



CITY OF DALTON
GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year ENded December 31, 2018







CITY OF DALTON, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended
December 31, 2018

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, 2018

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June 28, 2019

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, 2018 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, 2018. 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 also served by two major railroads, CSX and Norfolk Southern. The community was originally founded in 1837 as the village of Cross Plains. In honor of founder Captain Edward White's mother, the name was officially changed to Dalton and chartered December 29, 1847.

Dalton occupies 20 square miles and serves an estimated daytime population of 63,000. According to the 2010 U.S. Census, Dalton has a population of 33,123, with Whitfield County's population at 102,599. The Census Bureau estimates the 2018 population for Dalton at 33,540. 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.

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 since the Center's employees are City of Dalton employees. In addition, the City exercises fiduciary responsibility over the Mayor and Council of the City of Dalton Employee's Pension Plan and the City of Dalton Postretirement Plan, both of which are reported in the financial statements as trust funds.

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.

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 "Floor Covering 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 2018 was 4.9% and is currently at 4.0%. We remain slightly above the national average of 3.6% and the state rate of 3.8%

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.

The Dalton MSA continues to see growth in both manufacturing and retail, with substantial capital investment. The JDA reports that 767 jobs are anticipated from seven new projects, with an expected capital investment of $204 million. Four of the new projects are manufacturing entities and produce solar panels, clay targets, carpet padding, and golf disks. The other three projects provide warehousing, call center services, and data center services.

- The JDA received the 2018 Large Community Deal of the Year award from the Georgia Economic Developers Association for the Hanwha Q Cells project. This project is expected to provide 525 jobs, a capital investment of $130 million, and the company will purchase water, wastewater, natural gas, and telecommunication services from the City's utility division. This the first U.S. based manufacturing company for the South Korean company. The 350,000 square foot facility will be located in the Carbondale Business Park and will produce solar panels.

- A new technology company, Core Scientific, is diversifying the local economy with its data center business. Renovating an old warehouse and building additional facilities, the company will be one of the largest local consumers of electricity for Dalton's utility division. Taking advantage of the utility's OptiLink high speed data services, they will utilize their data hosting and block chain computing assets for the artificial intelligence, banking, and data mining industries.

From a retail standpoint, Dalton welcomed several new businesses that include a 50,000 square foot development that houses Food City, Ulta Beauty, Ross, and PetSmart, located on Walnut Avenue, and a 1,800 square foot Dunkin Donuts on Glenwood Avenue.

The construction of the Peeples Cancer Institute and Anna Shaw Children's Institute facilities are both underway and targeted for completion in the later part of 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, 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 by the fall 2019 semester.

In April, the City issued twenty year general obligation bonds of $40.4 million to assist in financing a $50 million project for the construction of a sixth and seventh grade academy for the City of Dalton Board of Education.

Major Initiatives

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.

The City continues to invest and plan for the expansion of quality of life projects. Two projects funded with the City's 2015 1% Special Purpose Local Option Sales Tax ("SPLOST") were completed in 2018. The Lakeshore - Brookwood park project includes 6 tennis courts, wetland restoration and conservation, a walking track, a fishing pier, and a boardwalk. The Haig Mill Reservoir Park features a canoeing/kayaking area, walking/running/hiking trails, a fishing dock, a children's playground, and picnic pavilions. The City is currently in the planning phase to connect the Haig Mill Reservoir Park to downtown Main Street via passage through the historic Crown Mill area.

The Dalton Downtown Development Authority and City leadership continue to focus on revitalization of the downtown area. The 2018 addition of Burr Park as a downtown park and performance venue increased public attendance and interest with summer concerts and various other public events. With the utilization of a Renaissance and Strategic Vision and Planning grant awarded by the University of Georgia's Carl Vinson Institute, a downtown master plan was completed. The plan, which includes steps for implementation, addresses several areas, including additional downtown residential and mixed use developments, a streetscape beautification project, and other revitalization goals.

The City approved its second tax allocation district ("TAD") project for the redevelopment of a downtown vacant building into a 31 room boutique hotel. The hotel property is located within the TAD #1 area which encompasses much of the downtown area. The City entered into intergovernmental agreements with the City of Dalton Board of Education, Whitfield County, Georgia, and the Dalton Downtown Development Authority in regards to the project. Construction is expected to begin in July of 2019.

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 are working to improve. The City's code enforcement section is working diligently with citizens and businesses to correct code violations and promote beautification. With the robust economy, interest has peaked in regards to housing development within the City and local leaders are pursuing solutions to the limited residential housing stock and diversity of residential housing units.

The City's utility division ("WLSF Commission") operates under the trade name Dalton Utilities, and continues its pursuit of providing the best service to its customers with new and improved products.

- OptiLink:
  - VidLink, a new streaming video platform was introduced to replace its traditional and obsolete cable television offering. This new service provides customer features previously unavailable to any market in the southeast on a system that required minimal investment. Going forward, this platform will allow new features to be added regularly with little to no cost and can change with needs of customers as the video entertainment industry changes to more non-linear content production.

  - GIGLink, a 1 gigabit symmetrical internet service was launched for residential customers. Dalton is now one of a handful of small cities in the country to offer this level of speed to its customers. This resource allows unprecedented access to information for entertainment, education, and improved quality of life. This system lays the groundwork for even faster business internet connectivity.

- The WLSF Commission, through approximately $70 million of bond proceeds, is upgrading its core water plant infrastructure to extend facility life for another 50 years. These projects include replacement chemical systems, raw water pumping facilities, and membrane technology to further improve water quality.

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 2018, the City's general fund unrestricted fund balance was equal to 83% of operating expenditures. The general fund unrestricted fund balance is intended to 1) meet future capital needs, 2) offset significant economic downturns and revision in general government activity, 3) provide sufficient working capital, 4) provide sufficient cash flow for current financial needs, and 5) provide for emergency situations.

Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Excellence in Financial Reporting to the City of Dalton for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended December 31, 2017. This is the sixteenth consecutive year that the government has received this prestigious award. In order to be awarded the Certificate of Excellence, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Excellence in Financial Reporting is valid for a period of one year. We believe that our current CAFR continues to meet the GFOA's requirements, and are submitting it in anticipation of receiving the Certificate of Excellence in Financial Reporting once again.

The 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, CPA
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, 2017

Christopher P. Morrill

Executive Director/CEO

City of Dalton, Georgia
City Officials and Administration
December 31, 2018

Dennis Mock
Mayor

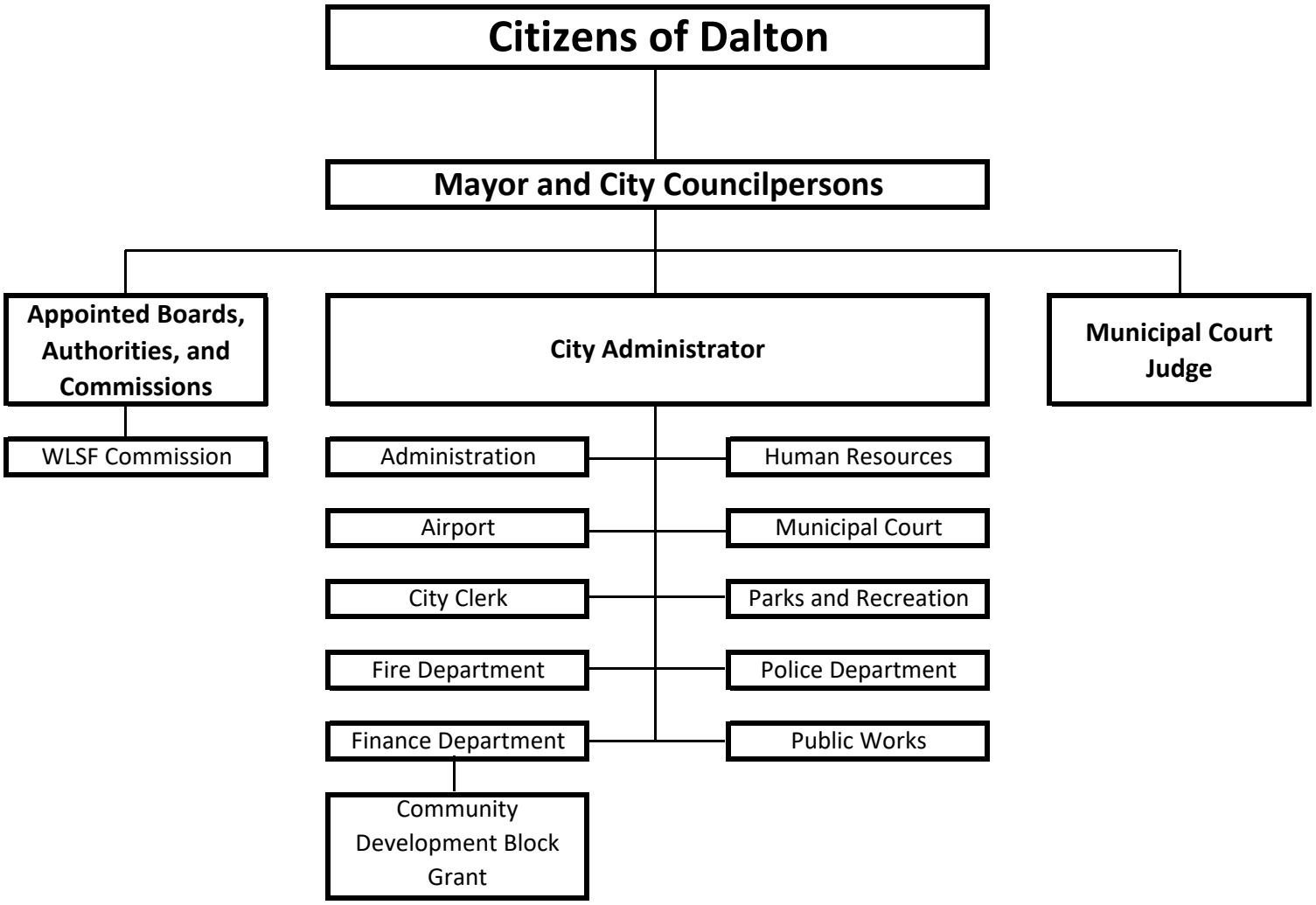
City Council

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, 2018



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, 2018, 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, 2018, 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, the required supplementary information for pension plans, and the required supplementary information for OPEB plans on pages 4 - 19, 93 – 96, and 97 - 99, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, 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 28, 2019

City of Dalton, Georgia
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

The City of Dalton's management is pleased to provide this narrative overview and analysis of the financial activities of the City for the calendar year ended December 31, 2018. 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 $1,044,176,387 (net position) for the calendar year reported. This represents an increase of $45.5 million from the prior year net position.

- Total net position is comprised of the following:
    - Net investment in capital assets of $806.3 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 $198.8 million is restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
    - Unrestricted net position of $39.1 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 $33.8 million this year. This represents an increase of $3.5 million from the prior year.

- At the end of the current calendar year, unassigned fund balance for the general fund was $25.8 million, or 83% of total general fund expenditures.

- The business-type activities enterprise funds reported total ending net position of $957.9 million as of December 31, 2018. This reflects an increase of $38.7 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 $10.7 million to the general fund during 2018. 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 postemployment 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 and defined benefit OPEB plan. Required supplementary information can be found on pages 93 through 99 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 100.

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 157 through 159. Additional information about the component unit can be found in Note 1-A, Note 4-F, and Note 4-G.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City's overall financial position for the 2018 year is summarized as follows, based on information presented in the government-wide statement of net position.

Summary Statement of Net Position
Fiscal Years 2018 and 2017

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current assets	$ 37,142,595	$ 33,906,880	$ 54,384,829	$ 54,653,426	$ 91,527,424	$ 88,560,306
Capital assets	90,531,225	89,787,914	866,150,192	788,428,654	956,681,417	878,216,568
Other long-term assets	534,322	475,717	258,557,004	279,084,595	259,091,326	279,560,312
Total assets	128,208,142	124,170,511	1,179,092,025	1,122,166,675	1,307,300,167	1,246,337,186
Deferred outflows of resources	5,920,196	3,010,892	6,577,463	3,111,461	12,497,659	6,122,353
Total assets and deferred outflows	$134,128,338	$127,181,403	$1,185,669,488	$1,125,278,136	$1,319,797,826	$1,252,459,539
Liabilities:						
Current liabilities	5,419,849	5,535,659	31,193,972	27,929,426	36,613,821	33,465,085
Long-term liabilities	36,680,991	36,602,309	188,143,775	169,397,612	224,824,766	205,999,921
Total liabilities	42,100,840	42,137,968	219,337,747	197,327,038	261,438,587	239,465,006
Deferred inflows of resources	4,320,080	4,235,401	9,862,772	10,122,182	14,182,852	14,357,583
Net position:						
Net investment in capital assets	84,604,366	81,410,981	721,653,192	658,650,654	806,257,558	740,061,635
Restricted	8,342,082	7,061,016	190,433,000	214,165,000	198,775,082	221,226,016
Unrestricted	(5,239,030)	(7,663,963)	44,382,777	45,013,262	39,143,747	37,349,299
Total net position	87,707,418	80,808,034	956,468,969	917,828,916	1,044,176,387	998,636,950
Total liabilities, deferred inflows, and net position	$134,128,338	$127,181,403	$1,185,669,488	$1,125,278,136	$1,319,797,826	$1,252,459,539

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 $1,044,176,387 at the close of the current year.

The most substantial portion of the City's net position is net investment in capital assets of $806.3 million (77%). 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 198.8 million (19%). These funds are subject to external restrictions on how they may be used. The remaining net position of $39.1 million (4%) 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 92% of total City-wide net position, the City generally only uses these resources to finance the continuing operations of the business-type activities.

As a whole, the City of Dalton's net position increased by $45.5 million during 2018. The business-type activities net position increased by $38.6 million while the governmental activities net position increased by $6.9 million.

Unrestricted net position was impacted unfavorably by the implementation of GASB 75. This standard addresses the other postemployment benefit obligations and the requirement to record the liability in the employer's financial statement. Refer to note 5-A for information regarding prior year restatement of net position. The implementation of the standard resulted in a deficit unrestricted net position for governmental activities. The WLSF Commission recorded $14.1 million of the prior year liability as a regulatory asset; consequently, the business-type activities net position was not negatively impacted.

The effects of the City's operations and resulting change in net position for the 2018 year is summarized as follows, based on information presented in the government-wide statement of activities.

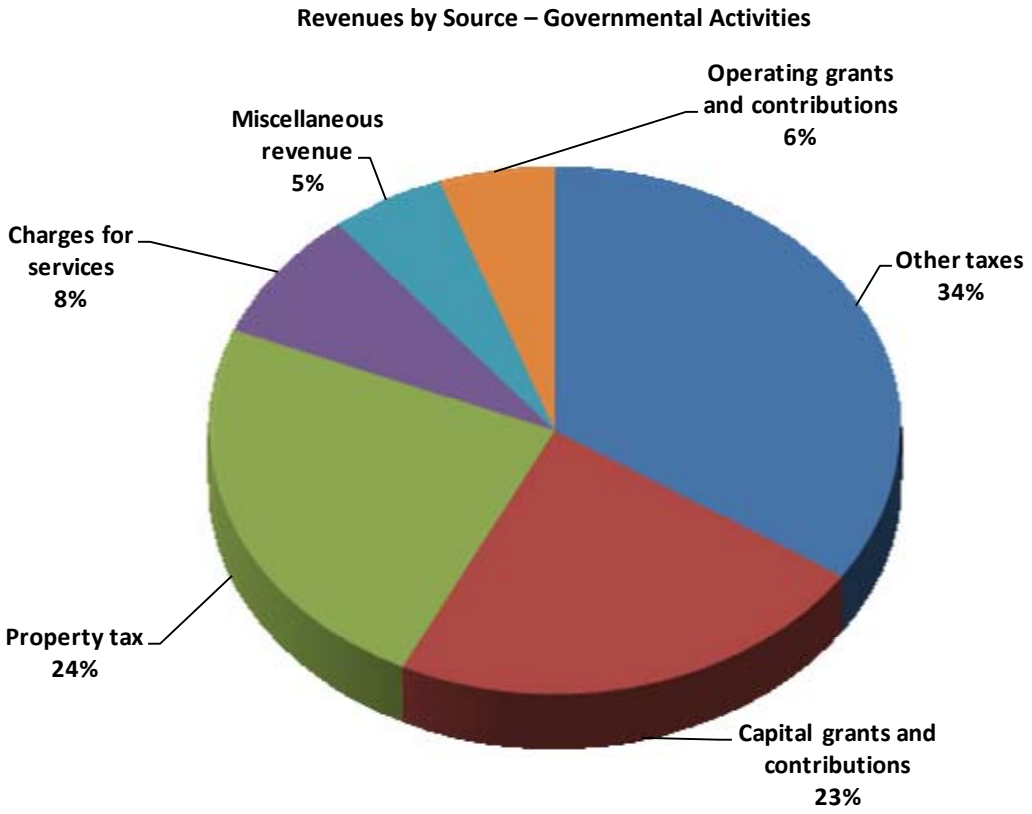
Summary Statement of Activities
Fiscal Years 2018 and 2017

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program:						
Charges for services	$ 2,917,440	$ 3,070,268	$ 215,775,661	$ 213,129,166	$ 218,693,101	$ 216,199,434
Operating grants	1,965,144	2,092,951	-	-	1,965,144	2,092,951
Capital grants	8,335,199	10,100,807	2,000,000	-	10,335,199	10,100,807
General:						
Property taxes	8,705,712	8,552,650	-	-	8,705,712	8,552,650
Other taxes	12,481,242	11,650,362	-	-	12,481,242	11,650,362
Investment earnings	502,978	299,310	2,831,601	1,371,485	3,334,579	1,670,795
Miscellaneous	1,443,222	758,464	581,500	591,000	2,024,722	1,349,464
Total revenues	36,350,937	36,524,812	221,188,762	215,091,651	257,539,699	251,616,463
Program Expenses:						
General government	2,932,157	2,574,600	-	-	2,932,157	2,574,600
Judicial	409,440	424,203	-	-	409,440	424,203
Public safety	17,511,903	16,145,618	-	-	17,511,903	16,145,618
Public works	10,361,515	9,403,531	-	-	10,361,515	9,403,531
Health and welfare	474,442	419,892	-	-	474,442	419,892
Culture and recreation	5,872,966	5,627,651	-	-	5,872,966	5,627,651
Housing and development	296,359	121,645	-	-	296,359	121,645
Interest	282,702	324,325	-	-	282,702	324,325
Utilities	-	-	171,607,098	174,954,554	171,607,098	174,954,554
Trade Center	-	-	471,563	515,534	471,563	515,534
Landfill	-	-	-	-	-	-
Golf course	-	-	907,034	898,210	907,034	898,210
Airport	-	-	873,083	853,995	873,083	853,995
Total expenses	38,141,484	35,041,465	173,858,778	177,222,293	212,000,262	212,263,758
Excess (deficiency)	(1,790,547)	1,483,347	47,329,984	37,869,358	45,539,437	39,352,705
Transfers	8,689,931	6,737,695	(8,689,931)	(6,737,695)	-	-
Change in net position	6,899,384	8,221,042	38,640,053	31,131,663	45,539,437	39,352,705
Beginning net position	80,808,034	86,590,466	917,828,916	884,880,511	998,636,950	971,470,977
Restatement of net position	-	(14,003,474)	-	1,816,742	-	(12,186,732)
Ending net position	$ 87,707,418	$ 80,808,034	$ 956,468,969	$ 917,828,916	$1,044,176,387	$ 998,636,950

The City's total revenues increased $5.9 million (2%) and the total cost of services and programs provided decreased $263,000 (0%). 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, 2018:



As indicated by the revenue diagram above, other taxes was the largest revenue source for governmental activites. Other taxes includes sales tax, financial institution tax, hotel-motel tax, title advalorem tax, franchise tax, and alcohol beverage tax. The City's governmental activities total revenues decreased $174,000 (0%).

