municipal Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 823,946	$ 466,579	$ 1,290,525
Cash payments for personnel services and benefits	(491,352)	(112,225)	(603,577)
Cash payments for goods and services	(341,080)	(262,820)	(603,900)
Net Cash Provided by (Used in) Operating Activities	(8,486)	91,534	83,048
Cash Flows from Investing Activities			
Investment earnings	1,433	52	1,485
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(19,816)	-	(19,816)
Payments on interfund loan	(128,503)	-	(128,503)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(148,319)	-	(148,319)
Net Increase (Decrease) in Cash and Cash Equivalents	(155,372)	91,586	(63,786)
Cash and Cash Equivalents Beginning of Year	416,121	-	416,121
Cash and Cash Equivalents End of Year	$ 260,749	$ 91,586	$ 352,335
Reconciliation of Operating Income (Loss) to Net Cash (Used in) Operating Activities			
Operating Income (Loss)	$ (78,027)	$ (385,843)	$ (463,870)
Adjustments:			
Depreciation	106,708	396,471	503,179
Pension contributions in excess of payments	(41,255)	-	(41,255)
(Increase) Decrease in Assets:			
Accounts receivable	-	(3,285)	(3,285)
Interfund receivable	-	86,759	86,759
Inventory	2,670	(7,884)	(5,214)
Increase (Decrease) in Liabilities:			
Accounts payable	(8,059)	(173)	(8,232)
Accrued expenses	309	(815)	(506)
Unearned revenue	3,763	1,712	5,475
Compensated absences payable	5,405	4,592	9,997
Net Cash Provided by (Used in) Operating Activities	$ (8,486)	$ 91,534	$ 83,048

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2017

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Assets						
Current Assets:						
Cash and cash equivalents	$ 4,020,000	$ 933,000	$ 718,000	$ 790,000	$ 719,000	$ 7,180,000
Short-term investments	140,000	33,000	25,000	28,000	25,000	251,000
Accounts receivable	9,144,000	2,077,000	1,523,000	1,661,000	564,000	14,969,000
Unbilled revenues	3,940,000	1,780,000	1,223,000	779,000	-	7,722,000
Interest receivable	193,000	2,000	13,000	14,000	8,000	230,000
Fuel stocks	1,693,000	1,222,000	-	-	-	2,915,000
Inventory	14,049,000	445,000	750,000	28,000	2,035,000	17,307,000
Deposits and prepaid items	444,000	105,000	55,000	60,000	55,000	719,000
Restricted customer deposit fund	1,826,000	442,000	324,000	354,000	-	2,946,000
Total Current Assets	35,449,000	7,039,000	4,631,000	3,714,000	3,406,000	54,239,000
Noncurrent Assets:						
Construction in progress	108,866,000	-	-	-	-	108,866,000
Nuclear fuel, at amortized cost	19,954,000	-	-	-	-	19,954,000
Depreciable capital assets, net	257,698,000	17,620,000	167,017,000	150,840,000	55,892,000	649,067,000
Restricted combined utilities renewals/extensions fund	27,526,000	2,014,000	14,098,000	14,769,000	8,727,000	67,134,000
Restricted combined utilities construction fund	-	2,269,000	70,348,000	3,026,000	-	75,643,000
Restricted nuclear decommissioning fund	66,709,000	-	-	-	-	66,709,000
Regulatory asset, net	22,741,000	3,154,000	5,887,000	3,154,000	1,892,000	36,828,000
Total Noncurrent Assets	503,494,000	25,057,000	257,350,000	171,789,000	66,511,000	1,024,201,000
Total Assets	538,943,000	32,096,000	261,981,000	175,503,000	69,917,000	1,078,440,000
Deferred Outflows of Resources	494,000	225,000	420,000	225,000	135,000	1,499,000
Total Assets and Deferred Outflows	$ 539,437,000	$ 32,321,000	$ 262,401,000	$ 175,728,000	$ 70,052,000	$ 1,079,939,000

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2017

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Liabilities						
Current Liabilities:						
Accounts payable and accrued expenses	$ 9,711,000	$ 3,339,000	$ 1,841,000	$ 1,875,000	$ 5,593,000	$ 22,359,000
Customer deposits	2,526,000	611,000	448,000	489,000	-	4,074,000
Total Current Liabilities	12,237,000	3,950,000	2,289,000	2,364,000	5,593,000	26,433,000
Long-Term Liabilities:						
Unearned revenue - TVA right of use	67,000	-	-	-	-	67,000
Revenue bonds payable (net of current portion)	-	2,249,000	69,706,000	2,998,000	-	74,953,000
Net pension liability	4,970,000	2,260,000	4,218,000	2,260,000	1,356,000	15,064,000
Asset retirement obligations	64,695,000	-	-	-	-	64,695,000
Total Long-Term Liabilities	69,732,000	4,509,000	73,924,000	5,258,000	1,356,000	154,779,000
Total Liabilities	81,969,000	8,459,000	76,213,000	7,622,000	6,949,000	181,212,000
Deferred Inflows of Resources	6,507,000	417,000	778,000	417,000	250,000	8,369,000
Net Position						
Net investment in capital assets	332,038,000	15,361,000	96,990,000	147,828,000	55,892,000	648,109,000
Restricted for:						
Debt service	-	2,249,000	69,732,000	2,999,000	-	74,980,000
Capital projects	27,526,000	2,014,000	14,098,000	14,769,000	8,727,000	67,134,000
Nuclear decommissioning	66,709,000	20,000	616,000	27,000	-	67,372,000
Pension	1,543,000	702,000	1,311,000	702,000	421,000	4,679,000
Unrestricted	23,145,000	3,099,000	2,663,000	1,364,000	(2,187,000)	28,084,000
Total Net Position	450,961,000	23,445,000	185,410,000	167,689,000	62,853,000	890,358,000
Total Liabilities, Deferred Inflows, and Net Position	$ 539,437,000	$ 32,321,000	$ 262,401,000	$ 175,728,000	$ 70,052,000	$ 1,079,939,000

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, 2017

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Operating Revenues						
Electric	$ 116,366,000	$ -	$ -	$ -	$ -	$ 116,366,000
Parity income	2,812,000	-	-	-	-	2,812,000
Natural gas	-	28,176,000	-	-	-	28,176,000
Water	-	-	20,128,000	-	-	20,128,000
Sewer	-	-	-	22,306,000	-	22,306,000
Information technology	-	-	-	-	21,401,000	21,401,000
Total Operating Revenues	119,178,000	28,176,000	20,128,000	22,306,000	21,401,000	211,189,000
Operating Expenses						
Production	25,765,000	-	4,056,000	9,802,000	-	39,623,000
Purchased electricity	48,575,000	-	-	-	-	48,575,000
Purchased natural gas	-	20,607,000	-	-	-	20,607,000
Distribution	7,615,000	2,008,000	4,113,000	1,696,000	11,483,000	26,915,000
Depreciation and amortization	8,061,000	714,000	5,475,000	5,369,000	3,598,000	23,217,000
General administration	5,287,000	2,402,000	4,484,000	2,402,000	1,441,000	16,016,000
Total Operating Expenses	95,303,000	25,731,000	18,128,000	19,269,000	16,522,000	174,953,000
Operating Income (Loss)	23,875,000	2,445,000	2,000,000	3,037,000	4,879,000	36,236,000
Non-Operating Revenues (Expenses)						
Interest income	1,067,000	44,000	31,000	35,000	33,000	1,210,000
Net increase (decrease) in fair value of investments and derivatives	136,000	7,000	5,000	6,000	6,000	160,000
Miscellaneous income (expense)	334,000	79,000	56,000	62,000	60,000	591,000
Total Non-Operating Revenues (Expenses)	1,537,000	130,000	92,000	103,000	99,000	1,961,000
Income Before Reallocations and Transfers	25,412,000	2,575,000	2,092,000	3,140,000	4,978,000	38,197,000
Reallocations and Transfers						
Reallocations	(17,808,000)	1,274,000	10,910,000	4,358,000	1,266,000	-
Transfers out	(5,848,000)	(1,382,000)	(988,000)	(1,094,000)	(1,050,000)	(10,362,000)
Total Contributions and Transfers	(23,656,000)	(108,000)	9,922,000	3,264,000	216,000	(10,362,000)
Change in Net Position	1,756,000	2,467,000	12,014,000	6,404,000	5,194,000	27,835,000
Net Position Beginning of Year	449,205,000	20,978,000	173,396,000	161,285,000	57,659,000	862,523,000
Net Position End of Year	$ 450,961,000	$ 23,445,000	$ 185,410,000	$ 167,689,000	$ 62,853,000	$ 890,358,000

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Net Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets:		
Cash and cash equivalents	$ 260,749	$ 416,121
Inventory	21,729	24,399
Total Current Assets	282,478	440,520
Noncurrent Assets:		
Capital Assets:		
Land	739,352	739,352
Depreciable capital assets, net	602,364	689,256
Total Noncurrent Assets	1,341,716	1,428,608
Total Assets	1,624,194	1,869,128
Deferred Outflows of Resources	23,294	39,426
Total Assets and Deferred Outflows	$ 1,647,488	$ 1,908,554
Liabilities		
Current Liabilities:		
Accounts payable	$ 3,694	$ 11,753
Accrued expenses	14,266	13,957
Unearned revenue	16,855	13,092
Interfund payable	63,077	191,580
Compensated absences payable	36,000	36,000
Total Current Liabilities	133,892	266,382
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	67,586	62,181
Net pension liability	227,141	319,785
Total Long-Term Liabilities	294,727	381,966
Total Liabilities	428,619	648,348
Deferred Inflows of Resources	51,523	16,266
Net Position		
Net investment in capital assets	1,341,716	1,428,608
Unrestricted	(174,370)	(184,668)
Total Net Position	1,167,346	1,243,940
Total Liabilities, Deferred Inflows, and Net Position	$ 1,647,488	$ 1,908,554

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, 2017 and 2016

	2017	2016
Operating Revenues		
Charges for services	$ 584,085	$ 686,615
Merchandise sales	89,238	87,557
Tournaments	87,420	77,378
Concessions	56,881	66,861
Miscellaneous	2,559	5,179
Total Operating Revenues	820,183	923,590
Operating Expenses		
Cost of sales and services	335,691	340,917
Personal services and benefits	455,811	447,151
Depreciation	106,708	100,152
Total Operating Expenses	898,210	888,220
Operating Income (Loss)	(78,027)	35,370
Non-Operating Revenues		
Investment earnings	1,433	1,242
Gain on sale of assets	-	4,850
Total Non-Operating Revenues	1,433	6,092
Change in Net Position	(76,594)	41,462
Net Position Beginning of Year	1,243,940	1,202,478
Net Position End of Year	$ 1,167,346	$ 1,243,940

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Net Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets:		
Cash and cash equivalents	$ 91,586	$ -
Receivables:		
Accounts	4,340	1,055
Interfund	-	86,759
Inventory	36,022	28,138
Total Current Assets	131,948	115,952
Noncurrent Assets:		
Capital Assets:		
Land	3,786,177	925,370
Depreciable capital assets, net	5,413,761	5,674,734
Total Noncurrent Assets	9,199,938	6,600,104
Total Assets	$ 9,331,886	$ 6,716,056
Liabilities		
Current Liabilities:		
Accounts payable	$ 1,595	$ 1,768
Accrued expenses	4,266	5,081
Unearned revenue	3,081	1,369
Compensated absences payable	4,000	4,000
Total Current Liabilities	12,942	12,218
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	4,954	362
Total Liabilities	17,896	12,580
Net Position		
Net investment in capital assets	9,199,938	6,600,104
Unrestricted	114,052	103,372
Total Net Position	9,313,990	6,703,476
Total Liabilities and Net Position	$ 9,331,886	$ 6,716,056

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, 2017 and 2016

	2017	2016
Operating Revenues		
Charges for services	$ 467,593	$ 493,195
Miscellaneous	559	1,398
Total Operating Revenues	468,152	494,593
Operating Expenses		
Cost of sales and services	341,522	335,143
Personal services and benefits	116,002	117,493
Depreciation	396,471	390,190
Total Operating Expenses	853,995	842,826
Operating (Loss)	(385,843)	(348,233)
Nonoperating Revenues and (Expenses)		
Investment earnings	52	-
Income (Loss) Before Transfers In	(385,791)	(348,233)
Transfers In (Out)		
Transfers in	2,996,305	35,187
Change in Net Position	2,610,514	(313,046)
Net Position Beginning of Year	6,703,476	7,016,522
Net Position End of Year	$ 9,313,990	$ 6,703,476

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.