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

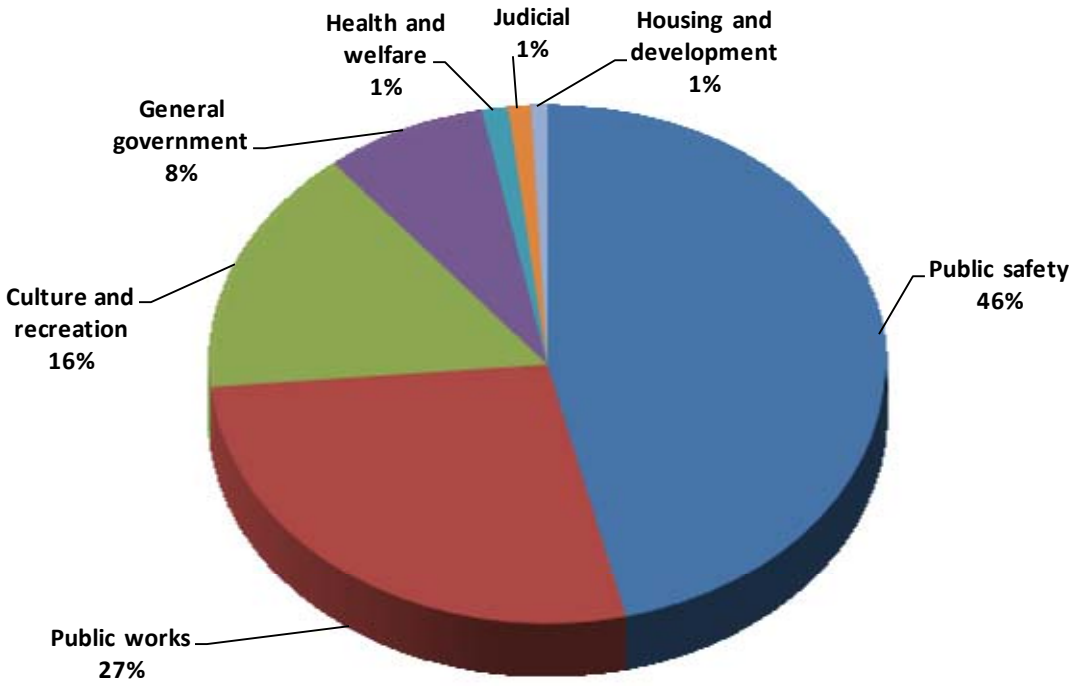
- The largest decrease occurred in the capital grants category. This category comprises 23% of total revenues and decreased $1,766,000 (17%). The decrease is due to the decreased spending from the 2008 SPLOST proceeds as those projects come to completion.

- The largest increase occurred in the other taxes category. This category comprises 34% of total revenues and increased $831,000 (7%). Sales tax increased $358,000, title ad valorem tax increased $191,000, insurance premium tax increased $172,000, and hotel/motel tax increased $63,000. The increase in this category is indiciative of a recovering economy.

- The miscellaneous category increased $685,000 (90%) due primarily to donations for the Burr Park construction.

The following chart depicts expenses of the governmental activities for the year ended December 31, 2018:

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 increased $3.1 million (9%).

The overall increase includes pension and OPEB expense in excess of contributions in the amount of $1.3 million, increase in depreciation expense of $543,000, increase in accrued compensated absences of $172,000, and allocation of internal service loss of $51,000. These increases were allocated to the governmental functions as follows: public safety $971,000, public works $745,000, culture and recreation $241,000, general government $84,000, health and welfare $19,000, and judicial $18,000. The remainder of the increase is largely attributable to a 3% COLA and the defined benefit pension contribution match increase of 2.4%.

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	$ 2,932,157	$ (574,805)
Judicial	409,440	(306,057)
Public safety	17,511,903	16,008,457
Public works	10,361,515	6,974,263
Health and welfare	474,442	218,162
Culture and recreation	5,872,966	2,127,917
Housing and development	296,359	193,062
Interest	282,702	282,702
Total	$ 38,141,484	$ 24,923,701

The general government and judicial net cost of services indicate revenues generated by the general government and the court covered the cost of these functions.

Business-type Activities

The City's business-type activities revenues increased $6.1 million (3%) and expenses decreased $3.4 million (2%).

Revenues:

The increase in charges for services of $2.6 million (1%) is primarily attributable to Dalton's utility operations, the WLSF Commission, as follows:

- Electric operating revenues increased $0.3 million (0%), primarily due to increased consumption by industrial and residential customers. The slight increase was offset by decreased rates for industrial customers on specific rate codes.

- Natural gas operating revenues increased $2.7 million (10%), primarily due to an increase in consumption by all customer classes with the exception of transportation gas.

- Water operating revenues increased slightly by $0.1 million (1%), primarily due to an increase in consumption for residential and commercial customers, coupled with an overall rate increase of 2% for all customer classes. These increases were offset by decreased consumption by industrial customers.

- Wastewater operating revenues decreased by $0.6 million (3%), primarily due to a decrease in consumption for industrial customers, partially offset by an increase in consumption by residential and commercial customers.

- Information technology operating revenues increased $0.9 million (4%), primarily due to an increase in internet revenues from residential and commercial customers.

The increase in capital grants of $2.0 million (100%) comes from contributions in aid of construction for the WLSF Commission.

The increase in investment income of $1.5 million (106%) is primarily attributable to the WLSF Commission's operations as follows:

- Interest income increased $1.8 million due to the fixed return on the reinvestment of the outstanding bond proceeds, coupled with the reinvestment of portfolio securities at slightly higher interest rates.

- The fair value of investments decreased $0.4 million in 2018 due to a decrease in fair value because of the change in the overall bond market.

Expenses:

The decrease in program expenses of $3.4 million (2%) is primarily attributable to the WLSF Commission's operations as follows:

- Production expenses increased $700,000 (0%), due primarily to an increase in equipment and repair maintenance on aging equipment.

- Purchased electricity expenses decreased $11.8 million (24%), primarily due to the new Required Services Agreement with Southern Power Company, effective in 2018, for the purchase of variable and fixed energy at a negotiated, reduced cost.

- Purchased natural gas expenses increased $1.1 million (6%), primarily due to increased consumption by all customer classes with the exception of transportation customers. The average monthly index price of natural gas was $3.03 per Dth for both 2018 and 2017.

- Distribution expenses increased $1.0 million (4%), primarily due to an increase in television content charges.

- Depreciation expense increased $1.0 million (4%), which reflects the addition of assets in the normal course of business.

- General and administrative expenses increased $1.8 million (11%), primarily due to an increase in retirement contributions for the defined benefit plan.

- Interest expense increased $3.4 million (100%) as the revenue bonds disclosed in Note 3-I were outstanding for a full year.

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 $33,813,341. Of this year-end total, 76% ($25,834,279) is unassigned fund balance that is available for spending at the City's discretion. The remainder is nonspendable ($157,986), restricted for particular purposes ($7,807,760), or assigned for particular purposes ($13,316).

The total ending fund balances of governmental funds reflect an increase of $3,492,494 (12%) from the prior year. The general fund reported an increase in fund balance of $2,448,598 (10%) and the other governmental funds reported an increase in fund balances of $1,043,896 (16%).

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 2018, the fund balance of the general fund was $26.3 million. Unassigned fund balance represents 83% of general fund expenditures, an increase from the prior year, in which unassigned fund balance represented 78% of expenditures.

The general fund increased fund balance by $2.4 million during the fiscal year. Key factors are as follows:

- General fund total revenues of $23.7 million were $698,000 more than the prior year's revenue. The City experienced increases in sales tax of $358,000, title ad valorem tax of $191,000, and insurance premium tax of $172,000.

- General fund total expenditures of $31.1 million were $964,000 more than the prior year's expenditures. City employees received a 3% COLA and the defined benefit pension match increased by 2.4%. This resulted in an increase in expenditures of $318,000 for public safety, $250,000 for general government, $24,000 for culture and recreation, and $12,000 for health and welfare. Other notable increases include $175,000 for infrastructure, IT upgrades of $69,000, and library funding of $54,000.

- Other financing sources of $11.5 million increased $708,000 from the prior year due to increases in the transfer fee from the WLSF Commission of $312,000, proceeds from sale of assets $228,000 and hotel/motel tax transfer of $168,000.

- Other financing uses of $1.7 million increased $582,000 from the prior year due primarily to an increase in capital funding.

Capital Projects Funds

- The SPLOST 2015 bonded debt 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 $1,749 and expenditures totaled $225,443 million for various SPLOST projects. At the end of 2018, fund balance was $139,388 and is restricted to complete the various projects.

- The SPLOST 2015 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 $6.9 million, state funding totaled $613,400, investment earnings totaled $116,000, and expenditures totaled $6.5 million; $4.3 million for various SPLOST projects and $2.2 million to retire debt. At the end of 2018, fund balance was $7.1 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 $1.2 million from the general fund for equipment purchases. Total expenditures were $1.2 million 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 $1,844,895, a net decrease to budgeted expenditures of $1,317,745, and a net increase to other financing sources (uses) of $95,890.

The following highlights the most significant differences between original and adjusted budgets for revenue:

- Property taxes $714,540 to reflect 2.5% digest growth
- Other taxes to adjust for additional revenue due to economic upturn
  - Sales tax $510,000
  - Title ad valorem tax $400,000
  - Insurance premium tax $170,000
- Investment earnings $175,000 to reflect the increase in interest rates
- Miscellaneous revenue
  - Cash donations $114,355
  - Demolition revenue $165,100

The budgets for personal services and benefits were decreased $1,197,085 with the exception of health and welfare, which was increased $16,750. The decrease is due primarily to unfilled positions within the public service and public works functions.

The other financing sources (uses) budget category was amended to reflect the increase in hotel/motel revenue of $170,620, the decrease in WLSF transfer revenue of $47,000, and the increase in transfers for expenditures of capital expenditures of $297,730.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental and business-type activities at December 31, 2018 was $90.5 million and $866.2 million, respectively. The book value of the governmental activities investment in capital assets increased by $743,000. The book value of the business-type activities investment in capital assets increased by $77.7 million. Depreciated cost for capital assets of the City as a whole increased by $78.5 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 2018 and 2017

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Non-depreciable assets:						
Land	$ 17,966,370	$ 17,966,370	$ 4,525,529	$ 4,525,529	$ 22,491,899	$ 22,491,899
Construction in progress	298,070	11,138,926	151,062,000	108,866,000	151,360,070	120,004,926
Total non-depreciable	18,264,440	29,105,296	155,587,529	113,391,529	173,851,969	142,496,825
Depreciable assets:						
Land improvements	46,597,481	33,236,321	9,414,120	7,954,905	56,011,601	41,191,226
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	29,266,398	26,833,766	2,619,670	2,528,014	31,886,068	29,361,780
Intangibles	1,102,492	1,102,492	-	-	1,102,492	1,102,492
Utility plant	-	-	1,239,378,000	1,190,281,000	1,239,378,000	1,190,281,000
Infrastructure	106,367,267	106,358,329	-	-	106,367,267	106,358,329
Total depreciable assets	218,644,409	202,841,679	1,255,175,279	1,204,527,408	1,473,819,688	1,407,369,087
Less accumulated depreciation	146,377,624	142,159,061	564,819,616	549,444,283	711,197,240	691,603,344
Book value-depreciable assets	72,266,785	60,682,618	690,355,663	655,083,125	762,622,448	715,765,743
Percentage depreciated	67%	70%	45%	46%	48%	49%
Nuclear fuel, at amortized cost	-	-	20,207,000	19,954,000	20,207,000	19,954,000
Book value - all assets	$ 90,531,225	$ 89,787,914	$ 866,150,192	$ 788,428,654	$ 956,681,417	$ 878,216,568

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

- Public safety vehicle and equipment purchases of $514,000; major purchases include twelve public safety vehicles and 90 tasers
- Public works machinery and equipment purchases of $781,000; major purchases include a street sweeper, two rubbish trucks, and two construction dump trucks
- Culture and recreation machinery and equipment purchases of $128,000
- Land and construction in progress for various road infrastructure projects ($840,000) and recreational facilities ($3.3 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 plant in service of $49.1 million, offset by an increase in accumulated depreciation of $14.9 million. Construction work in progress increased $42.2 million, primarily from additional construction costs for the WLSF Commission's ownership interest in the construction of Vogtle Units 3 and 4.

Long-term Debt

At the end of the calendar year, the City had total capital leases, revenue bonds, and notes outstanding of $79.2 million. This is a decrease of $4.1 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	
	2018	2017	2018	2017	2018	2017
Capital leases payable	$ 5,873,859	$ 8,270,933	$ -	$ -	$ 5,873,859	$ 8,270,933
Revenue bonds	-	-	73,308,000	74,953,000	73,308,000	74,953,000
Notes	53,000	106,000	-	-	53,000	106,000
Total	$ 5,926,859	$ 8,376,933	$ 73,308,000	$ 74,953,000	$ 79,234,859	$ 83,329,933

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Preliminary numbers posted by the Georgia Department of Labor for May 2019 reveal that Dalton's MSA unemployment rate of 3.9% is the lowest since May of 2007. The rate continues to be slightly higher than the national rate of 3.6%. Dalton added 532 more jobs over the past year, and 4,000 since the 2008 recession.

According to the most recent U.S. Census numbers, the estimated population for Dalton is 33,540, which is a slight increase of 1% from the 2010 census count of 33,128.

The current LOST agreement provides for an additional 1% allocation starting in 2019 that increases the City's total collection allocation percentage to 35% for the 2019 and 2020 budget year.

In March of 2019, Whitfield County voters rejected a six year 1% SPLOST referendum by a 58% to 42% margin.

All 2015 SPLOST projects, with the exception of the public works projects, will be completed in 2019. The public works projects are expected to be completed in 2020. The collections for the four-year 2015 SPLOST are expected to exceed the original budget of $24.5 million for City projects. The 2015 bonded SPLOST debt will be paid off in September of 2019.

The 2019 general fund budget reflects a 4% ($992,000) decrease in revenues when compared to 2018 actual revenues. Budgeted expenditures for 2019 reflect a 12% ($3.7 million) increase when compared to actual 2018 expenditures. The 2019 budgeted other financing sources (uses) indicate a 7% ($708,000) increase when compared to 2018. The City's adopted 2019 general fund budget is balanced with utilization of fund balance of $1.5 million.

The City considered the following factors when preparing the 2019 budget:

- Assessed property values are expected to remain flat and assumes no millage rate change.
- Revenues were adjusted down to reflect the expected decrease expected in vehicle tax revenue, title ad valorem tax, donations, and municipal court fees, and fines and forfeitures. Revenues were adjusted up to reflect the increase expected in sales tax and interest income.
- A 3% COLA is factored in for full-time employees effective 1/1/19.
- The employer defined benefit pension contribution match will be 58% in 2019 compared to a 50.9% match in 2018. The defined contribution plan employer match will remain at 5%.
- The OPEB premiums will continue to be paid from the OPEB trust fund with no additional employer contributions to the trust in 2019.
- Insurance premiums increased 4% in 2019.
- The public safety, public works, and recreation budgets assume less than 100% staffing level. Employee levels remained flat with no added positions for 2019.
- The budget includes $500,000 for roof replacement at City Hall.
- A capital acquisition transfer was not budgeted for 2019 pending the SPLOST vote in March. The City is currently developing a long-term capital acquisition plan.
- 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, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Assets				
Current Assets				
Cash and cash equivalents	$ 22,349,063	$ 6,892,573	$ 29,241,636	$ 7,213,191
Investments	9,826,441	755,000	10,581,441	-
Restricted customer deposit fund	-	2,975,000	2,975,000	-
Receivables:				
Accounts	1,480,083	15,526,014	17,006,097	-
Taxes	730,221	-	730,221	-
Intergovernmental	2,598,801	-	2,598,801	-
Interest	-	141,000	141,000	-
Capital leases	-	-	-	9,845,000
Unbilled revenues	-	7,491,000	7,491,000	-
Fuel stocks	-	2,748,000	2,748,000	-
Materials and supplies inventory	156,337	16,988,242	17,144,579	-
Deposits and prepaid items	1,649	868,000	869,649	295,240
Total Current Assets	37,142,595	54,384,829	91,527,424	17,353,431
Noncurrent Assets				
Nondepreciable capital assets	18,264,440	155,587,529	173,851,969	-
Depreciable capital assets, net	72,266,785	690,355,663	762,622,448	-
Nuclear fuel, at amortized cost	-	20,207,000	20,207,000	-
Restricted customer deposit fund	-	2,338,000	2,338,000	-
Restricted combined renewals and extensions fund	-	24,465,000	24,465,000	-
Restricted combined utilities construction fund	-	69,873,000	69,873,000	-
Restricted nuclear decommissioning	-	88,519,000	88,519,000	-
Regulatory asset	-	53,706,000	53,706,000	-
Capital leases receivable (less current portion)	-	-	-	17,290,000
Investment in joint ventures	534,322	19,656,004	20,190,326	-
Total Noncurrent Assets	91,065,547	1,124,707,196	1,215,772,743	17,290,000
Total Assets	128,208,142	1,179,092,025	1,307,300,167	34,643,431
Deferred Outflows of Resources	5,920,196	6,577,463	12,497,659	-
Total Assets and Deferred Outflows	$134,128,338	$1,185,669,488	$1,319,797,826	$ 34,643,431