City of Dalton, Georgia
Workers' Compensation Fund
Comparative Statement of Net Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets:		
Cash and cash equivalents	$ 780,784	$ 883,118
Total Assets	$ 780,784	$ 883,118
Liabilities		
Current Liabilities:		
Accounts payable	$ 547	$ 18,218
Claims payable	620,916	677,281
Total Liabilities	621,463	695,499
Net Position		
Unrestricted	159,321	187,619
Total Net Position	159,321	187,619
Total Liabilities and Net Position	$ 780,784	$ 883,118

City of Dalton, Georgia
Workers' Compensation Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2017 and 2016

	2017	2016
Operating Revenues		
Charges for services	$ 708,000	$ 550,000
Operating Expenses		
Claims	465,253	680,760
Premiums and administrative fees	274,439	274,895
Total Operating Expenses	739,692	955,655
Operating Income (Loss)	(31,692)	(405,655)
Non-Operating Revenues and Expenses		
Investment earnings	3,394	2,986
Change in Net Position	(28,298)	(402,669)
Net Position Beginning of Year	187,619	590,288
Net Position End of Year	$ 159,321	$ 187,619

City of Dalton, Georgia
Workers' Compensation Fund
Comparative Statement of Cash Flows
For The Years Ended December 31, 2017 and 2016

	2017	2016
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from interfund services provided	$ 708,000	$ 551,128
Cash payments for claims and fees	(813,728)	(605,860)
Net Cash Provided by (Used in) Operating Activities	(105,728)	(54,732)
Cash Flows from Investing Activities		
Investment earnings	3,394	2,986
Net Increase (Decrease) in Cash and Cash Equivalents	(102,334)	(51,746)
Cash and Cash Equivalents Beginning of Year	883,118	934,864
Cash and Cash Equivalents End of Year	$ 780,784	$ 883,118
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	$ (31,692)	$ (405,655)
(Increase) Decrease in Assets:		
Accounts receivable	-	1,128
Prepaid items	-	141,171
Increase (Decrease) in Liabilities:		
Accounts payable	(17,671)	(25,342)
Claims payable	(56,365)	233,966
Net Cash Provided by (Used in) Operating Activities	$ (105,728)	$ (54,732)

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, 2017 and 2016

	2016	Increases	Decreases	2017
Assets				
Cash and cash equivalents	$ 54,343	$ 1,457,665	$ (1,462,675)	$ 49,333
Liabilities				
Accounts payable	$ 13,778	$ 203,538	$ (203,531)	$ 13,785
Interfund payable	-	1,326,680	(1,326,680)	-
Other liabilities	40,565	1,374,029	(1,379,046)	35,548
Total Liabilities	$ 54,343	$ 2,904,247	$ (2,909,257)	$ 49,333

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 Revenues, Expenses, and Changes in Fund Net Position
For The Years Ended December 31, 2017 and 2016

	2017	2016
Non-Operating Revenues and (Expenses)		
Interest earnings	$ 141,186	$ 173,828
Interest and fiscal charges, net of subsidy	(404,129)	(402,289)
Total Non-Operating Revenues and (Expenses)	(262,943)	(228,461)
Transfers In (Out)		
Transfers in (inflows of debt service principal and interest from the City of Dalton, City of Dalton Board of Education, and Whitfield County)	505,237	507,834
Transfer out (outflows of interest earnings and interest subsidy to the City of Dalton, City of Dalton Board of Education, and Whitfield County)	(242,294)	(279,373)
Total Transfers In (Out)	262,943	228,461
Change in Net Position	$ -	$ -

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Net Position
December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets:		
Cash and cash equivalents	$ 7,105,069	$ 14,809,112
Capital leases receivable	9,037,000	6,945,000
Total Current Assets	16,142,069	21,754,112
Noncurrent Assets:		
Capital leases receivable	10,575,000	19,612,000
Total Assets	$ 26,717,069	$ 41,366,112
Liabilities		
Current Liabilities:		
Accounts payable	7,105,069	14,809,112
Revenue bonds payable	6,782,000	6,695,000
Recovery zone economic development bonds payable	255,000	250,000
QZAB bonds payable	2,000,000	-
Total Current Liabilities	16,142,069	21,754,112
Long-Term Liabilities:		
Revenue bonds payable (net of current portion)	6,870,000	13,652,000
Recovery zone economic development bonds payable (net of current portion)	3,705,000	3,960,000
QZAB bonds payable (net of current portion)	-	2,000,000
Total Long-Term Liabilities	10,575,000	19,612,000
Total Liabilities	$ 26,717,069	$ 41,366,112

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Cash Flows
For The Years Ended December 31, 2017 and 2016

	2017	2016
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Capital and Related Financing Activities		
Payments to City of Dalton and Whitfield County for capital use of debt proceeds	$ (8,614,704)	$ (8,490,147)
Receipts from City of Dalton, City of Dalton Board of Education, and Whitfield County for sinking fund payments	150,000	150,000
Receipts from City of Dalton, City of Dalton Board of Education, and Whitfield County for payment of debt and interest	7,968,604	5,279,734
Interest subsidy received on capital debt	101,108	105,545
Interest earnings	141,186	173,828
Principal paid on capital debt	(6,945,000)	(6,833,000)
Interest paid on capital debt	(505,237)	(507,834)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(7,704,043)	(10,121,874)
Net Increase (Decrease) in Cash and Cash Equivalents	(7,704,043)	(10,121,874)
Cash and Cash Equivalents Beginning of Year	14,809,112	24,930,986
Cash and Cash Equivalents End of Year	$ 7,105,069	$ 14,809,112

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	$ 77,111,490	$ 68,155,502	$ 69,252,168	$ 70,314,771	$ 72,911,193	$ 73,764,869	$ 73,121,548	$ 67,728,129	$ 75,726,246	$ 81,410,981
Restricted	1,117,309	2,637,360	5,617,799	577,427	240,347	251,557	262,248	8,151,582	8,541,404	7,061,016
Unrestricted	13,406,176	14,118,540	10,953,991	15,469,318	15,011,536	15,567,935	18,273,295	2,830,865	2,313,750	6,339,511
Total governmental activities	$ 91,634,975	$ 84,911,402	$ 85,823,958	$ 86,361,516	$ 88,163,076	$ 89,584,361	$ 91,657,091	$ 78,710,576	$ 86,581,400	$ 94,811,508
Business-type activities										
Net investment in capital assets	$ 586,400,998	$ 612,348,335	$ 649,134,503	$ 679,345,721	$ 687,108,798	$ 698,090,762	$ 710,531,416	$ 725,497,305	$ 744,179,712	$ 658,650,654
Restricted	113,054,000	96,992,000	90,783,000	77,948,000	75,034,000	73,322,000	86,089,000	97,394,000	96,509,000	214,165,000
Unrestricted	39,386,246	36,253,969	30,672,743	31,802,060	43,307,413	40,716,151	35,507,326	36,613,661	44,191,799	43,196,520
Total business-type activities	$ 738,841,244	$ 745,594,304	$ 770,590,246	$ 789,095,781	$ 805,450,211	$ 812,128,913	$ 832,127,742	$ 859,504,966	$ 884,880,511	$ 916,012,174
Primary government										
Net investment in capital assets	$ 663,512,488	$ 680,503,837	$ 718,386,671	$ 749,660,492	$ 760,019,991	$ 771,855,631	$ 783,652,964	$ 793,225,434	$ 819,905,958	$ 740,061,635
Restricted	114,171,309	99,629,360	96,400,799	78,525,427	75,274,347	73,573,557	86,351,248	105,545,582	105,050,404	221,226,016
Unrestricted	52,792,422	50,372,509	41,626,734	47,271,378	58,318,949	56,284,086	53,780,621	39,444,526	46,505,549	49,536,031
Total primary government	$ 830,476,219	$ 830,505,706	$ 856,414,204	$ 875,457,297	$ 893,613,287	$ 901,713,274	$ 923,784,833	$ 938,215,542	$ 971,461,911	$ 1,010,823,682

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
General government	$ 4,270,206	$ 2,530,960	$ 2,612,956	$ 3,312,603	$ 3,302,093	$ 2,633,853	$ 2,579,345	$ 2,971,036	$ 3,029,543	$ 2,574,600
Judicial	704,747	683,158	647,196	488,815	369,253	397,765	371,645	437,044	433,156	424,203
Public safety	14,903,803	14,587,205	14,539,913	14,459,706	13,990,949	15,095,340	15,070,993	15,703,840	16,548,965	16,145,618
Public works	10,136,329	7,934,126	9,265,438	7,841,578	9,010,672	8,447,680	8,252,341	9,170,285	9,367,281	9,403,531
Health and welfare	679,018	895,475	611,320	634,598	488,545	487,293	508,735	522,072	468,925	419,892
Culture and recreation	4,749,408	4,149,087	4,301,151	4,641,686	4,967,978	5,088,564	4,989,858	5,390,895	5,833,592	5,627,651
Housing and development	1,279,210	756,136	596,388	312,225	379,694	389,213	396,836	454,327	260,840	121,645
Education	240,061	-	-	-	-	-	-	-	-	-
Interest on long-term debt	226,898	178,413	325,111	354,337	459,985	274,506	281,844	270,543	372,838	324,325
Total governmental activities expenses	37,189,680	31,714,560	32,899,473	32,045,548	32,969,169	32,814,214	32,451,597	34,920,042	36,315,140	35,041,465
Business-type activities										
Electric system	73,614,065	79,230,193	85,200,911	87,423,887	80,988,971	87,048,375	95,797,217	90,044,256	94,539,437	95,303,240
Gas system	25,082,808	21,810,937	20,770,369	18,319,278	15,924,970	18,785,179	23,036,534	18,640,407	17,682,431	25,731,143
Water system	21,625,495	21,291,524	18,527,773	17,740,827	16,929,002	17,926,588	17,745,718	18,085,121	18,225,184	18,128,394
Wastewater system	19,532,011	21,271,307	20,783,836	19,242,572	19,170,608	20,623,351	19,796,633	20,152,765	20,743,975	19,269,419
Information technology system	19,156,275	17,814,163	17,948,994	18,585,143	19,276,365	20,223,612	19,076,834	19,738,019	19,376,077	16,522,358
Landfill	-	223,566	64,727	302,599	365,350	439,487	189,472	(448,366)	(522,810)	(651,831)
Trade Center	673,926	749,552	745,787	717,958	547,930	557,720	499,660	593,614	492,074	515,534
Municipal golf course	1,219,530	888,328	939,516	788,790	858,544	981,056	814,233	925,758	901,402	898,210
Municipal airport	-	459,636	482,586	503,145	518,119	604,497	904,203	813,242	846,647	853,995
Total business-type activities expenses	160,904,110	163,739,206	165,464,499	163,624,199	154,579,859	167,189,865	177,860,504	168,544,816	172,284,417	176,570,462
Total primary government expenses	$ 198,093,790	$ 195,453,766	$ 198,363,972	$ 195,669,747	$ 187,549,028	$ 200,004,079	$ 210,312,101	$ 203,464,858	$ 208,599,557	$ 211,611,927

(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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program revenues										
Governmental activities										
Charges for services										
General government	$ 1,335,624	$ 1,152,739	$ 964,306	$ 983,375	$ 986,862	$ 982,441	$ 968,883	$ 957,103	$ 969,673	$ 988,534
Judicial	1,585,097	1,098,525	1,066,062	739,273	767,234	751,680	884,819	689,686	803,218	743,691
Public safety	1,009,892	972,303	632,724	572,989	604,417	657,613	711,717	440,278	493,428	650,221
Public works	395,118	193,246	100,749	136,400	142,808	157,151	181,188	173,184	163,724	231,156
Health and welfare	207,792	54,500	68,581	56,612	46,253	54,355	51,710	47,783	50,800	51,076
Culture and recreation	485,980	361,532	322,813	223,093	324,948	395,533	373,946	374,869	400,749	405,590
Housing and development	-	-	215,308	-	-	-	-	-	-	-
Education	142,000	-	-	-	-	-	-	-	-	-
Operating grants and contributions	1,508,234	1,782,722	2,065,115	1,383,138	2,258,686	657,771	1,003,133	2,681,730	1,699,959	2,092,951
Capital grants and contributions	1,600,048	2,301,508	2,801,087	2,353,880	1,182,154	2,669,259	1,317,808	1,895,627	10,147,970	10,100,807
Total governmental activities program revenues	8,269,785	7,917,075	8,236,745	6,448,760	6,313,362	6,325,803	5,493,204	7,260,260	14,729,521	15,264,026