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	City of Dalton Building Authority
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	$ 2,279,714	$ 21,135,046	$ 23,414,760	$ 7,479,695
Internal balances	(1,736,656)	1,736,656	-	-
Accrued interest payable	108,796	-	108,796	-
Claims payable	645,191	-	645,191	-
Unearned revenue	140,945	16,270	157,215	-
Compensated absences payable	1,500,000	40,000	1,540,000	-
Notes payable	53,000	-	53,000	-
Revenue bonds payable	-	2,172,000	2,172,000	9,585,000
Recovery zone economic development bonds payable	-	-	-	260,000
Capital leases payable	2,428,859	-	2,428,859	-
Customer deposits	-	6,094,000	6,094,000	-
Total Current Liabilities	5,419,849	31,193,972	36,613,821	17,324,695
Long-Term Liabilities				
Compensated absences payable (less current portion)	3,004,239	54,057	3,058,296	-
Unearned revenue-TVA right of use	-	17,000	17,000	-
Asset retirement obligations	-	84,341,000	84,341,000	-
Revenue bonds payable (less current portion)	-	71,136,000	71,136,000	13,845,000
Recovery zone bonds payable (less current portion)	-	-	-	3,445,000
Capital leases payable (less current portion)	3,445,000	-	3,445,000	-
Net pension liability	15,501,816	19,428,267	34,930,083	-
Net OPEB obligation	14,729,936	13,167,451	27,897,387	-
Total Long-Term Liabilities	36,680,991	188,143,775	224,824,766	17,290,000
Total Liabilities	42,100,840	219,337,747	261,438,587	34,614,695
Deferred Inflows of Resources	4,320,080	9,862,772	14,182,852	-
Net Position				
Net investment in capital assets	84,604,366	721,653,192	806,257,558	-
Restricted for:				
Debt service	206	69,873,000	69,873,206	-
Capital projects	7,214,820	24,465,000	31,679,820	-
Public safety	144,888	-	144,888	-
Development	688,669	-	688,669	-
Public works	108,499	-	108,499	-
Culture and recreation	185,000	-	185,000	-
Nuclear decommissioning	-	88,519,000	88,519,000	-
Noncurrent customer deposits	-	2,338,000	2,338,000	-
Pension	-	5,302,000	5,302,000	-
OPEB	-	(64,000)	(64,000)	-
Unrestricted	(5,239,030)	44,382,777	39,143,747	28,736
Total Net Position	87,707,418	956,468,969	1,044,176,387	28,736
Total Liabilities, Deferred Inflows, and Net Position	$134,128,338	$1,185,669,488	$1,319,797,826	$ 34,643,431

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Activities
For the Year Ended December 31, 2018

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	$ 2,932,157	$ 898,003	$ 258,862	$ 2,350,097	$ 574,805	$ -	$ 574,805	$ 28,736
Judicial	409,440	715,497	-	-	306,057	-	306,057	-
Public safety	17,511,903	659,703	47,898	795,845	(16,008,457)	-	(16,008,457)	-
Public works	10,361,515	215,827	1,348,382	1,823,043	(6,974,263)	-	(6,974,263)	-
Health and welfare	474,442	49,575	206,705	-	(218,162)	-	(218,162)	-
Culture and recreation	5,872,966	378,835	-	3,366,214	(2,127,917)	-	(2,127,917)	-
Housing and development	296,359	-	103,297	-	(193,062)	-	(193,062)	-
Interest on long-term debt	282,702	-	-	-	(282,702)	-	(282,702)	-
Total Governmental Activities	38,141,484	2,917,440	1,965,144	8,335,199	(24,923,701)	-	(24,923,701)	28,736
Business-Type Activities:								
WLSF:								
Electric system	84,556,426	118,828,000	-	2,000,000	-	36,271,574	36,271,574	-
Gas system	27,824,233	30,855,000	-	-	-	3,030,767	3,030,767	-
Water system	22,897,890	20,246,000	-	-	-	(2,651,890)	(2,651,890)	-
Wastewater system	20,089,467	21,720,000	-	-	-	1,630,533	1,630,533	-
Information technology system	16,239,082	22,341,000	-	-	-	6,101,918	6,101,918	-
Landfill	-	828,412	-	-	-	828,412	828,412	-
Trade Center	471,563	-	-	-	-	(471,563)	(471,563)	-
Municipal golf course	907,034	494,420	-	-	-	(412,614)	(412,614)	-
Municipal airport	873,083	462,829	-	-	-	(410,254)	(410,254)	-
Total Business-Type Activities	173,858,778	215,775,661	-	2,000,000	-	43,916,883	43,916,883	-
Total - Primary Government	$ 212,000,262	$ 218,693,101	$ 1,965,144	$ 10,335,199	(24,923,701)	43,916,883	18,993,182	28,736
		General Revenues						
		Property taxes levied for:						
		General purposes			8,705,712	-	8,705,712	-
		Selective taxes			10,916,682	-	10,916,682	-
		Hotel motel taxes			1,564,560	-	1,564,560	-
		Investment earnings			502,978	2,831,601	3,334,579	-
		Donations - unrestricted			714,102	-	714,102	-
		Miscellaneous			729,120	581,500	1,310,620	-
		Total General Revenues			23,133,154	3,413,101	26,546,255	-
		Transfers			8,689,931	(8,689,931)	-	-
		Total General Revenues and Transfers			31,823,085	(5,276,830)	26,546,255	-
		Change in Net Position			6,899,384	38,640,053	45,539,437	28,736
		Net Position Beginning of Year			80,808,034	917,828,916	998,636,950	-
		Net Position End of Year			$ 87,707,418	$ 956,468,969	$ 1,044,176,387	$ 28,736

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

City of Dalton, Georgia
Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 15,514,371	$ 6,131,170	$ 21,645,541
Investments	9,826,441	-	9,826,441
Receivables:			
Accounts	1,369,491	110,582	1,480,073
Taxes	729,920	301	730,221
Intergovernmental - federal	-	98,833	98,833
Intergovernmental - state	-	685	685
Intergovernmental - local	253,876	2,245,407	2,499,283
Interfund	617,704	22,600	640,304
Inventory	156,337	-	156,337
Prepaid items	1,649	-	1,649
Total Assets	$ 28,469,789	$ 8,609,578	$ 37,079,367
Liabilities			
Accounts payable	$ 756,751	$ 720,556	$ 1,477,307
Accrued expenditures	792,541	-	792,541
Accrued interest payable	-	108,796	108,796
Unearned revenue	140,945	-	140,945
Interfund payable	22,600	265,738	288,338
Total Liabilities	1,712,837	1,095,090	2,807,927
Deferred Inflows of Resources			
Unavailable revenue - property taxes	457,872	227	458,099
Fund Balances			
Nonspendable:			
Inventory	156,337	-	156,337
Prepaid items	1,649	-	1,649
Restricted:			
Economic development (tax allocation districts)	-	154,345	154,345
Public safety (police expenditures)	-	144,888	144,888
Housing and development (grant expenditures)	-	2	2
Debt service (debt service expenditures)	-	206	206
Capital projects (SPLOST 2015 projects)	-	7,214,820	7,214,820
Public works (cemetery chapel and streetscape)	108,499	-	108,499
Culture and recreation (greenway and Haig Mill projects)	185,000	-	185,000
Unrestricted:			
Assigned:			
Grant funds (airport grant)	13,316	-	13,316
Unassigned	25,834,279	-	25,834,279
Total Fund Balances	26,299,080	7,514,261	33,813,341
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 28,469,789	$ 8,609,578	$ 37,079,367

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, 2018

Total Governmental Fund Balances		$ 33,813,341
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	236,908,849	
Less accumulated depreciation	(146,377,624)	90,531,225
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		458,099
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	(288,338)	
Interfund payables	288,338	-
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	(53,000)	
Capital leases payable	(5,873,859)	
Compensated absences	(4,504,239)	
Net pension liability	(15,501,816)	
Net OPEB liability	(14,729,936)	(40,662,850)
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		534,322
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.		48,475
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows related to pensions	4,731,208	
Deferred inflows related to pensions	(1,644,690)	
Deferred outflows related to OPEB	1,188,988	
Deferred inflows related to OPEB	(2,675,390)	1,600,116
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.		1,384,690
Net Position of Governmental Activities		$ 87,707,418

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, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 19,652,100	$ 1,567,293	$ 21,219,393
Licenses and permits	898,003	-	898,003
Intergovernmental - federal	21,044	1,680,200	1,701,244
Intergovernmental - state	1,886	679,495	681,381
Intergovernmental - local	261,427	7,656,291	7,917,718
Charges for services	1,501,341	-	1,501,341
Fines and forfeitures	386,456	61,550	448,006
Investment earnings	281,196	216,330	497,526
Miscellaneous	737,612	25,639	763,251
Total Revenues	23,741,065	11,886,798	35,627,863
Expenditures			
Current:			
General government	2,399,380	95,861	2,495,241
Judicial	403,231	-	403,231
Public safety	16,654,713	85,714	16,740,427
Public works	7,163,707	1,348,382	8,512,089
Health and welfare	418,244	29,705	447,949
Culture and recreation	3,566,205	549,299	4,115,504
Housing and development	300,000	54,964	354,964
Capital Outlay:			
General government	69,514	1,410,949	1,480,463
Public safety	18,253	495,256	513,509
Public works	38,179	1,581,117	1,619,296
Health and welfare	16,627	-	16,627
Culture and recreation	11,752	3,007,845	3,019,597
Debt Service:			
Principal retirement	-	2,450,074	2,450,074
Interest and fiscal charges	-	282,702	282,702
Total Expenditures	31,059,805	11,391,868	42,451,673
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,318,740)	494,930	(6,823,810)
Other Financing Sources (Uses)			
Proceeds from sale of assets	282,864	-	282,864
Transfers in	11,194,585	1,810,594	13,005,179
Transfers out	(1,710,111)	(1,261,628)	(2,971,739)
Total Other Financing Sources (Uses)	9,767,338	548,966	10,316,304
Net Change in Fund Balances	2,448,598	1,043,896	3,492,494
Fund Balances Beginning of Year	23,850,482	6,470,365	30,320,847
Fund Balances End of Year	$ 26,299,080	$ 7,514,261	$ 33,813,341

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, 2018

Net Changes in Fund Balances - Total Governmental Funds		$ 3,492,494
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	(5,088,856)	
Capital outlay	5,305,983	217,127
Donations of or contributions for capital assets not reported at the fund level.		553,076
Write off of capital assets are not reported at the fund level.		(26,892)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(32,439)
Elimination of transfers between governmental funds:		
Transfers in	(2,331,179)	
Transfers out	2,331,179	-
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	2,397,074	
Repayment of notes payable	53,000	2,450,074
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	(223,117)	
Pension contributions in excess of pension expense	558,869	
OPEB expense in excess of contributions	(72,665)	263,087
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	(99,145)	58,605
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.		(75,748)
Change in Net Position of Governmental Activities		$ 6,899,384

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, 2018

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	$ 17,755,000	$ 19,597,940	$ 19,652,100	$ 54,160
Licenses and permits	1,501,900	896,900	898,003	1,103
Intergovernmental - federal	7,500	21,060	21,044	(16)
Intergovernmental - state	-	1,900	1,886	(14)
Intergovernmental - local	287,400	261,500	261,427	(73)
Charges for services	1,393,000	1,484,000	1,501,341	17,341
Fines and forfeitures	278,000	378,000	386,456	8,456
Investment earnings	100,050	275,050	281,196	6,146
Miscellaneous	435,400	686,795	737,612	50,817
Total Revenues	21,758,250	23,603,145	23,741,065	137,920
Expenditures				
Current:				
General government	2,678,525	2,489,270	2,399,380	89,890
Judicial	433,870	432,525	403,231	29,294
Public safety	17,272,545	16,795,190	16,654,713	140,477
Public works	7,602,825	7,274,220	7,163,707	110,513
Health and welfare	404,140	421,465	418,244	3,221
Culture and recreation	3,846,495	3,642,715	3,566,205	79,558
Housing and development	300,000	300,000	300,000	-
Total Current	32,538,400	31,355,385	30,905,480	452,953
Capital Outlay				
General government	236,875	66,500	69,514	(3,014)
Public safety	6,200	20,735	18,253	2,482
Public works	11,000	38,500	38,179	321
Health and welfare	18,000	16,810	16,627	183
Culture and recreation	20,000	14,800	11,752	-
Total Capital Outlay	292,075	157,345	154,325	(28)
Total Expenditures	32,830,475	31,512,730	31,059,805	452,925
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,072,225)	(7,909,585)	(7,318,740)	590,845
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	270,000	282,864	12,864
Transfers in	11,071,000	11,194,620	11,194,585	(35)
Transfers out	(1,458,275)	(1,756,005)	(1,710,111)	45,894
Total Other Financing Sources (Uses)	9,612,725	9,708,615	9,767,338	58,723
Net Change in Fund Balances	$ (1,459,500)	$ 1,799,030	2,448,598	$ 649,568
Fund Balances Beginning of Year			23,850,482	
Fund Balances End of Year			$ 26,299,080	

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2018

	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	$ 6,824,000	$ 68,573	$ 6,892,573	$ 703,522
Short-term investments	755,000	-	755,000	-
Restricted customer deposit fund	2,975,000	-	2,975,000	-
Accounts receivable, net	15,519,000	7,014	15,526,014	10
Unbilled revenues	7,491,000	-	7,491,000	-
Interest receivable	141,000	-	141,000	-
Fuel stocks	2,748,000	-	2,748,000	-
Materials and supplies inventory	16,904,000	84,242	16,988,242	-
Deposits and prepaid items	868,000	-	868,000	-
Total Current Assets	54,225,000	159,829	54,384,829	703,532
Noncurrent Assets:				
Land	-	4,525,529	4,525,529	-
Construction in progress	151,062,000	-	151,062,000	-
Nuclear fuel, at amortized cost	20,207,000	-	20,207,000	-
Depreciable capital assets, net	683,286,000	7,069,663	690,355,663	-
Restricted customer deposit fund	2,338,000	-	2,338,000	-
Restricted combined renewals/extensions fund	24,465,000	-	24,465,000	-
Restricted combined utilities construction fund	69,873,000	-	69,873,000	-
Restricted nuclear decommissioning fund	88,519,000	-	88,519,000	-
Regulatory assets, net	53,706,000	-	53,706,000	-
Investment in joint ventures	-	19,656,004	19,656,004	-
Total Noncurrent Assets	1,093,456,000	31,251,196	1,124,707,196	-
Total Assets	1,147,681,000	31,411,025	1,179,092,025	703,532
Deferred Outflows of Resources	6,461,000	116,463	6,577,463	-
Total Assets and Deferred Outflows	$ 1,154,142,000	$ 31,527,488	$ 1,185,669,488	$ 703,532

(continued)

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-type Activities - Enterprise Funds			
	Water, Light and Sinking Fund Commission	Other Proprietary Funds	Total Funds	Governmental Activities - Internal Service Funds
Liabilities				
Current Liabilities:				
Customer deposits	$ 6,094,000	$ -	$ 6,094,000	$ -
Current maturities of long-term debt	2,172,000	-	2,172,000	-
Accounts payable and accrued expenses	21,093,000	42,046	21,135,046	9,866
Unearned revenue	-	16,270	16,270	-
Interfund payable	-	351,966	351,966	-
Claims payable	-	-	-	645,191
Compensated absences payable	-	40,000	40,000	-
Total Current Liabilities	29,359,000	450,282	29,809,282	655,057
Long-Term Liabilities:				
Compensated absences (net of current portion)	-	54,057	54,057	-
Unearned revenue - TVA right of use	17,000	-	17,000	-
Revenue bonds payable (net of current portion)	71,136,000	-	71,136,000	-
Net pension liability	19,129,000	299,267	19,428,267	-
Net OPEB liability	12,876,000	291,451	13,167,451	-
Asset retirement obligations	84,341,000	-	84,341,000	-
Total Long-Term Liabilities	187,499,000	644,775	188,143,775	-
Total Liabilities	216,858,000	1,095,057	217,953,057	655,057
Deferred Inflows of Resources	9,772,000	90,772	9,862,772	-
Net Position				
Net investment in capital assets	710,058,000	11,595,192	721,653,192	-
Restricted for:				
Debt service	69,873,000	-	69,873,000	-
Capital projects	24,465,000	-	24,465,000	-
Nuclear decommissioning	88,519,000	-	88,519,000	-
Noncurrent customer deposits	2,338,000	-	2,338,000	-
Pension	5,302,000	-	5,302,000	-
OPEB	(64,000)	-	(64,000)	-
Unrestricted	27,021,000	18,746,467	45,767,467	48,475
Total Net Position	927,512,000	30,341,659	957,853,659	48,475
Total Liabilities, Deferred Inflows, and Net Position	$ 1,154,142,000	$ 31,527,488	$ 1,185,669,488	$ 703,532

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, 2018

Total Statement of Net Position - Proprietary Funds Net Position	$ 957,853,659
Amounts reported for Business-Type Activities in the Statement of Net Position are different because:	
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.	(1,384,690)
Net Position of Business-Type Activities	$ 956,468,969

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, 2018

	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	$ 213,990,000	$ 798,467	$ 214,788,467	$ 708,000
Merchandise sales	-	51,630	51,630	-
Tournaments	-	76,883	76,883	-
Concessions	-	27,536	27,536	-
Miscellaneous	-	2,733	2,733	-
Total Operating Revenues	213,990,000	957,249	214,947,249	708,000
Operating Expenses				
Cost of sales and services	126,123,000	662,571	126,785,571	319,648
Personal services and benefits	17,827,000	611,002	18,438,002	-
Depreciation	24,173,000	506,544	24,679,544	-
Claims	-	-	-	504,650
Total Operating Expenses	168,123,000	1,780,117	169,903,117	824,298
Operating Income (Loss)	45,867,000	(822,868)	45,044,132	(116,298)
Non-Operating Revenues (Expenses)				
Capital contributions	-	1,343,509	1,343,509	-
Interest income	3,035,000	601	3,035,601	5,452
Interest expense	(3,449,000)	-	(3,449,000)	-
Net increase (decrease) in fair value of investments	(204,000)	-	(204,000)	-
Allowance for debt funds used during construction	-	-	-	-
Miscellaneous income	579,000	-	579,000	-
Gain on sale of assets	-	2,500	2,500	-
Income (loss) from joint ventures	-	356,849	356,849	-
Total Non-Operating Revenues (Expenses)	(39,000)	1,703,459	1,664,459	5,452
Income Before Contributions and Transfers	45,828,000	880,591	46,708,591	(110,846)
Contributions and Transfers				
Contributions in aid of construction	2,000,000	-	2,000,000	-
Transfers in (out)	(10,674,000)	640,560	(10,033,440)	-
Total Contributions and Transfers	(8,674,000)	640,560	(8,033,440)	-
Change in Net Position	37,154,000	1,521,151	38,675,151	(110,846)
Net Position Beginning of Year	890,358,000	28,820,508	919,178,508	159,321
Net Position End of Year	$ 927,512,000	$ 30,341,659	$ 957,853,659	$ 48,475

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, 2018

Changes in Fund Net Position - Total Business-Type Activities	$ 38,675,151
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.	(35,098)
Change in Net Position of Business-Type Activities	$ 38,640,053

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	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	$ 211,486,000	$ 950,909	$ 212,436,909	$ -
Cash received from overparity in transmission facilities	2,185,000	-	2,185,000	-
Cash received from interfund services provided	-	-	-	707,990
Cash payments for personnel services	(24,150,000)	(634,804)	(24,784,804)	-
Cash payments for goods, services, claims, and fees	(114,381,000)	(675,284)	(115,056,284)	(790,704)
Net Cash Provided by (Used in) Operating Activities	75,140,000	(359,179)	74,780,821	(82,714)
Cash Flows from Investing Activities				
Interest on investments	3,124,000	601	3,124,601	5,452
Cash restricted for future purchases of investment securities	-	-	-	-
Sales and maturity of investment securities	79,654,000	-	79,654,000	-
Purchases of investment securities	(53,920,000)	-	(53,920,000)	-
Net Cash Provided by (Used in) Investing Activities	28,858,000	601	28,858,601	5,452
Cash Flows from Noncapital Financing Activities				
Transfers out	(10,674,000)	-	(10,674,000)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	(10,674,000)	-	(10,674,000)	-
Cash Flows from Capital and Related Financing Activities				
Payments on interfund loans	-	(63,077)	(63,077)	-
Proceeds from interfund loans	-	351,966	351,966	-
Payments long-term debt	(4,774,000)	-	(4,774,000)	-
Contributions in aid of construction	2,000,000	-	2,000,000	-
Acquisition of capital assets	(90,906,000)	(216,573)	(91,122,573)	-
Cash received from sale of capital assets	-	2,500	2,500	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(93,680,000)	74,816	(93,605,184)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(356,000)	(283,762)	(639,762)	(77,262)
Cash and Cash Equivalents Beginning of Year	7,180,000	352,335	7,532,335	780,784
Cash and Cash Equivalents End of Year	$ 6,824,000	$ 68,573	$ 6,892,573	$ 703,522

(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, 2018

	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)	$ 45,867,000	$ (822,868)	$ 45,044,132	$ (116,298)
Adjustments:				
Depreciation	24,173,000	506,544	24,679,544	-
Amortization	4,883,000	-	4,883,000	-
Pension contributions in excess of payments	(629,000)	16,858	(612,142)	-
OPEB expense in excess of contributions	-	(26,624)	(26,624)	-
(Increase) Decrease in Assets:				
Accounts receivable	(319,000)	(2,674)	(321,674)	(10)
Interfund receivable	-	-	-	-
Fuel stocks	167,000	-	167,000	-
Materials and supplies inventory	403,000	(26,491)	376,509	-
Increase (Decrease) in Liabilities:				
Accounts payable	(1,266,000)	13,778	(1,252,222)	9,319
Accrued expenses	-	4,447	4,447	-
Unearned revenue	-	(3,666)	(3,666)	-
Other	1,861,000	(18,483)	1,842,517	-
Claims payable	-	-	-	24,275
Net Cash Provided by (Used in) Operating Activities	$ 75,140,000	$ (359,179)	$ 74,780,821	$ (82,714)
Noncash Investing, Capital, and Financing Activities				
Net increase (decrease) in fair value of investments	$ (204,000)	$ -	$ (204,000)	$ -
Accrued property additions at year end	$ 3,112,000	$ -	$ 3,112,000	$ -
Contribution of capital assets from governmental funds	$ -	$ 1,343,509	$ 1,343,509	$ -

See accompanying notes to the basic financial statements.

City of Dalton, Georgia
Statement of Net Position
Fiduciary Funds
December 31, 2018

	Trust Funds	Municipal Court Agency Fund
Assets		
Cash and cash equivalents	$ 788,132	$ 90,080
Investments, at fair value:		
Georgia Municipal Employees Benefit System OPEB Trust Account	3,367,150	-
MetLife Equity Index Fund	14,710,139	-
MetLife Core Bond Index Fund	32,316,735	
MetLife Goldman Sachs Fund	10,596,494	-
Vanguard Institutional Index Fund	27,468,203	-
Vanguard Small Cap Index Fund	10,624,030	-
Vanguard Bond Market Index Fund	5,116,411	-
Contributions receivable	286,582	-
Total Assets	$ 105,273,876	$ 90,080
Liabilities		
Current Liabilities:		
Accounts payable	$ 102,705	$ 15,045
Other liabilities	-	75,035
Total Liabilities	102,705	90,080
Net Position		
Restricted for pension and other post employment benefits	105,171,171	-
Total Liabilities and Net Position	$ 105,273,876	$ 90,080

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, 2018

	Trust Funds
Additions	
Contributions:	
Employer	$ 7,311,443
Plan members	881,446
Total contributions	8,192,889
Investment income:	
Interest and dividends	2,452,522
Net increase (decrease) in fair value of investments	(5,480,498)
Total investment income	(3,027,976)
Less: investment expense	191,328
Net investment earnings	(3,219,304)
Total Additions	4,973,585
Deductions	
Administrative expenses	73,961
Premium payments	755,998
Benefit payments	7,440,532
Total Deductions	8,270,491
Change in Net Position	(3,296,906)
Net Position Beginning of Year	108,468,077
Net Position End of Year	$ 105,171,171

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, 2018, 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, 2018, the City paid $33,748 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 function 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 thirteen nonmajor funds.

Major governmental fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Nonmajor governmental funds – The City’s nonmajor governmental funds include special revenue funds, capital projects funds, and a debt service fund. The special revenue funds include the hotel/motel tax fund, the confiscated assets fund, the community development block grant fund, the community HOME investment program grant fund, the airport improvement grant fund, the tax allocation district #1 fund, the tax allocation district #3 fund, and the economic development fund. 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.

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 postemployment benefit ("OPEB") trust fund – The OPEB trust fund accounts for the activities of the City of Dalton Postretirement Plan, which accumulates resources for postemployment 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 to and deductions from 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 $7,500,000 for the year ended December 31, 2018.

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 $700,000 for the year ended December 31, 2018.

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 2018, MW hours sold back to SPC totaled 82,394, with proceeds of $3,300,000, 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
- Investments in the 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 the lower of cost or market. 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, 2018.

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018 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 certain restricted funds, including the customer deposit fund included in current assets on the statement of net position and the combined utilities renewals and extensions fund and the nuclear decommissioning fund included in noncurrent assets on the statement of net position. The nuclear decommissioning fund holds funds in accordance with the Nuclear Regulatory Commission's ("NRC") guidelines. The other restricted funds are segregated from the operating funds at the discretion of the WLSF Commission. Investments in the nuclear decommissioning fund and the other restricted funds are stated at fair market value. The combined utilities construction fund is invested in a non-participating fixed interest earning contract that is reported using cost based measures.

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, 2018.

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, 2018
Plant Hatch, Nuclear Units 1 and 2	2.2%	$ 71,205,000
Plant Vogtle, Nuclear Units 1 and 2	1.6%	107,564,000
Plant Wansley, Coal-Fired Units 1 and 2	1.4%	28,471,000
Plant Scherer, Coal-Fired Units 1 and 2	1.4%	40,643,000

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, 2018, the WLSF Commission's portion of total work in progress related to Vogtle Units 3 and 4 was $147.1 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 $10,300,000 for the year ended December 31, 2018. 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 2018.

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 $4,900,000 during 2018.

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 2018, 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 2018 for the WLSF Commission’s 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	$ 1,920,275,000	$ 1,842,977,000
WLSF's portion	2.2%	1.6%
	$ 42,246,000	$ 29,488,000

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, 2018, 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, 2018 was $110,600,000. In 2018, 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 $5,418,000 at December 31, 2018. Parity income for the year ended December 31, 2018 totaled $2,200,000.

1-E-9 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the City's past experience of making termination payments.

All compensated absence liabilities include salary-related payments, where applicable. The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absence 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, economic development, 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. Non-spendable fund balance for governmental funds totaled $157,986 at December 31, 2018.

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 $7,807,760 at December 31, 2018. The major projects that comprise this total include: $7,214,820 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), $154,345 held in three special revenue funds for economic development both generally and within specific tax allocation districts, $93,499 held in the general fund for cemetery chapel renovations and infant headstones, $10,000 held in the general fund for a greenway project, $15,000 held in the general fund for streetscape projects, $175,000 held in the general fund for the Haig Mill Lake project, and $144,888 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, 2018.

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. Assigned fund balance for governmental funds totaled $13,316 at December 31, 2018 and is held in the general fund for the airport improvement grant match.

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 reports a separate section for deferred outflows of resources. This separate financial statement element 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 two items that qualify for reporting in this category; deferred outflows of resources related to pension and deferred outflows of resources related to OPEB, which are reported in the government-wide and proprietary funds' statements of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element 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 three items that qualify for reporting in this category. 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 other two are deferred inflows of resources related to pension and deferred inflows of resources related to OPEB, which are reported in the government-wide and proprietary funds' statements of net position.

The WLSF Commission reports deferred inflows and outflows of resources related to pension and OPEB, 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.

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, 2018 comprised approximately 15% of total sales and 14% of electricity sales. WLSF Commission sales to a second major customer for the year ended December 31, 2018 comprised approximately 12% of total sales and 17% of electricity sales. No other customer accounted for more than 10% percent of the WLSF Commission's electricity or total sales during 2018.

The DWRSWMA's fee revenue from two major customers during the year ended December 31, 2018 comprised approximately 32% of total fee revenue. The larger of these comprised 16% 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 2017 amounts have been reclassified to conform to the 2018 presentation, with no material impact on total assets, total liabilities, total net position, total revenues, total expenditures, or total expenses.

1-G Subsequent Events

Management has evaluated subsequent events through June 28, 2019, the date the financial statements were available to be issued.

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, 2018:

- Cash, money market accounts, and certificates of deposit in the amount of $21,645,541 for governmental funds, $68,573 for nonmajor proprietary funds, $788,132 for trust funds, $90,080 for agency funds, $703,522 for internal service funds, and $7,213,191 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 $9,826,441 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 S&P. The primary objectives of the pool are safety of capital, liquidity, investment income, and diversification. The weighted average maturity was 21 days at December 31, 2018.
- Investments in index and other mutual funds in the amount of $43,208,644 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 $57,623,368 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 $3,367,150 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.

3-A Investments (continued)

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	$ 14,710,139	Not rated
MetLife Core Bond Index Fund	32,316,735	Not rated
MetLife Goldman Sachs Fund	10,596,494	Not rated
Vanguard Institutional Index Fund	27,468,203	Not rated
Vanguard Institutional Small Cap Index Fund	10,624,030	Not rated
Vanguard Bond Market Index Fund	5,116,411	Not rated
Total pension trust fund investments	$ 100,832,012	
Georgia Municipal Employees Benefit System OPEB Trust Account	$ 3,367,150	Not rated
Total OPEB trust fund investments	$ 3,367,150	

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, 2018:

- Cash and certificates of deposit in the amount of $4,400,000 are reported at cost or amortized cost and are not subject to fair value hierarchy measurement.
- U.S. government securities in the amount of $111,600,000 are valued based on observable market data and valuations of similar inputs (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, 2018 is as follows:

Fund Type	Cost	Fair Value at 1/1/18	Fair Value		Fair Value at 12/31/18	Change in Fair Value
			Purchases	Sales		
Customer deposit fund	$ 3,026,000	$ 2,946,000	$ 27,000	$ -	$ 2,975,000	$ 2,000
Combined utilities renewals and extensions fund	25,041,000	67,134,000	5,396,000	48,000,000	24,465,000	(65,000)
Nuclear decommissioning fund:						
Toshiba proceeds	19,824,000	-	43,714,000	23,890,000	19,706,000	(118,000)
Other funds	69,124,000	66,710,000	4,783,000	2,657,000	68,813,000	(23,000)
Total	$ 117,015,000	$ 136,790,000	$ 53,920,000	$ 74,547,000	$ 115,959,000	$ (204,000)

The change in fair value includes $400,000 related to interest income accrued on the zero coupon bonds in the nuclear decommissioning fund.

3-A Investments (continued)

The following fund is invested in a non-participating fixed interest earning contract and is reported at cost for the year ended December 31, 2018 is as follows:

		Cost		
Fund Type	Cost at 12/31/17	Purchases	Sales	Cost at 12/31/18
Combined utilities construction fund	$ 74,980,000	$ -	$ 5,107,000	$ 69,873,000

The WLSF Commission had the following investments and maturities for the year ended December 31, 2018:

			Investment Maturities (in Years)			
	Credit Quality	Fair Value	Less than 1	1 to 5	6 to 10	10 +
Cash and cash equivalents	Not Rated	$ 4,377,000	$ 3,901,000	$ 235,000	$ 241,000	$ -
US Treasury Notes	Not Rated	19,706,000	15,400,000	4,306,000	-	-
Federal Home Loan Bank	AAA/Aaa	11,687,000	-	5,899,000	5,788,000	-
Federal Home Loan Mortgage Corporation	AAA/Aaa	43,988,000	-	20,890,000	21,227,000	1,871,000
Federal National Mortgage Association	AAA/Aaa	20,713,000	-	14,792,000	5,921,000	-
Federal Farm Credit Banks	AAA/Aaa	8,051,000	-	4,941,000	3,110,000	-
Coupons (Resolution Fund Corporation)	AAA/Aaa	7,437,000	2,428,000	5,009,000	-	-
Total		$ 115,959,000	$ 21,729,000	$ 56,072,000	$ 36,287,000	$ 1,871,000

Interest rate risk for investments is the risk a government may face should changes in the interest rate affect the fair value of its investments. The WLSF Commission's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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, 2018 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, 2018 consists of uncollected property taxes levied during the year ended December 31, 2018 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	$	737,597
Allowance for uncollectible taxes		(7,376)
Taxes receivable	$	730,221
Taxes uncollected 60 days subsequent to year end, net of allowance, reported in deferred inflows	$	458,099

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, 2018 relate to the following:

Asset retirement obligations (a)	$ 44,450,000
Cost of removal (b)	(25,880,000)
Pension (c)	21,024,000
OPEB (d)	14,112,000
Total regulatory assets - net	$ 53,706,000

(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 statement 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 Note 3-J for additional information.

(d) The adoption of GASB 75 in 2018 required the recognition of the funded status of defined OPEB in the statement of net position, with a cumulative effect of adpotion recorded as a restatement of beginning net position for 2018. 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 2018. This recorded amount will change annually based on actuarial values. See Notes 3-K and 5-A for additional information.

3-E Capital Assets

Governmental capital asset activity for the year ended December 31, 2018 was as follows:

	Balance 12/31/2017	Additions	Reclass-ifications	Disposals	Balance 12/31/2018
Capital assets not being depreciated:					
Land	$ 17,966,370	$ -	$ -	$ -	$ 17,966,370
Construction in progress	11,138,926	188,982	(11,029,838)	-	298,070
Total capital assets not being depreciated	29,105,296	188,982	(11,029,838)	-	18,264,440
Other capital assets:					
Land improvements	33,236,321	3,831,620	9,529,540	-	46,597,481
Buildings	31,290,513	-	-	-	31,290,513
Building improvements	4,020,258	-	-	-	4,020,258
Vehicles	6,080,948	566,132	-	(329,903)	6,317,177
Machinery	13,991,883	630,576	-	(536,502)	14,085,957
Equipment	6,584,243	632,811	1,500,298	(30,780)	8,686,572
Furniture & fixtures	176,692	-	-	-	176,692
Intangibles	1,102,492	-	-	-	1,102,492
Bridge and bridge culvert	8,752,560	-	-	-	8,752,560
Streets and streetscape	97,341,551	8,938	-	-	97,350,489
Mast arm lighting	264,218	-	-	-	264,218
Total other capital assets	202,841,679	5,670,077	11,029,838	(897,185)	218,644,409
Total cost	231,946,975	5,859,059	-	(897,185)	236,908,849
Accumulated depreciation:					
Land improvements	19,173,750	1,776,406	(35,006)	-	20,915,150
Buildings	10,475,367	637,799	-	-	11,113,166
Building improvements	1,665,833	178,855	-	-	1,844,688
Vehicles	4,090,790	556,074	-	(319,965)	4,326,899
Machinery	9,404,925	524,145	-	(519,548)	9,409,522
Equipment	2,724,265	307,976	35,006	(30,780)	3,036,467
Furniture & fixtures	166,158	2,520	-	-	168,678
Intangibles	1,091,086	10,124	-	-	1,101,210
Bridge and bridge culvert	6,668,822	175,051	-	-	6,843,873
Streets and streetscape	86,512,821	906,695	-	-	87,419,516
Mast arm lighting	185,244	13,211	-	-	198,455
Total accumulated depreciation	142,159,061	5,088,856	-	(870,293)	146,377,624
Governmental activities capital assets, net	$ 89,787,914	$ 770,203	$ -	$ (26,892)	$ 90,531,225

3-E Capital Assets (continued)

Governmental activities depreciation expense

General government	$ 379,658
Judicial	1,096
Public safety	984,326
Public works	1,965,340
Culture and recreation	1,728,689
Health and welfare	29,747
Total governmental activities depreciation expense	$ 5,088,856

Business-type capital asset activity for the year ended December 31, 2018 was as follows:

	Balance at 12/31/2017	Additions	Disposals and Reclassifications	Balance at 12/31/2018
Capital assets not being depreciated:				
Land	$ 4,525,529	$ -	$ -	$ 4,525,529
Construction in progress	108,866,000	42,196,000	-	151,062,000
Total capital assets not being depreciated	113,391,529	42,196,000	-	155,587,529
Other capital assets:				
Land improvements	7,954,906	1,459,214	-	9,414,120
Buildings	3,692,434	-	-	3,692,434
Building improvements	71,055	-	-	71,055
Vehicles	51,991	-	-	51,991
Machinery and equipment	2,476,023	100,867	(9,212)	2,567,678
Utility plant	1,190,281,000	59,424,000	(10,327,000)	1,239,378,000
Total other capital assets	1,204,527,409	60,984,081	(10,336,212)	1,255,175,278
Total cost	1,317,918,938	103,180,081	(10,336,212)	1,410,762,807
Accumulated depreciation:				
Land improvements	4,705,227	277,149	-	4,982,376
Buildings	2,056,989	78,224	-	2,135,213
Building improvements	66,951	215	-	67,166
Vehicles	46,353	2,416	-	48,769
Machinery and equipment	1,354,764	148,539	(9,212)	1,494,091
Utility plant	541,214,000	25,205,000	(10,327,000)	556,092,000
Total accumulated depreciation	549,444,284	25,711,543	(10,336,212)	564,819,615
Nuclear fuel, at amortized cost	19,954,000	5,136,000	(4,883,000)	20,207,000
Business-type activities capital assets, net	$ 788,428,654	$ 82,604,538	$ (4,883,000)	$ 866,150,192

3-F Interfund Balances and Transfers

Interfund balances at December 31, 2018 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, 2018 consisted of the following:

	Payable from:			
Payable to:	General fund	Nonmajor governmental funds	Nonmajor enterprise funds	Total
General fund	$ -	$ 265,738	$ 351,966	$ 617,704
Nonmajor governmental funds	22,600	-	-	22,600
Total	$ 22,600	$ 265,738	$ 351,966	$ 640,304

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, 2018 consisted of the following:

	Transfer from:			
Transfer to:	General fund	WLSF Commission fund	Nonmajor governmental funds	Total
General fund	$ -	$ 10,674,000	$ 520,585	$ 11,194,585
Nonmajor governmental funds	1,710,111	-	100,483	1,810,594
Nonmajor enterprise funds	-	-	640,560	640,560
Total	$ 1,710,111	$ 10,674,000	$ 1,261,628	$ 13,645,739

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 2018 was approximately $21,000. The annual minimum lease payments under operating leases as of December 31, 2018 are as follows:

2019	$ 15,751
2020	10,761
2021	3,940
2022	2,579
2023	94

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
2019	$ 53,000	$ -	$ 53,000

Building Authority Recovery Zone Economic Development Bonds, dated April 8, 2010, were issued as a public offering 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
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	175,063	(78,778)	381,285
2023	290,000	159,388	(71,725)	377,663
2024 - 2028	1,605,000	528,675	(237,905)	1,895,770
2029 - 2030	720,000	67,813	(30,514)	757,299
	$ 3,705,000	$ 1,542,947	$ (694,326)	$ 4,553,621

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 2018 was reduced by $6,834 (6.6%), from $103,539 to $96,705. 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.