(continued)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities										
Charges for services										
Electric system	$ 89,918,000	$ 96,890,000	$ 106,911,000	$ 105,347,000	$ 102,836,000	$ 106,843,000	$ 112,194,000	$ 119,596,000	$ 121,900,000	$ 119,178,000
Gas system	25,694,000	17,787,000	21,001,000	19,701,000	15,938,000	20,828,000	26,159,000	19,963,000	19,621,000	28,176,000
Water system	18,216,000	18,302,000	20,170,000	20,039,000	19,449,000	19,119,000	20,127,000	20,491,000	20,824,000	20,128,000
Wastewater system	19,244,000	20,424,000	22,134,000	20,814,000	19,438,000	19,204,000	20,772,000	21,863,000	21,878,000	22,306,000
Information technology system	17,186,000	18,574,000	19,314,000	18,989,000	19,281,000	19,620,000	20,065,000	20,148,000	20,995,000	21,401,000
Joint ventures - Landfill & Trade Center	207,977	-	-	-	-	-	-	-	-	-
Municipal golf course	961,943	788,503	825,777	905,637	1,033,346	927,834	915,270	868,829	923,590	820,183
Municipal airport	-	90,848	91,349	103,407	117,765	211,314	558,553	455,791	494,593	468,152
Capital grants and contributions	112,000	332,856	-	-	597,000	-	-	-	-	-
Total business-type activities program revenues	171,539,920	173,189,207	190,447,126	185,899,044	178,690,111	186,753,148	200,790,823	203,385,620	206,636,183	212,477,335
Total primary government program revenues	$ 179,809,705	$ 181,106,282	$ 198,683,871	$ 192,347,804	$ 185,003,473	$ 193,078,951	$ 206,284,027	$ 210,645,880	$ 221,365,704	$ 227,741,361
Net revenues (expenses)										
Governmental activities	$ (28,919,895)	$ (23,797,485)	$ (24,662,728)	$ (25,596,788)	$ (26,655,807)	$ (26,488,411)	$ (26,958,393)	$ (27,659,782)	$ (21,585,619)	$ (19,777,439)
Business-type activities	10,635,810	9,450,001	24,982,627	22,274,845	24,110,252	19,563,283	22,930,319	34,840,804	34,351,766	35,906,873
Total primary government net revenue (expense)	$ (18,284,085)	$ (14,347,484)	$ 319,899	$ (3,321,943)	$ (2,545,555)	$ (6,925,128)	$ (4,028,074)	$ 7,181,022	$ 12,766,147	$ 16,129,434

(continued)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for										
General purposes	$ 6,782,866	$ 9,937,794	$ 9,006,423	$ 8,757,658	$ 9,303,685	$ 7,876,135	$ 8,371,150	$ 9,143,523	$ 8,197,757	$ 8,552,650
Debt service	346,686	356,958	33,115	4,718	4,683	-	-	-	-	-
Recreation	3,454,864	465,090	58,150	-	-	-	-	-	-	-
Selective taxes	6,164,971	5,560,754	5,686,337	5,858,375	6,103,688	9,380,518	9,843,608	9,932,992	9,378,765	10,149,190
Hotel motel taxes	714,896	692,065	862,298	1,060,665	1,093,798	1,170,315	1,235,285	1,364,880	1,410,761	1,501,172
Investment earnings	393,570	149,895	122,113	227,288	253,696	241,177	222,324	224,686	227,495	299,310
Donations	604,488	90,309	192,349	584,123	1,820,028	346,807	63,476	20,891	50,252	261,115
Miscellaneous	557,910	283,120	436,717	495,556	596,278	514,289	465,825	559,299	633,166	497,349
Transfers	8,691,000	(677,381)	9,177,782	9,145,963	9,281,511	8,380,455	8,829,455	9,400,547	9,567,313	6,737,695
Total governmental activities general revenues and other changes in net position	27,711,251	16,858,604	25,575,284	26,134,346	28,457,367	27,909,696	29,031,123	30,646,818	29,465,509	27,998,481
Business-type activities										
Investment earnings	7,887,581	(4,056,322)	7,389,350	3,945,453	1,192,689	(4,695,126)	5,663,965	1,715,779	180,242	1,371,485
Miscellaneous	496,000	682,000	1,801,747	1,431,200	333,000	191,000	234,000	150,000	410,850	591,000
Transfers	(8,691,000)	677,381	(9,177,782)	(9,145,963)	(9,281,511)	(8,380,455)	(8,829,455)	(9,400,547)	(9,567,313)	(6,737,695)
Total business-type activities general revenues and other changes in net position	(307,419)	(2,696,941)	13,315	(3,769,310)	(7,755,822)	(12,884,581)	(2,931,490)	(7,534,768)	(8,976,221)	(4,775,210)
Total primary government general revenues and other changes in net position	$ 27,403,832	$ 14,161,663	$ 25,588,599	$ 22,365,036	$ 20,701,545	$ 15,025,115	$ 26,099,633	$ 23,112,050	$ 20,489,288	$ 23,223,271
Change in net position										
Governmental activities	$ (1,208,644)	$ (6,938,881)	$ 912,556	$ 537,558	$ 1,801,560	$ 1,421,285	$ 2,072,730	$ 2,987,036	$ 7,879,890	$ 8,221,042
Business-type activities	10,328,391	6,753,060	24,995,942	18,505,535	16,354,430	6,678,702	19,998,829	27,306,036	25,375,545	31,131,663
Total primary government change in net position	$ 9,119,747	$ (185,821)	$ 25,908,498	$ 19,043,093	$ 18,155,990	$ 8,099,987	$ 22,071,559	$ 30,293,072	$ 33,255,435	$ 39,352,705

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Nonspendable	$ 34,820	$ 138,532	$ 97,011	$ 185,083	$ 207,539	$ 212,643	$ 179,680	$ 155,856	$ 249,062	$ 171,680
Restricted	105,500	102,316	91,959	91,959	91,029	91,029	96,029	96,029	99,974	114,974
Unrestricted	13,395,178	17,145,924	17,568,683	16,928,666	19,548,598	20,788,168	22,097,252	21,579,429	20,912,480	23,563,828
Total general fund	$ 13,535,498	$ 17,386,772	$ 17,757,653	$ 17,205,708	$ 19,847,166	$ 21,091,840	$ 22,372,961	$ 21,831,314	$ 21,261,516	$ 23,850,482
Nonmajor governmental funds										
Nonspendable	$ 15,837	$ 17,936	$ 8,897	$ 750	$ -	$ -	$ -	$ -	$ -	$ 40
Restricted	4,700,249	2,495,831	5,493,273	378,447	99,366	129,188	78,958	7,974,454	8,204,724	6,470,325
Total nonmajor governmental funds	$ 4,716,086	$ 2,513,767	$ 5,502,170	$ 379,197	$ 99,366	$ 129,188	$ 78,958	$ 7,974,454	$ 8,204,724	$ 6,470,365

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	$ 17,464,283	$ 17,012,661	$ 15,646,323	$ 15,681,416	$ 16,505,854	$ 18,426,968	$ 19,450,043	$ 19,727,131	$ 18,940,840	$ 20,473,181
Licenses and permits	1,335,624	1,152,739	964,306	983,375	986,862	982,441	968,883	957,103	969,673	988,534
Intergovernmental revenues	3,108,282	4,084,230	4,866,202	3,729,380	3,440,782	3,327,030	2,320,941	4,577,357	11,847,929	12,193,758
Charges for services	2,331,802	1,633,223	1,572,660	1,140,030	1,263,013	1,336,866	1,476,461	1,277,199	1,409,091	1,413,867
Fines and forfeitures	964,673	840,251	506,110	462,225	453,345	484,730	549,231	405,566	456,663	454,847
Investment earnings	371,002	140,959	117,557	231,567	250,949	238,043	219,226	221,899	224,509	295,916
Miscellaneous	1,437,982	682,326	943,058	1,162,138	2,558,705	994,634	752,890	591,054	815,699	975,514
Total Revenues	27,013,648	25,546,389	24,616,216	23,390,131	25,459,510	25,790,712	25,737,675	27,757,309	34,664,404	36,795,617
Expenditures										
General government	2,404,601	1,911,892	2,022,594	2,081,391	2,139,627	2,219,861	2,146,368	2,399,552	2,596,194	2,222,011
Judicial	686,788	698,354	654,770	486,374	362,015	381,534	414,003	437,298	433,736	436,770
Public safety	14,231,734	14,133,661	13,732,562	13,883,732	13,445,167	13,965,925	15,017,013	15,391,367	15,814,820	16,356,131
Public works	8,092,435	6,149,832	7,419,974	6,120,255	7,236,418	6,746,059	7,294,473	7,636,525	7,857,512	8,226,802
Health and welfare	595,669	891,226	607,982	637,408	463,605	447,700	479,815	507,489	441,560	412,987
Culture and recreation	3,741,273	2,988,772	3,047,410	3,501,267	3,501,067	3,542,935	3,711,990	3,892,767	4,272,271	4,114,484
Housing and development	1,163,681	926,360	589,742	386,679	322,625	370,981	463,332	448,165	425,513	351,590
Capital outlay	4,605,673	3,119,404	4,960,817	8,038,782	6,656,062	5,492,823	3,017,443	6,647,103	9,752,687	10,579,620
Debt service:										
Principal retirement	1,147,790	1,196,099	1,298,247	1,568,034	598,561	603,204	509,958	513,798	2,604,114	2,650,290
Interest and fiscal charges	204,436	155,951	477,827	333,806	293,792	274,506	281,844	270,543	372,838	324,325
Debt issuance costs	-	-	-	-	-	-	-	165,356	-	-
Total Expenditures	36,874,080	32,171,551	34,811,925	37,037,728	35,018,939	34,045,528	33,336,239	38,309,963	44,571,245	45,675,010
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,860,432)	(6,625,162)	(10,195,709)	(13,647,597)	(9,559,429)	(8,254,816)	(7,598,564)	(10,552,654)	(9,906,841)	(8,879,393)

(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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses)										
Issuance of debt	$ -	$ -	$ 6,130,000	$ -	$ -	$ 1,148,857	$ -	$ 8,505,956	$ -	$ -
Transfers in	9,996,811	9,947,366	15,230,728	11,188,924	13,521,540	11,547,319	11,535,763	13,817,596	13,068,767	11,842,350
Transfers out	(1,305,811)	(1,673,249)	(6,052,946)	(2,042,961)	(4,526,557)	(3,166,864)	(2,706,308)	(4,417,049)	(3,501,454)	(2,108,350)
Total Other Financing Sources (Uses)	8,691,000	8,274,117	15,307,782	9,145,963	8,994,983	9,529,312	8,829,455	17,906,503	9,567,313	9,734,000
Net Change in Fund Balance	$ (1,169,432)	$ 1,648,955	$ 5,112,073	$ (4,501,634)	$ (564,446)	$ 1,274,496	$ 1,230,891	$ 7,353,849	$ (339,528)	$ 854,607
Debt service as a % of noncapital expenditures	4.4%	4.9%	6.3%	7.0%	3.2%	3.2%	2.7%	2.6%	9.3%	9.3%

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

Fiscal Year	Real Property	Personal Property	Public Utilities	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
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
2015	2,082,112,700	1,652,510,636	26,322,153	325,665,644	3,435,279,845	2.511
2016	2,101,523,870	1,554,900,785	25,412,165	310,145,903	3,371,690,917	2.506
2017	2,198,330,501	1,588,229,275	23,732,060	316,394,309	3,493,897,527	2.506

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
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
2015	2.511	0.000	0.000	2.511	8.200	0.950	7.061	18.722
2016	2.506	0.000	0.000	2.506	8.200	0.950	9.561	21.217
2017	2.506	0.000	0.000	2.506	8.200	0.950	9.329	20.985

Source: Whitfield County Board of Tax Assessors

Note: The City of Dalton taxes on 100% of assessed value; Whitfield County taxes on 40% of assessed value

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)

	2017			2008		
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.	$ 508,975,680	1	14.6%	$ 382,791,822	1	10.2%
Mohawk Industries, Inc.	155,517,787	2	4.5%	150,327,095	2	4.0%
Engineered Floors, LLC (J&J Industries merger)	80,253,679	3	2.3%	70,945,834	4	1.9%
Beaulieu Group, LLC	69,204,929	4	2.0%	80,684,276	3	2.1%
TANDUS Group, Inc. (formerly Collins & Aikman)	67,455,331	5	1.9%	40,089,689	5	1.1%
USFloors, Inc.	59,621,898	6	1.7%	-	NA	0.0%
Lexmark Carpet Mills, Inc.	45,275,331	7	1.3%	-	NA	0.0%
The Peeples Group	34,717,697	8	1.0%	-	NA	0.0%
Shiroki Georgia, LLC	26,093,606	9	0.7%	27,801,739	8	0.7%
Windstream (formerly Alltel)	17,927,272	10	0.5%	30,604,127	6	0.8%
CBL & Associates Properties, Inc.	-	NA	0.0%	28,076,323	7	0.7%
Thomas Industries, LLC	-	NA	0.0%	26,992,620	9	0.7%
Propes Fabrics, Inc.	-	NA	0.0%	24,003,957	10	0.6%

Source: Whitfield County Tax Commissioner

Note: Beaulieu Group, LLC filed for Chapter 11 bankruptcy in July 2017. Assets were subsequently purchased by Engineered Floors, LLC in November 2017.

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
2008	$ 10,717,290	$ 4,315,761	40.3%	$ 6,401,136	$ 10,716,897	100.0%
2009	10,439,104	4,091,977	39.2%	6,344,149	10,436,126	100.0%
2010	9,208,612	6,935,407	75.3%	2,272,917	9,208,324	100.0%
2011	8,714,014	7,444,424	85.4%	1,269,290	8,713,714	100.0%
2012	8,597,292	7,595,137	88.3%	1,001,782	8,596,919	100.0%
2013	8,278,776	7,339,021	88.6%	939,168	8,278,189	100.0%
2014	8,325,685	7,348,018	88.3%	976,602	8,324,620	100.0%
2015	8,335,862	7,466,921	89.6%	851,620	8,318,541	99.8%
2016	8,235,457	7,420,789	90.1%	702,348	8,123,137	98.6%
2017	8,529,604	7,625,345	89.4%	-	7,625,345	89.4%

Source: Whitfield County Board of Tax Assessors
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.