3-I Long-term Debt (continued)

Building Authority Series 2015 Revenue Bonds, dated August 1, 2015, were issued as a private placement offering 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
2019	$ 2,168,859	$ 28,130	$ 2,196,989

Revenue Bonds – City of Dalton, Georgia, Combined Utilities Revenue Bonds, Series 2017, dated November 21, 2017 and maturing March 1, 2038, were issued as a public offering in the amount of $66,660,000. 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. The bonds require that the WLSF Commission produce net revenues not less than 120% of the debt service requirement for the then current sinking fund year. The WLSF Commission was in compliance with that requirement as of December 31, 2018

At December 31, 2018, WLSF Commission debt consisted of the following:

Bond offering principal	$ 65,069,000
Unamortized debt premium, net of $0.7 M of debt issuance costs	8,239,000
Less: current maturities	(2,172,000)
Total long-term debt	$ 71,136,000

3-I Long-term Debt (continued)

Bond debt service requirements to maturity are as follows:

Date Due	Principal	Interest	Total
2019	$ 2,172,000	$ 3,020,000	$ 5,192,000
2020	2,202,000	2,915,000	5,117,000
2021	2,312,000	2,805,000	5,117,000
2022	2,430,000	2,690,000	5,120,000
2023 - 2027	14,163,000	11,496,000	25,659,000
2028 - 2032	18,182,000	7,573,000	25,755,000
2033 - 2037	22,782,000	2,979,000	25,761,000
2038	826,000	33,000	859,000
	$ 65,069,000	$ 33,511,000	$ 98,580,000

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.

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.

3-I Long-term Debt (continued)

Details of the AROs reflected in the statement of net position as of December 31, 2018 are as follows:

ARO balance at December 31, 2017	$ 64,695,000
Accretion	1,906,000
Cash flow revisions	17,740,000
ARO balance at December 31, 2018	$ 84,341,000

In 2018, the WLSF Commission recorded cash flow revisions of approximately $9.2 million to its AROs related to the jointly owned coal-fired plants, associated with the Coal Combustion Residuals from Electric Utilities final rule published by the Environmental Protections Agency ("EPA") in April 2015 ("CCR Rule"). The revision is based on the completion in 2018 by GPC, acting as agent, of a strategic assessment related to its plans to close the ash ponds at all of its generating plants in compliance with the CCR Rule. This assessment including engineering and constructability studies related to design assumptions for ash pond closures and advanced engineering methods. The results indicated that additional closure costs will be required to close these ash ponds, primarily due to changes in closure strategies, the estimated amount of ash to be excavated, and additional water management requirements necessary to support closure strategies. These factors also impact the estimate timing of future cash outlays.

In addition, in 2018, GPC, acting as agent, completed an updated nuclear decommissioning cost site study for Plant Hatch and Plant Vogtle Units 1 and 2. The estimated cost of decommissioning based on the studies resulted in an increase in the WLSF Commissions' ARO liability of approximately $8.6 million.

Changes in long-term liabilities - The City's long-term obligations consisted of the following at December 31, 2018:

	Outstanding 12/31/2017	Additions	Reductions	Revisions	Outstanding 12/31/2018	Amounts Due in One Year
Governmental activities:						
Capital leases payable	$ 8,270,933	$ -	$ (2,396,077)	$ -	$ 5,874,856	$ 2,428,859
Notes payable - direct borrowing	106,000	-	(53,000)	-	53,000	53,000
Compensated absences	4,281,122	1,553,087	(1,329,970)	-	4,504,239	1,500,000
Total governmental activities	$ 12,658,055	$ 1,553,087	$ (3,779,047)	$ -	$ 10,432,095	$ 3,981,859
Business-type activities						
Unearned revenue - TVA right of use	$ 67,000	$ -	$ (50,000)	$ -	$ 17,000	$ -
Asset retirement obligations	64,695,000	1,906,000	-	17,740,000	84,341,000	-
Revenue bonds payable	66,660,000	-	-	(1,591,000)	65,069,000	2,172,000
Unamortized premium on revenue bonds	8,293,000	-	-	(54,000)	8,239,000	-
Compensated absences	112,540	35,528	(54,011)	-	94,057	40,000
Total business-type activities	$ 139,827,540	$ 1,941,528	$ (104,011)	$ 16,095,000	$ 157,760,057	$ 2,212,000

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 - 36 and 154 - 155 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. The most recent unaudited stand-alone financial statement issued by the Pension Plan was for the year ended December 31, 2018, 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 or in index funds with Vanguard. The Pension Plan's investment contracts and index funds 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.

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 Dalton-Whitfield Convention and Visitors Bureau; and the Dalton-Whitfield Regional Solid Waste Management Authority. Employees who began work after 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.

3-J Pensions (continued)

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, 2019 is as follows:

Actively employed participants		211
Average age		49.8 years
Average service		21.6 years
Total annualized compensation for the prior year	$	13,290,833
Total expected compensation for the current year	$	13,722,784
Participants receiving a benefit		
Service retirees		292
Beneficiaries		63
Inactive participants - deferred; vested		18

Contribution requirements - In accordance with the most recent actuarial report, the Pension Plan's funding policy for employers should be increased from 49.2% (at the last valuation date) to 56.8% 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 are 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, 2018, the annual money-weighted rate of return on the Pension Plan's investments, net of Pension Plan investment expense, was -2.93%. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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, 2018 through December 31, 2018:

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.
Investment return:	6.81% per year
Salary increases:	3.25% per year
Cost of living increase:	None assumed
Mortality basis:	Sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality using Schedule AA.
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:	Since the prior measurement date, the assumed increase in future salaries was decreased from 4.00% per year to 3.25% per year and the mortality basis was changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to the RP-2000 Combined Mortality Table with full generational improvements in mortality using Scale AA.

Discount rate - The discount rate used to measure the total pension liability was 6.81%. There has been no change to the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employees and the participating employers make their contributions at the actuarially determined rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.81% was applied to all periods of projected benefit payments to determine the total pension liability.

3-J Pensions (continued)

Net pension liability of the City – The net pension liability reported by the City is based on the measurement date of December 31, 2018. The components of the net pension liability of the City as of the Pension Plan's year end were as follows:

	Allocable Total Pension Liability	Allocable Plan Fiduciary Net Position	Allocable Net Pension Liability
Balance at December 31, 2017	$ 127,040,223	$ 99,772,444	$ 27,267,779
Changes for the year:			
Service cost	1,388,480	-	1,388,480
Interest	8,505,903	-	8,505,903
Differences between expected and actual experience	(762,493)	-	(762,493)
Contributions - employer	-	6,983,798	(6,983,798)
Contributions - employee	-	657,455	(657,455)
Net investment income	-	(2,920,701)	2,920,701
Benefit payments, including refunds of employee contributions	(7,107,102)	(7,107,102)	-
Administrative expenses	-	(48,620)	48,620
Assumption changes	3,202,346	-	3,202,346
Net changes	5,227,134	(2,435,170)	7,662,304
Balance at December 31, 2018	$ 132,267,357	$ 97,337,274	$ 34,930,083

The following represents the net pension liability allocable to the City as of the measurement date and the Pension Plan's year end, December 31, 2018, 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%
Allocable total pension liability	$ 146,871,043	$ 132,267,357	$ 146,871,043
Allocable plan fiduciary net position	97,337,274	97,337,274	97,337,274
Net pension liability for City	$ 49,533,769	$ 34,930,083	$ 49,533,769

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, 2018, the City recognized pension expense of $5,880,234. At December 31, 2018, 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, 2017	$ 2,755,855	$ 5,169,616
Change due to:		
Amortization payments	(5,598,502)	(2,231,774)
Investment gain/loss	9,829,937	-
Demographic gain/loss	-	768,217
Assumption changes	3,234,749	-
Allocation changes	24,106	(8,533)
Total change	7,490,290	(1,472,090)
Balance as of December 31, 2018	$ 10,246,145	$ 3,697,526

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	Net Outflows Recognized to Expense
2019	$ 4,342,599	$ 1,516,374	$ 2,826,225
2020	1,971,571	1,168,968	802,603
2021	1,965,987	1,012,184	953,803
2022	1,965,988	-	1,965,988
2023	-	-	-

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	$ 4,731,208	$ 15,501,816	$ 1,644,690
WLSF Commission	5,422,000	19,129,000	2,015,000
Municipal golf course	92,937	299,267	37,836
DWRSWMA	373,240	1,638,744	144,627
	$ 10,619,385	$ 36,568,827	$ 3,842,153

3-J Pensions (continued)

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 required supplementary information, is presented in the financial statements as required supplementary information, which immediately follows these notes to the basic financial statements.

In addition to the Pension Plan above, various City employees are also covered under the pension plans of the Georgia Firefighters' Pension Fund and the Peace Officers' Annuity and Benefit Fund of Georgia. Further information regarding these plans can be obtained from the plans' annual reports.

3-K Other Postemployment Benefits

Plan description - The City of Dalton OPEB Plan ("OPEB Plan") was established to provide other postemployment benefits for eligible retirees and beneficiaries. The OPEB Plan is a single employer defined benefit healthcare plan, providing both health and life insurance at the same levels afforded to active employees. The OPEB Plan 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 is accounted for in the OPEB trust fund, financial statements for which are found on pages 35 - 36 and 154 - 155 of this report. The most recent unaudited stand-alone financial statement issued by the OPEB Plan was for the year ended December 31, 2018, and may be obtained from the City of Dalton Finance Department. The OPEB Plan's fiduciary net position has been determined on the same basis used by the OPEB Plan and is equal to the market value of assets calculated under the accrual basis of accounting.

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 insurance premiums and administrative expenses paid out, are invested in a trust fund with Georgia Municipal Association, and 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.

Eligibility – 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 City of Dalton, including the Public Safety Commission; the WLSF Commission; the Recreation Commission; the Northwest Georgia Trade and Convention Center Authority; and the Dalton Whitfield Regional Solid Waste Management Authority. All full-time employees hired prior to September 1, 2007 become eligible for health insurance coverage based upon the earlier of attaining: (1) age 65 with 5 years of service, (2) age 55 with 25 years of service, or (3) any age with 30 years of service. If a retiree is eligible for health insurance coverage, the OPEB Plan will also provide health insurance coverage for the retiree's spouse so long as the retiree is covered. Employees hired after September 1, 2007 are not eligible for health insurance benefits after retirement.

Benefits – 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 ($30,000 for retirees who retired before June 1, 1989). The benefit terms of the OPEB Plan have not changed from the prior measurement date.

3-K Other Postemployment Benefits (continued)

Membership in the OPEB Plan consisted of the following at December 31, 2018:

Current retirees and beneficiaries receiving benefits	157
Active employees not yet receiving benefits	673
Total number of covered individuals	830

Funding policy - The Mayor and Council determine the contribution requirements to the OPEB Plan on an annual basis. The participating employers do not contribute to the plan at this time, and have not since 2014. Eligible retirees are required to share in the cost of health insurance coverage. Annual contribution rates for 2018 are as follows:

Coverage	Annual Retiree Premium
Individual	$ 1,068
Individual + 1	3,312

Investments – The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Mayor and Council by a majority vote. The Mayor and Council have full power to invest or reinvest OPEB Plan assets in any kind of property which they deem proper. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class for the investments of the OPEB Plan are as follows:

Investment Category	Target Allocation	Expected Long Term Real Return
Domestic equities	50%	5.95% per annum
International equities	15%	6.45% per annum
Domestic fixed income	25%	1.55% per annum
Real estate	10%	3.75% per annum
Total or weighted arithmetic average	100%	4.71% per annum

3-K Other Postemployment Benefits (continued)

The following actuarial assumptions used in the determination of the net OPEB liability were based on the results of an actuarial experience study for the period January 1, 2018 through December 31, 2018:

Actuarial Assumptions	
Discount rate:	3.75% per annum; this rate was used to discount all future benefit payments and is based on a blend of the expected long-term return on assets (for benefit payments during the first three years after the valuation date) and a yield on 20-year Grade AA/Aa or higher municipal bonds of 3.64% per annum (for benefit payments beyond the first three years after the valuation date); the expected long-term return on assets was determined as of the valuation date by the trust's investment manager and municipal bond return was based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
Expected long-term return on assets:	7.96% per annum (3.25% per annum is attributable to long-term inflation)
Salary increases:	3.25% per annum
Cost of living increases:	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates; life insurance premiums are not assumed to increase.
Healthcare cost trend rates:	Increases in healthcare costs are assumed to be 7.50% for the 2018 fiscal year graded down by 0.50% per year to 5.00% for the 2023 and later fiscal years.
Age-related morbidity:	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.
Implied subsidy:	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of $450 for the retiree and $475 for the retiree's spouse has been assumed at age 65 for the 2018 fiscal year; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates.
Mortality basis:	Sex-distinct rates set forth in the RP-2000 Combined Mortality Table with full generational improvements in mortality using Scale AA.
Retirement:	Retirement is assumed to occur at the earliest age of 65 with five years of service, age 55 with 25 years of service, or any age with 30 years of service.
Other decrements:	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1).
Coverage election:	100% of eligible employees are assumed to elect medical coverage upon retirement or disability; all retirees (current and future) have been assumed to continue their current health plan coverage election.
Spouses and dependents:	Husbands are assumed to be three years older than wives; retirees are not assumed to have any dependent children.
COBRA:	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.

3-K Other Postemployment Benefits (continued)

Actuarial Assumptions

Changes: Since the prior measurement date, the assumed discount rate was decreased from 4.79% per annum to 3.75% per annum and the implied subsidy at age 65 for the 2018 fiscal year changed from $432 for the retiree and $486 for the retiree's spouse to $450 for the retiree and $475 for the retiree's spouse.

Discount rate - The discount rate used to measure the total OPEB liability was 3.75%. That rate is based on a blend of the expected long-term return on assets for benefit payments during the first three years after the valuation date and a yield on 20-year Grade AA/Aa or higher municipal bonds of 3.64% per annum for benefit payments beyond the first three years after the valuation date. The expected long-term rate of return on assets was determined as of the valuation date by the trust's investment manager and the municipal bond return was based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.

Net OPEB liability – The net OPEB liability is based on the measurement date of December 31, 2018. The components of the net OPEB liability of the City as of the OPEB Plan's year end were as follows:

	Allocable Total OPEB Liability	Allocable Plan Fiduciary Net Position	Allocable Net OPEB Liability
Balance at December 31, 2017	$ 34,179,236	$ 3,842,928	$ 30,336,308
Changes for the year:			
Service cost	687,412	-	687,412
Interest	1,287,577	-	1,287,577
Differences between expected and actual experience	(4,498,301)	-	(4,498,301)
Contributions - retiree	-	184,877	(184,877)
Net investment income	-	(153,218)	153,218
Benefit payments, including refunds of retiree contributions	(723,633)	(723,633)	-
Administrative expenses	-	(23,509)	23,509
Assumption changes	92,541	-	92,541
Net changes	(3,154,404)	(715,483)	(2,438,921)
Balance at December 31, 2018	$ 31,024,832	$ 3,127,445	$ 27,897,387

3-K Other Postemployment Benefits (continued)

The following represents the net OPEB liability of the City as of the measurement date and the OPEB Plan's year end, December 31, 2018, calculated using the healthcare cost trend rate of 8.00% downgraded to 5.00%, as well as what the net OPEB liability would be using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate:

	Trend Rates Minus 1.00%	Healthcare Trend Rate 8.00% - 5.00%	Trend Rates Plus 1.00%
Allocable total OPEB liability	$ 28,378,658	$ 31,024,832	$ 33,982,461
Allocable plan fiduciary net position	3,127,445	3,127,445	3,127,445
Net OPEB liability for City	$ 25,251,213	$ 27,897,387	$ 30,855,016

The following represents the net OPEB liability of the City as of the measurement date and the OPEB Plan's year end, December 31, 2018, calculated using the discount rate of 3.75%, as well as what the net OPEB 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 3.75%	Discount Rate Plus 1.00%
Allocable total OPEB liability	$ 33,531,999	$ 31,024,832	$ 28,748,777
Allocable plan fiduciary net position	3,127,445	3,127,445	3,127,445
Net OPEB liability for City	$ 30,404,554	$ 27,897,387	$ 25,621,332

OPEB expense and deferred outflows and inflows of resources related to other postemployment benefits – For the year ended December 31, 2018, the City recognized OPEB expense of $143,778. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of December 31, 2017	$ 3,366,498	$ 3,604,967
Change due to:		
Amortization payments	(1,643,739)	(3,036,240)
Investment gain/loss	437,100	-
Demographic gain/loss	-	4,498,603
Assumption changes	92,528	-
Allocation changes	(873)	(4)
Total change	(1,114,984)	1,462,359
Balance as of December 31, 2018	$ 2,251,514	$ 5,067,326

3-K Other Postemployment Benefits (continued)

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

Year	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Inflows Recognized to Expense
2019	$ 1,643,739	$ 3,036,240	$ (1,392,501)
2020	427,427	1,692,644	(1,265,217)
2021	92,930	338,442	(245,512)
2022	87,418	-	87,418
2023	-	-	-

The deferred outflows of resources, net OPEB liability, and deferred inflows of resources were allocated and reported among the OPEB Plan's participating employers, which includes City departments, the WLSF Commission, the Northwest Georgia Trade and Convention Center Authority, and the Dalton-Whitfield Solid Waste Authority. Allocations to the participating employers were as follows:

	Deferred Outflows of Resources	Net OPEB Liability	Deferred Inflows of Resources
Governmental activities	$ 1,188,988	$ 14,729,936	$ 2,675,390
WLSF Commission	1,039,000	12,876,000	2,339,000
Municipal golf course	23,526	291,451	52,936
Convention Center	16,468	204,016	37,055
DWRSWMA	84,586	1,043,701	189,227
	$ 2,352,568	$ 29,145,104	$ 5,293,608

Additional information on the OPEB Plan, including the schedule of changes in the net OPEB liability, the schedule of funding progress, and the notes to required supplementary information, is presented in the financial statements as required supplementary information, which immediately follows the notes to the basic financial statements.

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 2018, employee contributions totaled $723,700 and employer contributions totaled $463,454. For the year 2018, forfeitures of employer matching contributions totaled $13,293 and the ending balance in the forfeiture account was $15,661.

3-M Net Position

Net investment in capital assets reported on the government-wide statement of net position as of December 31, 2018 is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Cost of capital assets	$ 236,908,849	$ 1,430,969,807	$ 1,667,878,656
Less: accumulated depreciation	146,377,624	564,819,615	711,197,239
Book value	90,531,225	866,150,192	956,681,417
Less: capital related debt	5,926,859	65,069,000	70,995,859
Less: premium on capital related debt	-	8,239,000	8,239,000
Less: asset retirement obligations	-	84,341,000	84,341,000
Less: deferred inflows of resources - ITS sale	-	5,418,000	5,418,000
Add: regulatory asset - AROs	-	18,570,000	18,570,000
Net investment in capital assets	$ 84,604,366	$ 721,653,192	$ 806,257,558

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, 2018, interutility sales were as follows:

Electric	$	4,669,000
Natural gas		14,000
Water		180,000
Wastewater		120,000
Information technology		2,531,000
Total	$	7,514,000

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	$	1,564,560
Expenditures for promotion of tourism and support:		
Northwest Georgia Trade and Convention Center Authority		640,560
Dalton Area Convention and Visitors Bureau		395,525
Softball players association		7,500
Other tourism expenditures		520,975
Total expenditures	$	1,564,560
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, 2018. The private insurance carrier estimated claims incurred but not paid at December 31, 2018 were $645,191. 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, 2018, 2017, and 2016 there were no settlements in excess of insurance coverage.