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
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	74,953,000	81,102,137	8.2%	2,427
2014	-	5,374,179	265,000	74,953,000	80,592,179	7.8%	2,404
2015	-	13,419,337	212,000	-	13,631,337	1.3%	403
2016	-	10,868,223	159,000	-	11,027,223	1.0%	324
2017	-	8,270,933	106,000	74,953,000	83,329,933	NA	2,445

NA Not yet available

Note: Details regarding the City's outstanding debt are disclosed in Note 3-I of the Notes to the Basic Financial Statements.

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
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%	-
2015	-	0.0%	-
2016	-	0.0%	-
2017	-	0.0%	-

Source: The actual taxable value of property is obtained from the Schedule of Assessed and Estimated Actual Value of Taxable Property. Population data can be found in the Schedule of Demographic and Economic Statistics.

Note: Details regarding the City's outstanding debt is disclosed in Note 3-I of the Notes to the Basic Financial Statements.

City of Dalton, Georgia
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017
(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 Building Authority - Qualified Zone Academy Bonds	$ 2,000,000	100.0%	$ 2,000,000
Whitfield County agreement with Building Authority - Series 2015 SPLOST Bonds	9,342,064	32.0%	2,988,970
Total overlapping debt			4,988,970
City direct debt			8,376,933
Total direct and overlapping debt			$ 13,365,903

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

Note: For debt repaid with Special Purpose Local Option Sales Tax, the allocation of Whitfield County debt to City residents is based upon the proportion of City population to Whitfield County population from the 2010 census.

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

	For the year ending December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	$ 360,474,151	$ 386,288,034	$ 361,898,788	$ 358,953,829	$ 366,434,391	$ 362,141,093	$ 375,304,806	$ 376,094,549	$ 368,183,682	$ 381,029,184
Total net debt applicable to limit	1,853,236	1,052,832	-	-	-	-	-	-	-	-
Legal debt margin	$ 358,620,915	$ 385,235,202	$ 361,898,788	$ 358,953,829	$ 366,434,391	$ 362,141,093	$ 375,304,806	$ 376,094,549	$ 368,183,682	$ 381,029,184
Total net debt applicable to limit as a % of debt limit	0.5%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	$ 3,493,897,527
Add: exempt property	316,394,309
Total assessed value	3,810,291,836
	10.0%
Debt limit (10% of assessed value)	$ 381,029,184
Debt applicable to limit	
Total general obligation debt	$ -
Legal debt margin	$ 381,029,184

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
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	-	-	-
2015	179,289,000	125,258,000	54,031,000	-	-	-
2016	181,360,000	128,935,000	52,425,000	-	-	-
2017	186,976,000	138,812,000	48,164,000	-	2,414,000	20.0

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
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	33,529 *	1,028,267	30,668	7.2%	7,703
2015	33,853 *	1,067,689	31,539	5.9%	7,835
2016	34,077 *	1,153,063	33,837	6.0%	7,966
2017	33,748 *	NA	NA	5.6%	7,899

NA Not yet available

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.

* Estimated

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

	2017			2008		
Taxpayer	Employees (1)	Rank	Percentage of Total City Employees	Employees (1)	Rank	Percentage of Total City Employees
Shaw Industries, Inc.	4,711	1	14.2%	6,393	1	19.1%
Mohawk Industries, Inc.	2,217	2	6.7%	2,317	2	6.9%
Hamilton Medical Center	1,274	3	3.9%	1,262	4	3.8%
Dalton Public School System	1,216	4	3.7%	983	5	2.9%
TANDUS Group, Inc. (formerly Collins & Aikman)	1,119	5	3.4%	671	8	2.0%
Beaulieu Group, LLC	935	6	2.8%	1,921	3	5.8%
City of Dalton, Georgia	852	7	2.6%	723	7	2.2%
Engineered Floors, LLC (J&J Industries merger)	583	8	1.8%	781	6	2.3%
Columbia Recycling Corp.	463	9	1.4%	-	NA	0.0%
Shiroki Georgia, LLC	375	10	1.1%	500	9	1.5%
Pilgrim's Pride Corporation	-	NA	0.0%	494	10	1.5%

NA	Information not available
(1)	Includes City of Dalton only
Source:	Dalton-Whitfield Chamber of Commerce and City occupation tax data
Note:	The above figures for the City of Dalton include WLSF Commission employees and employees leased to joint ventures.
Note:	Beaulieu Group, LLC filed for Chapter 11 bankruptcy in July 2017. Assets were subsequently purchased by Engineered Floors, LLC in November 2017.

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Administration and elected officials	7	7	7	7	7	7	7	7	6	6
Human Resources	4	3	3	3	3	3	3	3	3	3
City Clerk	3	3	3	3	3	3	3	3	3	3
IT	1	1	1	1	1	1	2	2	2	2
Finance	5	4	4	4	4	4	5	5	5	5
Building Inspection	5	5	-	-	-	-	-	-	-	-
Municipal Court	10	9	8	4	4	4	5	5	5	5
Public Safety										
Police - Officers	98	86	81	82	79	81	82	83	81	85
Police - Civilians	12	14	15	13	15	14	15	15	15	13
Fire - Firefighters and officers	91	87	85	88	83	89	88	93	91	91
Fire - Civilians	-	-	-	1	1	2	3	3	3	92
Streets and Sanitation										
Refuse collection	32	32	31	31	31	31	30	29	30	28
Streets	10	10	10	11	11	11	11	11	11	11
Other	23	23	23	24	27	25	25	30	30	30
DWRSWMA (Landfill)	38	38	38	38	37	36	36	36	36	36
WLSF (Dalton Utilities)	309	310	402	307	301	304	310	308	308	309
Culture and Recreation										
Recreation	37	24	25	25	28	29	27	27	28	29
Golf Course	11	9	9	7	6	6	6	8	10	7
Senior Center	4	5	5	4	4	4	4	4	4	4
Trade Center	16	-	-	-	5	12	15	15	15	17
Economic Development and Assistance										
Airport	-	-	-	-	-	-	1	2	2	2