The City of Dalton Board of Education also participates in the workers' compensation fund. Thirty-two 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
2018	$ 620,916	$ 632,259	$ (607,984)	$ 645,191
2017	677,281	573,661	(630,026)	620,916
2016	443,315	487,108	(253,142)	677,281

The workers' compensation fund had a decrease in net position for 2018. 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	$ (4,768)
Public safety	47,922
Public works	41,910
Culture & recreation	(9,316)
Total governmental activities	75,748
Business-type activities:	
WLSF Commission	35,098
Total business-type activities	35,098
Decrease in net position	$ 110,846

4-B Risk Management (continued)

Of the total allocation to the governmental activities public works function, $20,913 of income allocated is attributable to the City's DWRSWMA joint venture. Of the total allocation to the governmental activities culture and recreation function, $9,520 of 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 $137,608,800 per incident for each licensed reactor operated by it, but not more than $20,496,000 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 $2,508,995 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 $273 million as of December 31, 2018. 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, 2018, the WLSF Commission has spent $147.1 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, MEAG, and the WLSF Commission (collectively, the "Vogtle 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 "EPC Contractor") pursuant to which the EPC 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 Vogtle 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 Plant Vogtle Units 3 and 4 continued under the Vogtle 3 and 4 Agreement. In March 2017, the EPC Contractor filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. GPC, acting for itself and as agent for the other Vogtle Owners, entered into an Interim Assessment Agreement with the EPC Contractor to allow construction to continue. The Interim Assessment Agreement expired in July 2017 when GPC, acting for itself and as agent for the other Vogtle Owners, and the EPC Contractor entered into the Vogtle Services Agreement. Under the Vogtle Services Agreement, Westinghouse provides facility design and engineering services, procurement and technical support, and staff augmentation on a time and materials cost basis. The Vogtle Services Agreement provides that it will continue until the start-up and testing of Plant Vogtle Units 3 and 4 are complete and electricity is generated and sold from both units. The Vogtle Service Agreement is terminable by the Vogtle Owners upon 30 days written notice.

On June 9, 2017, GPC and the other Vogtle 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 Vogtle 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 Vogtle Owners and certain affiliates of MEAG against Westinghouse. Additionally, the Vogtle Owners surrendered certain letters of credit securing a portion of Westinghouse's potential obligations under the EPC Agreement.

In October 2017, GPC, acting for itself and as agent for the Vogtle Owners, executed the Bechtel Agreement, a cost reimbursable plus fee arrangement, whereby Bechtel is reimbursed for actual costs plus a base fee and an at-risk fee, which is subject to adjustment based on Bechtel's performance against costs and schedule targets. 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 (including the applicable portion of the base fee), 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.

In November 2017, the Vogtle 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 Vogtle Owner approval requirements. Effective August 31, 2018, the Vogtle Owners further amended the joint ownership agreements to clarify and provide procedures for certain provisions of the joint ownership agreements related to adverse events that require the vote of the holders of at least 90% of the ownership interests in Vogtle 3 and 4 to continue construction (as amended, and together with the November 2017 amendment, the "Vogtle Joint Ownership Agreements"). The Vogtle Joint Ownership Agreements also confirm that the Vogtle Owners' sole recourse against GPC or Southern Nuclear for any action or inaction in connection with their performance as agent for the Vogtle Owners is limited to removal of GPC and/or Southern Nuclear as agent, except in cases of willful misconduct.

4-C Commitments and Contingent Liabilities (continued)

In the second quarter 2018, Southern Nuclear, at the request of GPC, completed a full cost reforecast for the project, which resulted in an increase to the base capital cost forecast and estimated contingency to complete construction and start-up of Plant Vogtle Units 3 and 4. Although GPC believes these incremental costs are reasonable and necessary to complete the project and the Georgia Public Service Commission ("GPSC") has stated the estimate included in the seventeenth VCM proceeding does not represent a cost cap, GPC did not seek rate recovery of its portion of the increased costs included in the revised base capital cost forecast (or any related financing costs) in the nineteenth VCM report filed with the GPSC on August 31, 2018.

As a result of the increase in the total project capital cost forecast and GPC's decision not to seek rate recovery of the increase in the base capital costs, the holders of at least 90% of the ownership interests in Plant Vogtle Units 3 and 4 were required to vote to continue construction as these events qualified as adverse events under the Vogtle Join Ownership Agreements. On September 26, 2018, the Vogtle Owners unanimously voted to continue construction of Plant Vogtle Units 3 and 4. In connection with the vote to continue construction, GPC entered into (i) a binding term sheet ("Vogtle Owner Term Sheet") with the other Vogtle Owners and certain MEAG wholly-owned subsidiaries, including MEAG Power SPVJ, LLC ("MEAG SPVJ"), to take certain actions which partially mitigate potential financial exposure for the other Vogtle Owners and (ii) a term sheet ("MEAG Term Sheet") with MEAG and MEAG SPVJ to provide funding with respect to MEAG SPVJ's ownership interest in Plant Vogtle Units 3 and 4 under certain circumstances. On January 14, 2019, GPC, MEAG, and MEAG SPVJ entered into an agreement to implement the provisions of the MEAG Term Sheet ("MEAG Funding Agreement"). On February 18, 2019, GPC, the other Vogtle Owners, and MEAG's wholly-owned subsidiaries MEAG SPVJ, MEAG Power SPVM, LLC, and MEAG Power SPVP, LLC entered into certain amendments to the Vogtle Joint Ownership Agreements to implement the provisions of the Vogtle Owner Term Sheet ("Global Amendments").

Pursuant to the Global Amendments, and consistent with the Vogtle Owner Term Sheet, the Vogtle Joint Ownership Agreements were modified as follows: (i) each Vogtle Owner must pay its proportionate share of qualifying construction costs for Plant Vogtle Units 3 and 4 based on its ownership percentage up to the estimated cost at completion ("EAC") for Plant Vogtle Units 3 and 4 which formed the basis of GPC's revised forecast in the nineteenth VCM plus $800 million; (ii) GPC will be responsible for 55.7% of actual qualifying construction costs between $800 million and $1.6 billion over the EAC in the nineteenth VCM, with the remaining Vogtle Owners responsible for 44.3% of such costs pro rata in accordance with their respective ownership interests; and (iii) GPC will be responsible for 65.7% of qualifying construction costs between $1.6 billion and $2.1 billion over the EAC in the nineteenth VCM, with the remaining Vogtle Owners responsible for 34.3% of such costs pro rata in accordance with their respective ownership interests.

If the EAC is revised and exceeds the EAC in the nineteenth VCM by more than $2.1 billion, each of the Vogtle Owners will have a one-time option at the time the project budget forecast is so revised to tender a portion of its ownership interest to GPC in exchange for GPC's agreement to pay 100% of such Vogtle Owner's remaining share of total construction costs in excess of the EAC in the nineteenth VCM plus $2.1 billion. In this event, GPC will have the option of cancelling the project in lieu of purchasing a portion of the ownership interest of any other Vogtle Owner. If GPC accepts the offer to purchase a portion of another Vogtle Owner's ownership interest in Plant Vogtle Units 3 and 4, the ownership interest(s) to be conveyed from the tendering Vogtle Owner(s) to GPC will be calculated based on the proportion of the cumulative amount of construction costs paid by each such tendering Vogtle Owner(s) and by GPC as of the COD of Plant Vogtle Unit 4. For purposes of this calculation, payments made by GPC on behalf of another Vogtle Owner in accordance with the second and third items described in the paragraph above will be treated as payments made by the applicable Vogtle Owner.

In the event the actual costs of construction at completion of a Unit are less than the EAC reflected in the nineteenth VCM report and such Unit is placed in service in accordance with the schedule projected in the nineteenth VCM report (i.e. Plant Vogtle Unit 3 is placed in service by November 2021 or Plant Vogtle Unit 4 is placed in service by November 2022), GPC will be entitled to 60.7% of the cost savings with respect to the relevant Unit and the remaining Vogtle Owners will be entitled to 39.3% of such savings on a pro rata basis in accordance with their respective ownership interests.

4-C Commitments and Contingent Liabilities (continued)

Pursuant to the Global Amendments, and consistent with the Vogtle Owner Term Sheet, the provisions of the Vogtle Joint Ownership Agreements requiring that Vogtle Owners holding 90% of the ownership interests in Plant Vogtle Units 3 and 4 vote to continue construction following certain adverse events ("Project Adverse Events") were modified. Pursuant to the Global Amendments, the holders of at least 90% of the ownership interests in Plant Vogtle Units 3 and 4 must vote to continue construction if certain Project Adverse Events occur, including: (i) the bankruptcy of Toshiba; (ii) the termination or rejection in bankruptcy of certain agreements, including the Vogtle Services Agreement, the Bechtel Agreement, or the agency agreement with Southern Nuclear; (iii) GPC publicly announces its intention not to submit for rate recovery any portion of its investment in Plant Vogtle Units 3 and 4 or the GPSC determines that any of GPC's costs relating to the construction of Plant Vogtle Units 3 and 4 will not be recovered in retail rates, excluding any additional amounts paid by GPC on behalf of the other Vogtle Owners pursuant to the Global Amendments described above and the first 6% of costs during any six-month VCM reporting period that are disallowed by the GPSC for recovery, or for which GPC elects not to seek cost recovery, through retail rates; and (iv) an incremental extension of one year or more over the most recently approved schedule. Under the Global Amendments, GPC may cancel the project at any time in its sole discretion.

The Global Amendments provide that if the holders of at least 90% of the ownership interests fail to vote in favor of continuing the project following any future Project Adverse Event, work on Plant Vogtle Units 3 and 4 will continue for a period of 30 days if the holders of more than 50% of the ownership interests vote in favor of continuing construction (Majority Voting Owners). In such a case, the Vogtle Owners (i) have agreed to negotiate in good faith towards the resumption of the project, (ii) if no agreement is reached during such 30-day period, the project will be cancelled, and (iii) in the event of such a cancellation, the Majority Voting Owners will be obligated to reimburse any other Vogtle Owner for the incremental costs it incurred during such 30-day negotiation period.

In April 2019, Southern Nuclear completed a cost and schedule validation process to verify and update quantities of commodities remaining to install, labor hours to install remaining quantities and related productivity, testing and system turnover requirements, and forecasted staffing needs and related costs. This process confirmed the total estimated project capital costs forecast for Plant Vogtle Units 3 and 4. The expected in-service dates of November 2021 for Unit 3 and November 2022 for Unit 4, remain unchanged.

As construction continues, challenges with management of contractors, subcontractors, and vendors; supervision of craft labor and related labor productivity, ability to attract and retain craft labor, and/or related cost escalation; procurement, fabrication, delivery, assembly, and/or installation and the initial testing and start-up, including any required engineering changes, of plant systems, structures or components (some of which are based on new technology that only recently began initial operation in the global nuclear industry at this scale), any of which may require additional labor and/or materials; or other issues could arise and change the projected schedule and estimate 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.

4-C Commitments and Contingent Liabilities (continued)

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 2018, the WLSF Commission incurred purchased gas expense of $21,800,000 and purchased electricity expense of $36,800,000, 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 Conduit Debt Obligations

Conduit debt obligations with limited commitments – In April 2018, the City issued general obligation bonds for the use and benefit of the City of Dalton Board of Education to finance the construction and equipping of a new school building. The City of Dalton Board of Educations is the obligor of the debt pursuant to a contractual agreement. The City of Dalton Board of Education is not a component unit of the City. The bonds are payable solely from a voter-approved property tax, as facilitated through a Dalton Public Schools debt service millage rate. In addition, no commitments beyond the pledged tax funds, the payments from the City of Dalton Board of Education, and maintenance of the tax-exempt status of the conduit debt obligations were extended by the City for any of those bonds. At December 31, 2018, the bonds have an aggregate outstanding principal amount payable of $40,380,000.

4-E Joint Ventures

The City participates with Whitfield County in the Dalton-Whitfield Regional Solid Waste Management Authority. All budgetary and financial records are maintained by the City of Dalton. The DWRSWMA issued separate audited financial statements dated June 7, 2019.

The City and Whitfield County share equally in operations of the DWRSWMA, which operates solid waste disposal sites within Whitfield County. Administration is accomplished through a five-member board with each government appointing two members and those four appointing the fifth member. Current expenditures are funded through user fees and, if necessary, equal transfers from both governments. The City's equity interest in this joint venture is reported as an enterprise fund. The City's share of the resulting income or loss from the joint venture is shown separately as charge for services on the statement of activities.

4-E Joint Ventures (continued)

State and federal laws and regulations require the DWRSWMA to place a final cover on its landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at each 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	$ 501,000	$ 1,258,000	2,165,000	1,493,000	1,243,000	6,660,000
	501,000	1,258,000	5,381,000	3,710,000	3,010,000	13,860,000
Percentage of total landfill capacity used as of December 31, 2018	100.0%	100.0%	100.0%	66.8%	84.1%	
	501,000	1,258,000	5,381,000	2,479,000	2,531,000	12,150,000
Land acquisition	50,000	-	-	-	-	50,000
Accrual at 12/31/18	$ 551,000	$ 1,258,000	$ 5,381,000	$ 2,479,000	$ 2,531,000	$ 12,200,000

The DWRSWMA will record the remaining estimated cost of closure and post-closure care costs of $1,660,600 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 2018. Actual costs when incurred may be higher due to inflation, changes in technology, or changes in laws and regulations.

The DWRSWMA landfill closure and post-closure requirements are being funded from user fees and interest earned from investments. If these revenues are inadequate or additional post-closure care requirements are determined, these costs may need to be covered by charges to future landfill users.

According to the latest inspection reports issued by the Georgia Department of Natural Resources, dated July 23, 2018, the DWRSWMA was in compliance for closure and post-closure care financial assurance requirements for the 2017 year.

4-E Joint Ventures (continued)

Condensed audited financial statements for the DWRSWMA at December 31, 2018 are as follows:

Statement of Net Position		
Assets		
Current assets	$	19,783,562
Capital assets, net		21,499,255
Total assets		41,282,817
Deferred outflows of resources		457,826
Total assets and deferred outflows	$	41,740,643
Liabilities		
Current liabilities	$	476,349
Non-current liabilities		15,127,545
Total liabilities		15,603,894
Deferred inflows of resources		333,854
Net position		25,802,895
Total liabilities, deferred inflows, and net position	$	41,740,643
Statement of Revenues, Expenses, and Changes in Fund Net Position		
Operating revenues	$	7,600,554
Operating expenses		4,312,497
Depreciation		1,663,456
Operating income (loss)		1,624,601
Non-operating revenues (expenses)		32,222
Change in net position		1,656,823
Restatement due to implementation of new standard		(1,143,673)
Beginning net position		25,289,745
Ending net position	$	25,802,895

4-E 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 June 21, 2019.

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, 2018 are as follows:

Statement of Net Position	
Assets	
Current assets	$ 1,311,543
Capital assets, net	10,174,703
Total assets	11,486,246
Deferred outflows of resources	16,468
Total assets and deferred outflows	$ 11,502,714
Liabilities	
Current liabilities	$ 673,389
Non-current liabilities	286,999
Total liabilities	960,388
Deferred inflows of resources	37,055
Net position	10,505,271
Total liabilities, deferred inflows, and net position	$ 11,502,714
Statement of Revenues, Expenses, and Changes in Fund Net Position	
Operating revenues	$ 1,460,163
Operating expenses	1,799,205
Depreciation	633,549
Operating income (loss)	(972,591)
Non-operating revenues (expenses)	1,310,586
Change in net position	337,995
Restatement due to implementation of new standard	(223,597)
Beginning net position	10,390,873
Ending net position	$ 10,505,271

4-E 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 20, 2019.

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, 2018 are as follows:

Statement of Net Position		
Assets		
Current assets	$	1,644,440
Capital assets, net		2,952
Total assets	$	1,647,392
Current liabilities	$	578,749
Net position		1,068,643
Total liabilities and net position	$	1,647,392
Statement of Activities		
Program revenues	$	221,175
General revenues		318,365
Economic development expenses		422,330
Change in net position		117,210
Beginning net position		951,433
Ending net position	$	1,068,643

4-F 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, Whitfield County, 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-G Debt Contingency

The City of Dalton Building Authority issued revenue bonds as a private placement offering 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, 2018 is $6,870,000. Prepayments of 2019 principal amounts due have been made to sinking funds. Those prepayments total $3,365,155 as of December 31, 2018.

The City of Dalton Building Authority issued revenue bonds as a public offering during 2018 to finance the building and equipping of a new school for the City of Dalton Board of Education. The amount of the bonds outstanding as of December 31, 2018 is $13,360,000.

The City of Dalton Building Authority issued revenue bonds as a private placement offering during 2018 to finance a fire station project within Whitfield County. The amount of the bonds outstanding as of December 31, 2018 is $3,200,000.

4-H 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.

4-H Tax Abatements (continued)

Thirteen tax abatement agreements are outstanding as of December 31, 2018. Reductions in tax revenues attributable to local governments are as follows:

Government Entity	2018 Tax Reduction
City of Dalton, Georgia	$ 88,685
Whitfield County, Georgia	1,527,264
City of Dalton Board of Education	396,233
Whitfield County Board of Education	2,128,617

5 Restatements

5A Restatement of Net Position Due to Implementation of New Standards

The City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), during 2018. GASB 75 requires governments providing other postemployment benefits to recognize their long-term obligation for postemployment benefits as a liability. The effect of implementing GASB 75 has been determined and presented as of the end of calendar year 2017. This restatement does not affect governmental funds, but only affects proprietary funds and the government-wide presentation of governmental activities and business-type activities. The effects of the restatements are as follows:

	2017 Originally Reported	2017 Adjusted	Increase/ (Decrease)
Governmental Activities:			
Beginning net position	$ 86,590,466	$ 86,590,466	$ -
Deferred outflows	1,233,561	3,010,892	1,777,331
Net OPEB obligation	2,140,199	-	(2,140,199)
Net OPEB liability	-	16,017,696	16,017,696
Deferred inflows	2,332,093	4,235,401	1,903,308
Change in net position	8,221,042	8,221,042	-
Ending net position	94,811,508	80,808,034	(14,003,474)
Business-type Activities:			
Beginning net position	$ 884,880,511	$ 884,880,511	$ -
Regulatory asset	36,828,000	50,940,000	14,112,000
Investment in joint ventures	19,342,231	18,658,595	(683,636)
Deferred outflows	1,522,294	3,111,461	1,589,167
Net OPEB obligation	2,819,801	-	(2,819,801)
Net OPEB liability	-	14,318,931	14,318,931
Deferred inflows	8,420,523	10,122,182	1,701,659
Change in net position	31,131,663	31,131,663	-
Ending net position	916,012,174	917,828,916	1,816,742

5A Restatement of Net Position Due to Implementation of New Standards (continued)

	2017 Originally Reported	2017 Adjusted	Increase/ (Decrease)
Nonmajor Enterprise Funds:			
Beginning net position	$ 26,525,350	$ 26,525,350	$ -
Investment in joint ventures	19,342,231	18,658,595	(683,636)
Deferred outflows	23,294	58,461	35,167
Net OPEB liability	-	316,931	316,931
Deferred inflows	51,523	89,182	37,659
Change in net position	3,298,217	3,298,217	-
Ending net position	29,823,567	28,820,508	(1,003,059)
Municipal Golf Course:			
Beginning net position	$ 1,243,940	$ 1,243,940	$ -
Deferred outflows	23,294	58,461	35,167
Net OPEB liability	-	316,931	316,931
Deferred inflows	51,523	89,182	37,659
Change in net position	(76,594)	(76,594)	-
Ending net position	1,167,346	847,923	(319,423)
DWRSWMA (City's 50% interest only):			
Beginning net position	$ 23,986,084	$ 23,986,084	$ -
Deferred outflows	125,373	250,941	125,568
Net OPEB liability	-	1,134,627	1,134,627
Deferred inflows	193,341	327,955	134,614
Change in net position	1,303,661	1,303,661	-
Ending net position	25,289,745	24,146,072	(1,143,673)
Convention Center (City's 50% interest only):			
Beginning net position	$ 10,165,941	$ 10,165,941	$ -
Deferred outflows	-	24,617	24,617
Net OPEB liability	-	221,852	221,852
Deferred inflows	-	26,362	26,362
Change in net position	224,932	224,932	-
Ending net position	10,390,873	10,167,276	(223,597)

The WLSF Commission also implemented GASB 75 during 2018. They determined that restatement of all prior periods was not practical, and the cumulative effect of applying GASB 75 was deferred in accordance with regulatory accounting practices. The amount deferred at December 31, 2017 is $14,112,000 and, therefore, there is no restatement to beginning net position for the WLSF Commission. See Note 3-D for additional information.

REQUIRED SUPPLEMENTARY INFORMATION

City of Dalton, Georgia
Required Supplementary Information
Schedule of Changes in the Net Pension Liability
December 31, 2018

	2015	2016	2017	2018
Total pension liability:				
Service cost	$ 1,743,901	$ 1,652,021	$ 1,592,733	$ 1,453,620
Expected interest growth	8,238,500	8,495,017	8,713,989	8,904,957
Demographic experience	(1,273,686)	216,267	(54,192)	(798,265)
Benefit payments and refunds	(6,513,889)	(6,904,562)	(7,133,475)	(7,440,532)
Assumption changes	1,890,054	-	-	3,352,582
Net change in total pension liability	4,084,880	3,458,743	3,119,055	5,472,362
Total pension liability - beginning (a)	122,337,634	126,422,514	129,881,257	133,000,312
Total pension liability - ending (c)	$ 126,422,514	$ 129,881,257	$ 133,000,312	$ 138,472,674
Plan fiduciary net position:				
Employer contributions	$ 7,099,703	$ 6,841,734	$ 7,225,029	$ 7,311,443
Employee contributions	784,871	769,249	727,343	688,300
Benefit payments and refunds	(6,513,878)	(6,904,591)	(7,133,475)	(7,440,532)
Administrative expenses	(59,791)	(42,900)	(59,239)	(50,901)
Expected interest growth	5,718,288	5,800,923	6,299,827	7,130,290
Unexpected investment income	(5,527,933)	814,584	5,258,879	(10,188,016)
Net change in plan fiduciary net position	1,501,260	7,278,999	12,318,364	(2,549,416)
Plan fiduciary net position - beginning (b)	83,354,643	84,855,903	92,134,902	104,453,266
Plan fiduciary net position - ending (d)	$ 84,855,903	$ 92,134,902	$ 104,453,266	$ 101,903,850
Net pension liability - beginning (a) - (b)	$ 38,982,991	$ 41,566,611	$ 37,746,355	$ 28,547,046
Net pension liability - ending (c) - (d)	$ 41,566,611	$ 37,746,355	$ 28,547,046	$ 36,568,824
Pension Plan's fiduciary net position as a percentage of total pension liability	67%	71%	79%	74%
Covered payroll	$ 16,758,095	$ 15,756,935	$ 15,113,517	$ 14,091,077
Net pension liability as a percentage of covered payroll	248%	240%	189%	260%

Note: 2015 was the first year that data was measured in accordance with GASB 68.
Note: Only four 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 for Pensions
December 31, 2018

Measurement Date	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Funded Percentage	Covered Payroll	Net Pension Liability as a % of Covered Payroll
01/01/2010	$ 90,051,325	$ 55,261,296	$ 34,790,029	61%	$ 21,418,412	162%
01/01/2011	94,177,910	60,436,552	33,741,358	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%
12/31/2018	138,472,674	101,903,850	36,568,824	74%	14,091,077	260%

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 for Pensions
December 31, 2018

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
12/31/2009	$ 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%
12/31/2018	7,311,443	7,311,443	-	14,091,077	52%

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 for Pensions
December 31, 2018

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

December 31, 2018	-2.93%

Notes to 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, 2018
Measurement date:	December 31, 2018
Actuarial valuation date:	January 1, 2018
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:	3.25% per year
Changes in assumptions:	Since the prior measurement date, the assumed increase in future salaries was decreased from 4.00% per year to 3.25% per year and the mortality basis was changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to the PR-2000 Combined Mortality Table with full generational improvements in mortality using Scale AA.

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

City of Dalton, Georgia
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability
December 31, 2018

	2018
Total OPEB liability:	
Service cost	$ 718,157
Expected interest growth	1,345,164
Demographic experience	(4,699,489)
Benefit payments and refunds	(755,998)
Assumption changes	96,681
Net change in total OPEB liability	(3,295,485)
Total OPEB liability - beginning (a)	35,707,910
Total OPEB liability - ending (c)	$ 32,412,425
Plan fiduciary net position:	
Retiree contributions	$ 193,146
Benefit payments and refunds	(755,998)
Administrative expenses	(24,560)
Expected interest growth	296,647
Unexpected investment income	(456,718)
Net change in plan fiduciary net position	(747,483)
Plan fiduciary net position - beginning (b)	4,014,804
Plan fiduciary net position - ending (d)	$ 3,267,321
Net OPEB liability - beginning (a) - (b)	$ 31,693,106
Net OPEB liability - ending (c) - (d)	$ 29,145,104
OPEB Plan's fiduciary net position as a percentage of total OPEB liability	10%
Covered payroll	$ 31,589,049
Net OPEB liability as a percentage of covered payroll	92%

Note: 2018 was the first year that data was measured in accordance with GASB 75.
Note: Only one year of information is 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 for OPEB
December 31, 2018

Measurement Date	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Funded Percentage	Covered Payroll	Net OPEB Liability as a % of Covered Payroll
12/31/2014	$ 32,051,221	$ 4,586,540	$ 27,464,681	14%	$ 33,536,675	82%
12/31/2015	33,110,465	4,101,366	29,009,099	12%	33,536,675	86%
12/31/2016	33,266,025	3,910,615	29,355,410	12%	NA	NA
12/31/2017	35,707,910	4,014,804	31,693,106	11%	NA	NA
12/31/2018	32,412,425	3,267,321	29,145,104	10%	31,589,049	92%

NA - Not available
Note: 2018 was the first year that data was measured in accordance with GASB 75.
Note: Only five years of information are presented in the schedule above; ten years of information will be presented as it becomes available.

Notes to 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, 2018
Measurement date:	December 31, 2018
Actuarial valuation date:	January 1, 2018
Disocunt rate:	3.75% per annum
Salary increases:	3.25% per year
Changes in assumptions:	Since the prior measurement date, the assumed discount rate was decreased from 4.79% per annum to 3.75% per annum and the implied subsidy at age 65 for the 2018 fiscal year was changed from $432 for the retiree and $486 for the retiree's spouse to $450 for the retiree and $475 for the retiree's spouse.

Note: 2018 is the first year that data has been measured in accordance with GASB 75.

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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$ 220,400	$ 206	$ 5,910,564	$ 6,131,170
Receivables:				
Accounts	110,582	-	-	110,582
Taxes	301	-	-	301
Intergovernmental - federal	98,833	-	-	98,833
Intergovernmental - state	685	-	-	685
Intergovernmental - local	85,416	108,796	2,051,195	2,245,407
Interfund	100	-	22,500	22,600
Total Assets	$ 516,317	$ 109,002	$ 7,984,259	$ 8,609,578
Liabilities				
Accounts payable	$ 115,701	$ -	$ 604,855	$ 720,556
Accrued interest payable	-	108,796	-	108,796
Interfund payable	101,154	-	164,584	265,738
Total Liabilities	216,855	108,796	769,439	1,095,090
Deferred Inflows of Resources				
Unavailable revenue - property taxes	227	-	-	227
Fund Balances				
Restricted for:				
Economic development	154,345	-	-	154,345
Public safety	144,888	-	-	144,888
Housing and development	2	-	-	2
Debt service	-	206	-	206
Capital projects	-	-	7,214,820	7,214,820
Total Fund Balances	299,235	206	7,214,820	7,514,261
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 516,317	$ 109,002	$ 7,984,259	$ 8,609,578

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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Real and personal property taxes	$ 2,733	$ -	$ -	$ 2,733
Hotel motel tax	1,564,560	-	-	1,564,560
Intergovernmental - federal	1,680,200	-	-	1,680,200
Intergovernmental - state	66,095	-	613,400	679,495
Intergovernmental - local	85,416	53,000	7,517,875	7,656,291
Fines and forfeitures	61,550	-	-	61,550
Investment earnings	1,554	97,027	117,749	216,330
Miscellaneous	25,631	8	-	25,639
Total Revenues	3,487,739	150,035	8,249,024	11,886,798
Expenditures				
Current:				
General government	90,968	-	4,893	95,861
Public safety	77,614	-	8,100	85,714
Public works	-	-	1,348,382	1,348,382
Health and welfare	29,705	-	-	29,705
Culture and recreation	404,802	-	144,497	549,299
Housing and development	54,964	-	-	54,964
Capital Outlay				
General government	1,373,310	-	37,639	1,410,949
Public safety	7,470	-	487,786	495,256
Public works	265,662	-	1,315,455	1,581,117
Culture and recreation	-	-	3,007,845	3,007,845
Debt Service:				
Principal retirement	-	308,997	2,141,077	2,450,074
Interest and fiscal charges	-	226,802	55,900	282,702
Total Expenditures	2,304,495	535,799	8,551,574	11,391,868
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,183,244	(385,764)	(302,550)	494,930
Other Financing Sources (Uses)				
Transfers in	82,500	385,960	1,342,134	1,810,594
Transfers out	(1,161,145)	-	(100,483)	(1,261,628)
Total Other Financing Sources (Uses)	(1,078,645)	385,960	1,241,651	548,966
Net Change in Fund Balances	104,599	196	939,101	1,043,896
Fund Balances Beginning of Year	194,636	10	6,275,719	6,470,365
Fund Balances End of Year	$ 299,235	$ 206	$ 7,214,820	$ 7,514,261

GENERAL FUND

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

City of Dalton, Georgia
General Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 15,514,371	$ 15,613,845
Investments	9,826,441	6,618,081
Receivables:		
Accounts	1,369,491	1,181,399
Taxes	729,920	1,029,368
Intergovernmental - federal	-	2,168
Intergovernmental - state	-	723
Intergovernmental - local	253,876	314,208
Interfund	617,704	813,195
Inventory	156,337	170,031
Prepaid items	1,649	1,649
Total Assets	$ 28,469,789	$ 25,744,667
Liabilities		
Accounts payable	$ 756,751	$ 654,621
Accrued expenditures	792,541	604,719
Unearned revenue	140,945	144,385
Interfund payable	22,600	-
Total Liabilities	1,712,837	1,403,725
Deferred Inflows of Resources		
Unavailable revenue - property taxes	457,872	490,460
Fund Balances		
Nonspendable:		
Inventory	156,337	170,031
Prepaid items	1,649	1,649
Restricted:		
Public works (cemetery)	93,499	89,974
Public works (streetscape)	15,000	15,000
Culture and recreation (greenway project)	10,000	10,000
Culture and recreation (Haig Mill Lake project)	175,000	-
Unrestricted:		
Assigned:		
Grant funds (airport grant)	13,316	-
Unassigned	25,834,279	23,563,828
Total Fund Balances	26,299,080	23,850,482
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 28,469,789	$ 25,744,667

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Taxes:					
Real and personal property taxes	$ 8,015,000	$ 8,728,540	$ 8,735,418	$ 6,878	$ 8,818,238
Vehicle tax	121,000	103,000	102,421	(579)	126,497
Title ad valorem tax	890,000	1,290,000	1,307,653	17,653	1,116,315
Sales tax	5,200,000	5,710,000	5,722,822	12,822	5,365,013
Insurance premium tax	2,201,000	2,371,000	2,372,871	1,871	2,200,390
Financial institution tax	-	112,000	111,980	(20)	110,000
Recording intangibles	40,000	45,400	45,467	67	40,669
Franchise tax	493,000	443,000	442,252	(748)	497,696
Real estate transfer tax	16,000	16,000	18,468	2,468	13,427
Beer tax	543,000	543,000	550,978	7,978	548,966
Wine tax	70,000	70,000	72,115	2,115	76,387
Liquor tax	90,000	90,000	93,829	3,829	89,245
Mixed drink tax	76,000	76,000	75,826	(174)	74,585
Total taxes	17,755,000	19,597,940	19,652,100	54,160	19,077,428
Licenses and permits:					
Alcohol beverage licenses	245,000	253,000	253,458	458	243,563
Business licenses	732,000	639,300	639,945	645	632,771
Other permits	524,900	4,600	4,600	-	2,200
Total licenses and permits	1,501,900	896,900	898,003	1,103	878,534
Intergovernmental:					
Whitfield County	177,000	177,000	177,000	-	177,000
Housing Authority	48,700	48,700	48,712	12	48,712
Payments in lieu of taxes	61,700	35,800	35,715	(85)	29,926
Federal grants and contracts	7,500	21,060	21,044	(16)	32,685
State grants and contracts	-	1,900	1,886	(14)	4,136
Total intergovernmental	294,900	284,460	284,357	(103)	292,459
Charges for services:					
Senior center	56,000	56,000	49,575	(6,425)	51,076
Program admission and fees	144,600	147,100	147,101	1	156,890
Concession revenue	274,300	222,220	222,214	(6)	242,850
Garbage and recycling revenue	3,000	1,900	1,771	(129)	3,523
Public works fees	73,000	82,600	89,156	6,556	103,188
Municipal court fees	609,000	709,000	715,497	6,497	743,691
Public safety fees	28,100	28,100	33,712	5,612	34,458
School resource officer	164,000	174,000	177,985	3,985	157,095
Cemetery fees	41,000	63,080	64,330	1,250	74,370
Total charges for services	1,393,000	1,484,000	1,501,341	17,341	1,567,141
Fines and forfeitures	278,000	378,000	386,456	8,456	371,666
Investment earnings	100,050	275,050	281,196	6,146	126,773

(Continued)

City of Dalton, Georgia
Schedule of Revenues - Budget and Actual - General Fund
For the Year Ended December 31, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Miscellaneous:					
Penalties, fines, and interest	84,300	84,300	84,280	(20)	112,204
Rental income	268,000	223,280	221,421	(1,859)	240,585
Donations	13,300	127,655	161,026	33,371	261,115
Reimbursements	-	16,660	30,107	13,447	13,262
Miscellaneous	69,800	234,900	240,778	5,878	102,022
Total miscellaneous	435,400	686,795	737,612	50,817	729,188
Total revenues	$ 21,758,250	$ 23,603,145	$ 23,741,065	$ 137,920	$ 23,043,189

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
General Government:					
Legislative					
Personal services and benefits	$ 61,640	$ 50,925	$ 49,275	$ 1,650	$ 62,413
Other	86,200	85,915	76,638	9,277	77,088
Total	147,840	136,840	125,913	10,927	139,501
Administrative					
Personal services and benefits	398,960	281,820	263,186	18,634	73,883
Other	303,000	132,000	109,343	22,657	170,557
Total	701,960	413,820	372,529	41,291	244,440
City Clerk					
Personal services and benefits	250,780	260,450	260,437	13	242,726
Other	40,600	37,255	37,206	49	31,823
Total	291,380	297,705	297,643	62	274,549
Elections					
Other	-	1,400	1,390	10	7,581
Total	-	1,400	1,390	10	7,581
Finance					
Personal services and benefits	351,590	363,860	363,569	291	325,413
Other	307,520	295,250	293,986	1,264	293,679
Total	659,110	659,110	657,555	1,555	619,092
Human Resources					
Personal services and benefits	299,120	303,320	302,943	377	290,263
Other	77,250	73,050	62,967	10,083	56,217
Total	376,370	376,370	365,910	10,460	346,480
Technology					
Personal services and benefits	147,865	147,865	147,546	319	142,136
Other	99,000	219,550	202,802	16,748	95,162
Capital outlay	236,875	66,500	69,514	(3,014)	-
Total	483,740	433,915	419,862	14,053	237,298
Buildings and Grounds					
Other	255,000	236,610	228,092	8,518	263,507
Total	255,000	236,610	228,092	8,518	263,507
Total General Government	2,915,400	2,555,770	2,468,894	86,876	2,132,448

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Judicial:					
Municipal Court					
Personal services and benefits	215,750	215,750	206,953	8,797	239,605
Other	218,120	216,775	196,278	20,497	197,165
Total	433,870	432,525	403,231	29,294	436,770
Total Judicial	433,870	432,525	403,231	29,294	436,770
Public Safety:					
Fire Department					
Personal services and benefits	7,827,530	7,666,530	7,666,412	118	7,605,579
Other	898,625	891,150	825,244	65,906	842,861
Capital outlay	-	12,340	12,253	87	-
Total	8,726,155	8,570,020	8,503,909	66,111	8,448,440
Police Department					
Personal services and benefits	7,243,000	6,875,230	6,870,083	5,147	6,611,990
Other	1,303,390	1,362,280	1,292,974	69,306	1,203,817
Capital outlay	6,200	8,395	6,000	2,395	19,995
Total	8,552,590	8,245,905	8,169,057	76,848	7,835,802
Total Public Safety	17,278,745	16,815,925	16,672,966	142,959	16,284,242
Public Works:					
Public Works					
Personal services and benefits	4,747,150	4,366,050	4,349,111	16,939	4,433,992
Other	2,845,675	2,733,670	2,640,155	93,515	2,558,420
Capital outlay	11,000	38,500	38,179	321	18,100
Total	7,603,825	7,138,220	7,027,445	110,775	7,010,512
Infrastructure					
Other	10,000	174,500	174,441	59	-
Total	10,000	174,500	174,441	59	-
Total Public Works	7,613,825	7,312,720	7,201,886	110,834	7,010,512