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Building permits issued	298	160	-	-	-	-	-	-	-	-
Public Safety										
Police										
Physical arrests	2,852	2,647	3,221	3,868	4,212	4,682	4,109	4,014	3,668	4,424
Traffic citations and warnings	19,140	11,727	9,384	12,621	10,831	11,375	12,943	11,174	10,826	11,710
Fire										
Calls answered	1,323	1,323	1,517	2,766	2,744	2,537	2,663	2,896	3,590	3,719
Inspections conducted	170	616	469	468	220	610	598	259	717	1,080
Culture and Recreation										
Youth athletic enrollment	2,725	2,850	3,098	3,575	2,698	4,258	4,273	4,500	4,535	4,580
Adult athletic enrollment	2,390	2,390	2,441	2,398	2,292	2,089	2,001	1,950	1,935	1,940
Special events	10,500	12,000	20,000	25,000	25,120	20,000	26,452	29,000	28,960	29,558
Tournaments	17,200	16,000	18,225	21,655	22,868	24,268	25,267	25,398	26,243	25,253

(continued)

(1) In millions of gallons
(2) Includes Whitfield County
Source: Various City departments
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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
WLSF (Dalton Utilities) (1) (2)										
Electric System										
Number of service connections	15,904	15,691	15,532	15,500	15,625	16,512	16,664	16,882	16,907	16,802
Daily average consumption	4,164	4,005	4,178	3,977	3,976	4,236	4,485	4,762	4,931	5,073
Maximum daily peak (MW's)	262	262	262	262	243	237	256	267	275	271
Natural Gas System										
Number of service connections	8,031	8,013	7,789	7,602	7,623	7,594	7,813	7,554	7,534	7,445
Daily average consumption	5,532	5,170	6,305	5,679	4,798	5,819	7,840	7,295	8,622	13,716
Maximum daily peak (Dkthms)	17,868	19,154	19,055	16,487	17,217	18,163	23,440	24,166	25,681	27,824
Sewer system										
Number of service connections	12,466	12,393	12,323	12,317	12,450	12,616	12,773	12,884	12,916	12,847
Daily average treatment	24	24	21	21	20	22	20	21	19	23
Maximum daily capacity (Mil/gallons)	67	67	67	67	67	67	67	67	67	67
Water system										
Number of service connections	32,457	35,790	35,559	35,501	35,674	35,236	35,423	35,532	36,217	36,084
Daily average consumption (Mil/gallons)	24	21	21	1	22	23	25	27	27	27
Maximum daily capacity (Mil/gallons)	66	66	66	66	66	66	66	66	66	66
Optilink (Telecom) System										
Number of service connections	11,650	11,930	11,776	11,827	12,033	12,234	12,502	12,934	13,393	13,534

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

Function/Program	For the year ending December 31,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	58	57	58	58	58	58	63	63	65	65
Fire										
Number of stations	5	5	5	5	5	5	5	5	5	5
Streets and Sanitation										
Miles of streets	169	173	173	174	174	178	180	180	180	180
Streetlights	4,435	4,472	4,485	4,505	4,525	4,545	4,610	4,615	4,620	4,633
Culture and Recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Parks	11	11	12	12	13	13	13	13	13	13
Park acreage	459	459	644	644	719	719	719	719	734	734
Golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	1	1	2	2	2	2	2	2
Tennis courts	18	16	22	22	22	22	22	22	28	28
WLSF (Dalton Utilities)										
Electric System										
Miles of distribution	197	199	204	206	301	310	317	334	339	356
Number of substations	9	9	9	9	9	10	10	11	11	11
Natural gas system										
Miles of distribution	255	256	276	277	324	279	285	292	296	298
Sewer system										
Miles of sewer	278	284	298	299	319	323	323	324	328	336
Number of treatment plants	5	5	5	5	5	5	5	5	5	5
Water system										
Miles of water mains	1,288	1,285	1,259	1,259	1,249	1,248	1,250	1,251	1,244	1,234
Number of fire hydrants	5,299	5,190	5,230	5,004	5,004	5,008	5,010	5,029	5,040	5,055
Optilink (Telecom) System										
Miles of fiber optics	578	586	592	601	601	626	827	1,096	1,317	1,367

Source: Various City departments

Note: Dalton Utilities figures include Whitfield County

City of Dalton, Georgia
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax
For the Year Ended December 31, 2017

Project Name	Original Estimated Project Cost	Revised Estimated SPLOST Funds	Prior Years	Current Year	Total	Estimated Percentage Complete
SPLOST 2015 (2015 Referendum):						
County-wide communications project	$ 3,901,000	$ 3,901,000	$ 1,969,200	$ 1,816,823	$ 3,786,023	97%
County-wide library project	163,000	163,000	43,250	3,889	47,139	29%
Lakeshore Park recreation project	2,200,000	2,200,000	793,591	1,207,769	2,001,360	91%
Public safety vehicles	3,200,000	3,200,000	2,490,932	401,044	2,891,976	90%
Haig Mill reservoir recreation project	5,000,000	5,000,000	763,405	1,566,149	2,329,554	47%
Streets, bridges, and stormwater projects	10,000,000	10,000,000	789,655	1,074,996	1,864,651	19%
	$ 24,464,000	$ 24,464,000	$ 6,850,033	$ 6,070,670	$ 12,920,703	53%
SPLOST 2008 (2007 Referendum):						
Road Projects	$ 30,384,359	$ 11,710,215	$ 9,440,186	$ 3,766,276	$ 13,206,462	100%
Total	$ 54,848,359	$ 36,174,215	$ 16,290,219	$ 9,836,946	$ 26,127,165	

Note: This schedule is presented on the modified accrual basis of accounting.
Note: Expenditures presented on this schedule are $3,351,664 less than those presented on the combining statement of revenues, expenditures, and changes in fund balances for SPLOST nonmajor capital projects funds. That variance is due to two factors: a) $2,196,925 in current year expenditures in SPLOST capital projects funds for debt service, which are not SPLOST expenditures, and were funded by proceeds from the issuance of debt during 2015; and b) $1,154,739 in current year expenditures in SPLOST capital projects funds for drainage and paving projects, which are SPLOST projects but were funded by state LMIG grants and a Georgia DCA grant.

ESTES & WALCOTT
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component 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, 2017, 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 29, 2018.

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. (2017-001)

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*.

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 responses. 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 29, 2018

City of Dalton, Georgia
Schedule of Findings and Responses
December 31, 2017

Findings – Financial Statement Audit

2017-001	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 2017. The recreation department is also developing written procedures for inventory controls.

City of Dalton, Georgia
Schedule of Prior Year Audit Findings
December 31, 2017

Prior Year Findings – Financial Statement Audit

2016-001 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.