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended December 31, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Health and Welfare:					
Senior Center					
Personal services and benefits	258,930	275,650	275,228	422	262,795
Other	136,220	136,825	134,032	2,793	122,800
Capital outlay	18,000	16,810	16,627	183	-
Total	413,150	429,285	425,887	3,398	385,595
Special Projects					
Other	8,990	8,990	8,984	6	984
Total	8,990	8,990	8,984	6	984
Total Health and Welfare	422,140	438,275	434,871	3,404	386,579
Culture and Recreation:					
Recreation Department					
Personal services and benefits	2,142,970	1,956,750	1,954,526	2,224	1,930,653
Other	1,367,525	1,349,965	1,275,679	74,286	1,281,107
Capital outlay	20,000	14,800	11,752	3,048	-
Total	3,530,495	3,321,515	3,241,957	79,558	3,211,760
Special Projects					
Other	336,000	336,000	336,000	-	281,810
Total	336,000	336,000	336,000	-	281,810
Total Culture and Recreation	3,866,495	3,657,515	3,577,957	79,558	3,493,570
Housing and Development:					
Special Projects					
Other	300,000	300,000	300,000	-	351,590
Total	300,000	300,000	300,000	-	351,590
Total Housing and Development	300,000	300,000	300,000	-	351,590
Total expenditures	$ 32,830,475	$ 31,512,730	$ 31,059,805	$ 452,925	$ 30,095,711

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Police Department:					
Administration					
Personal services and benefits	$ 916,570	$ 648,940	$ 647,946	994	$ 691,361
Other	469,925	517,660	489,305	28,355	406,317
Total	1,386,495	1,166,600	1,137,251	29,349	1,097,678
Patrol					
Personal services and benefits	4,265,865	4,096,415	4,095,092	1,323	3,921,768
Other	457,600	467,250	458,691	8,559	471,461
Capital outlay	6,200	8,395	6,000	2,395	19,995
Total	4,729,665	4,572,060	4,559,783	12,277	4,413,224
Criminal Investigation Division					
Personal services and benefits	1,264,975	1,309,610	1,309,415	195	1,209,435
Other	126,920	122,420	107,104	15,316	86,745
Total	1,391,895	1,432,030	1,416,519	15,511	1,296,180
Support Services					
Personal services and benefits	795,590	820,265	817,630	2,635	789,426
Other	248,945	254,950	237,874	17,076	239,294
Total	1,044,535	1,075,215	1,055,504	19,711	1,028,720
Total Police Department	$ 8,552,590	$ 8,245,905	$ 8,169,057	$ 76,848	$ 7,835,802

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Public Works Department:					
Administration					
Personal services and benefits	$ 659,960	$ 517,275	$ 510,869	$ 6,406	$ 489,205
Other	795,940	731,555	702,074	29,481	702,794
Total	1,455,900	1,248,830	1,212,943	35,887	1,191,999
Street					
Personal services and benefits	757,345	629,000	623,501	5,499	745,802
Other	240,795	177,595	173,824	3,771	243,682
Capital outlay	-	25,500	25,400	100	-
Total	998,140	832,095	822,725	9,370	989,484
Sanitation					
Personal services and benefits	1,490,775	1,420,150	1,419,376	774	1,511,265
Other	427,335	391,335	379,179	12,156	347,275
Total	1,918,110	1,811,485	1,798,555	12,930	1,858,540
Shop					
Personal services and benefits	562,435	491,505	490,433	1,072	558,418
Other	740,690	821,385	820,928	457	700,089
Total	1,303,125	1,312,890	1,311,361	1,529	1,258,507
Traffic engineer					
Personal services and benefits	422,530	436,095	433,907	2,188	413,685
Other	99,675	115,675	110,763	4,912	88,805
Total	522,205	551,770	544,670	7,100	502,490
Landscaping					
Personal services and benefits	578,720	586,310	586,082	228	438,651
Other	259,055	231,070	195,814	35,256	217,432
Capital outlay	11,000	13,000	12,779	221	18,100
Total	848,775	830,380	794,675	35,705	674,183
Stormwater					
Personal services and benefits	275,385	285,715	284,943	772	276,966
Other	282,185	265,055	257,573	7,482	258,343
Total	557,570	550,770	542,516	8,254	535,309
Total Public Works Department	$ 7,603,825	$ 7,138,220	$ 7,027,445	$ 110,775	$ 7,010,512

(Continued)

City of Dalton, Georgia
Schedule of Expenditures - Budget and Actual - Sub-Budgets - General Fund
For the Year Ended December 31, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Recreation Department:					
Administration					
Personal services and benefits	$ 916,460	$ 770,850	$ 770,337	$ 513	$ 813,882
Other	156,450	178,865	163,116	15,749	156,562
Total	1,072,910	949,715	933,453	16,262	970,444
Programs					
Personal services and benefits	374,750	312,410	310,930	1,480	348,321
Other	481,300	433,710	403,140	30,570	418,407
Total	856,050	746,120	714,070	32,050	766,728
Parks					
Personal services and benefits	851,760	873,490	873,259	231	768,450
Other	729,775	737,390	709,423	27,967	706,138
Capital outlay	20,000	14,800	11,752	3,048	-
Total	1,601,535	1,625,680	1,594,434	31,246	1,474,588
Total Recreation Department	$ 3,530,495	$ 3,321,515	$ 3,241,957	$ 79,558	$ 3,211,760

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

Tax Allocation District #1 Fund – 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 Fund – 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, 2018

	Hotel/ Motel Tax	Confiscated Assets	Community Development Block Grant	Community HOME Invest. Program Grant	Airport Improvement Grant	Tax Allocation District #1	Tax Allocation District #3	Economic Development	Total Nonmajor Special Revenue Funds
Assets									
Cash and cash equivalents	$ -	$ 148,943	$ 1	$ 1	$ -	$ 25,105	$ 68	$ 46,282	$ 220,400
Receivables:									
Accounts	110,582	-	-	-	-	-	-	-	110,582
Taxes	-	-	-	-	-	301	-	-	301
Intergovernmental - federal	-	-	17,427	54,585	26,821	-	-	-	98,833
Intergovernmental - state	-	-	-	-	685	-	-	-	685
Intergovernmental - local	-	-	-	-	-	-	-	85,416	85,416
Interfund	-	-	-	100	-	-	-	-	100
Total Assets	$ 110,582	$ 148,943	$ 17,428	$ 54,686	$ 27,506	$ 25,406	$ 68	$ 131,698	$ 516,317
Liabilities									
Accounts payable	$ 20,021	$ 4,055	$ 8,549	$ 54,685	$ 25,791	$ 2,600	$ -	$ -	$ 115,701
Interfund payable	90,561	-	8,878	-	1,715	-	-	-	101,154
Total Liabilities	110,582	4,055	17,427	54,685	27,506	2,600	-	-	216,855
Deferred Inflows of Resources									
Unavailable revenue - property taxes	-	-	-	-	-	227	-	-	227
Fund Balances									
Restricted for:									
Economic development	-	-	-	-	-	22,579	68	131,698	154,345
Public safety	-	144,888	-	-	-	-	-	-	144,888
Housing and development	-	-	1	1	-	-	-	-	2
Total Fund Balances	-	144,888	1	1	-	22,579	68	131,698	299,235
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 110,582	$ 148,943	$ 17,428	$ 54,686	$ 27,506	$ 25,406	$ 68	$ 131,698	$ 516,317

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018

	Hotel/ Motel Tax	Confiscated Assets	Community Development Block Grant	Community HOME Invest. Program Grant	Airport Improvement Grant	Tax Allocation District #1	Tax Allocation District #3	Economic Development	Total Nonmajor Special Revenue Funds
Revenues									
Real and personal property taxes	$ -	$ -	$ -	$ -	$ -	$ 2,733	$ -	$ -	$ 2,733
Hotel/motel taxes	1,564,560	-	-	-	-	-	-	-	1,564,560
Payments in lieu of taxes	-	-	-	-	-	-	-	85,416	85,416
Intergovernmental - federal	-	24,968	375,553	54,585	1,225,094	-	-	-	1,680,200
Intergovernmental - state	-	-	-	-	66,095	-	-	-	66,095
Fines & forfeitures	-	61,550	-	-	-	-	-	-	61,550
Investment earnings	-	1,129	-	-	-	53	-	372	1,554
Miscellaneous	1,387	14,244	-	-	-	10,000	-	-	25,631
Total Revenues	1,565,947	101,891	375,553	54,585	1,291,189	12,786	-	85,788	3,487,739
Expenditures									
Current:									
General government	-	-	80,186	-	-	3,870	6,912	-	90,968
Public safety	-	77,614	-	-	-	-	-	-	77,614
Health and welfare	-	-	29,705	-	-	-	-	-	29,705
Culture and recreation	404,802	-	-	-	-	-	-	-	404,802
Housing and development	-	-	-	54,964	-	-	-	-	54,964
Total Current	404,802	77,614	109,891	54,964	-	3,870	6,912	-	658,053
Capital Outlay:									
General government	-	-	-	-	1,373,310	-	-	-	1,373,310
Public safety	-	7,470	-	-	-	-	-	-	7,470
Public works	-	-	265,662	-	-	-	-	-	265,662
Total Capital Outlay	-	7,470	265,662	-	1,373,310	-	-	-	1,646,442
Total Expenditures	404,802	85,084	375,553	54,964	1,373,310	3,870	6,912	-	2,304,495
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,161,145	16,807	-	(379)	(82,121)	8,916	(6,912)	85,788	1,183,244
Other Financing Sources (Uses)									
Transfers in (out)	(1,161,145)	-	-	379	82,121	-	-	-	(1,078,645)
Net Change in Fund Balances	-	16,807	-	-	-	8,916	(6,912)	85,788	104,599
Fund Balances Beginning of Year	-	128,081	1	1	-	13,663	6,980	45,910	194,636
Fund Balances End of Year	$ -	$ 144,888	$ 1	$ 1	$ -	$ 22,579	$ 68	$ 131,698	$ 299,235

City of Dalton, Georgia
Hotel/Motel Tax Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Accounts receivable	$ 110,582	$ 102,311
Total Assets	$ 110,582	$ 102,311
Liabilities		
Accounts payable	$ 20,021	$ 70,404
Interfund payable	90,561	31,907
Total Liabilities	$ 110,582	$ 102,311

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, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Hotel/motel taxes	$ 1,400,000	$ 1,564,630	$ 1,564,560	$ (70)	$ 1,501,172
Miscellaneous	-	1,390	1,387	(3)	8,139
Total Revenues	1,400,000	1,566,020	1,565,947	(73)	1,509,311
Expenditures					
Current:					
Culture and recreation:					
Other	409,440	404,840	404,802	38	528,828
Total Expenditures	409,440	404,840	404,802	38	528,828
Excess (Deficiency) of Revenues Over (Under) Expenditures	990,560	1,161,180	1,161,145	(35)	980,483
Other Financing (Uses)					
Transfers out	(990,560)	(1,161,180)	(1,161,145)	35	(980,483)
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, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 148,943	$ 145,472
Prepaid items	-	40
Total Assets	$ 148,943	$ 145,512
Liabilities		
Accounts payable	$ 4,055	$ 6,920
Interfund payable	-	10,511
Total Liabilities	4,055	17,431
Fund Balances		
Nonspendable:		
Prepaid items	-	40
Restricted - public safety	144,888	128,041
Total Fund Balances	144,888	128,081
Total Liabilities and Fund Balances	$ 148,943	$ 145,512

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, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 40,000	$ 38,400	$ 24,968	$ (13,432)	$ -
Fines & forfeitures	60,000	61,600	61,550	(50)	83,181
Investment earnings	660	1,160	1,129	(31)	599
Miscellaneous	-	14,500	14,244	(256)	20,041
Total Revenues	100,660	115,660	101,891	(13,769)	103,821
Expenditures					
Current:					
Public Safety:					
Other	82,730	89,730	77,614	12,116	60,658
Capital Outlay:					
Public Safety:					
Capital outlay	-	8,000	7,470	530	-
Total Expenditures	82,730	97,730	85,084	12,646	60,658
Net Change in Fund Balances	$ 17,930	$ 17,930	16,807	$ (1,123)	43,163
Fund Balances Beginning of Year			128,081		84,918
Fund Balances End of Year			$ 144,888		$ 128,081

City of Dalton, Georgia
Community Development Block Grant Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 1	$ 1
Intergovernmental receivable - federal	17,427	8,146
Total Assets	$ 17,428	$ 8,147
Liabilities		
Accounts payable	$ 8,549	$ 4,351
Interfund payable	8,878	3,795
Total Liabilities	17,427	8,146
Fund Balances		
Restricted - housing and development	1	1
Total Fund Balances	1	1
Total Liabilities and Fund Balances	$ 17,428	$ 8,147

City of Dalton, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - CDBG Fund
For the Year Ended December 31, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 380,390	$ 380,390	$ 375,553	$ (4,837)	$ 382,635
Total Revenues	380,390	380,390	375,553	(4,837)	382,635
Expenditures					
Current:					
General Government:					
Other	85,500	85,020	80,186	4,834	85,460
Health and Welfare:					
Other	18,615	29,710	29,705	5	26,408
Capital outlay:					
Public Works:					
Capital outlay	276,275	265,660	265,662	(2)	-
Total Expenditures	380,390	380,390	375,553	4,837	382,635
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, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 1	$ 1
Receivables:		
Intergovernmental - federal	54,585	-
Interfund	100	-
Total Assets	$ 54,686	$ 1
Liabilities		
Accounts payable	$ 54,685	$ -
Total Liabilities	54,685	-
Fund Balances		
Restricted - housing and development	1	1
Total Fund Balances	1	1
Total Liabilities and Fund Balances	$ 54,686	$ 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, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 152,490	$ 152,490	$ 54,585	$ (97,905)	$ -
Total Revenues	152,490	152,490	54,585	(97,905)	-
Expenditures					
Current:					
Housing and Development:					
Other	157,490	157,490	54,964	102,526	-
Total Expenditures	157,490	157,490	54,964	102,526	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(5,000)	(379)	4,621	-
Other Financing Sources					
Transfers in	5,000	5,000	379	(4,621)	-
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, 2018 and 2017

	2018	2017
Assets		
Receivables:		
Intergovernmental - federal	$ 26,821	$ -
Intergovernmental - state	685	-
Total Assets	$ 27,506	$ -
Liabilities		
Accounts payable	$ 25,791	$ -
Interfund payable	1,715	-
Total Liabilities	$ 27,506	$ -

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, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - federal	$ 1,062,000	$ 1,341,630	$ 1,225,094	$ (116,536)	$ 129,360
Intergovernmental - state	59,000	74,885	66,095	(8,790)	3,790
Total Revenues	1,121,000	1,416,515	1,291,189	(125,326)	133,150
Expenditures					
Capital outlay:					
General Government:					
Capital outlay	1,180,000	1,499,865	1,373,310	126,555	157,038
Total Expenditures	1,180,000	1,499,865	1,373,310	126,555	157,038
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,000)	(83,350)	(82,121)	1,229	(23,888)
Other Financing Sources					
Transfers in	59,000	83,350	82,121	(1,229)	23,888
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, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 25,105	$ 13,631
Receivables:		
Taxes	301	110
Total Assets	$ 25,406	$ 13,741
Liabilities		
Accounts payable	$ 2,600	$ -
Total Liabilities	2,600	-
Deferred Inflows of Resources		
Unavailable revenue - property taxes	227	78
Fund Balances		
Restricted - economic development	22,579	13,663
Total Fund Balances	22,579	13,663
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 25,406	$ 13,741

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, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Real and personal property taxes	$ 10,000	$ 2,765	$ 2,733	$ (32)	$ 4,581
Investment earnings	-	55	53	(2)	16
Miscellaneous	-	10,000	10,000	-	-
Total Revenues	10,000	12,820	12,786	(34)	4,597
Expenditures					
Current:					
General Government:					
Other	25,000	17,820	3,870	13,950	-
Total Expenditures	25,000	17,820	3,870	13,950	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(5,000)	8,916	13,916	4,597
Other Financing Sources					
Transfers in	15,000	5,000	-	(5,000)	-
Net Change in Fund Balances	$ -	$ -	8,916	$ 8,916	4,597
Fund Balances Beginning of Year			13,663		9,066
Fund Balances End of Year			$ 22,579		$ 13,663

City of Dalton, Georgia
Tax Allocation District #3
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 68	$ 9,600
Total Assets	$ 68	$ 9,600
Liabilities		
Accounts payable	$ -	$ 2,620
Total Liabilities	-	2,620
Fund Balances		
Restricted - economic development	68	6,980
Total Fund Balances	68	6,980
Total Liabilities and Fund Balances	$ 68	$ 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, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Miscellaneous	$ -	$ -	$ -	$ -	$ 10,000
Total Revenues	-	-	-	-	10,000
Expenditures					
Current:					
General Government:					
Other	-	6,950	6,912	38	3,020
Total Expenditures	-	6,950	6,912	38	3,020
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(6,950)	(6,912)	38	6,980
Net Change in Fund Balances	$ -	$ (6,950)	(6,912)	$ 38	6,980
Fund Balances Beginning of Year			6,980		-
Fund Balances End of Year			$ 68		$ 6,980

City of Dalton, Georgia
Economic Development Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 46,282	$ 45,910
Receivables:		
Intergovernmental - local	85,416	-
Total Assets	$ 131,698	$ 45,910
Fund Balances		
Restricted - economic development	$ 131,698	$ 45,910
Total Fund Balances	$ 131,698	$ 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, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Payments in lieu of taxes	$ 39,000	$ 85,000	$ 85,416	$ 416	$ 45,910
Investment earnings	-	500	372	(128)	-
Total Revenues	39,000	85,500	85,788	288	45,910
Expenditures					
Current:					
General Government:					
Other	39,000	39,000	-	39,000	-
Total Expenditures	39,000	39,000	-	39,000	-
Net Change in Fund Balances	$ -	$ 46,500	85,788	$ 39,288	45,910
Fund Balances Beginning of Year			45,910		-
Fund Balances End of Year			$ 131,698		$ 45,910

NONMAJOR DEBT SERVICE FUND

City of Dalton, Georgia
Comparative Balance Sheet
Debt Service Fund
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 206	$ 48,363
Receivables:		
Intergovernmental - local	108,796	115,043
Total Assets	$ 109,002	$ 163,406
Liabilities		
Accrued interest payable	$ 108,796	$ 115,043
Unearned revenue	-	48,353
Total Liabilities	108,796	163,396
Fund Balances		
Restricted - debt service	206	10
Total Fund Balances	206	10
Total Liabilities and Fund Balances	$ 109,002	$ 163,406

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, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - local	$ 53,000	$ 53,000	$ 53,000	$ -	$ 53,000
Investment earnings	93,880	94,830	97,027	2,197	101,372
Miscellaneous	-	10	8	(2)	-
Total Revenues	146,880	147,840	150,035	2,195	154,372
Expenditures					
Debt Service:					
Principal retirement	308,000	308,000	308,997	(997)	536,678
Interest and fiscal charges	226,840	227,800	226,802	998	241,012
Total Expenditures	534,840	535,800	535,799	1	777,690
Excess (Deficiency) of Revenues Over (Under) Expenditures	(387,960)	(387,960)	(385,764)	2,196	(623,318)
Other Financing Sources (Uses)					
Transfers in	387,960	387,960	385,960	(2,000)	623,159
Net Change in Fund Balances	$ -	$ -	196	$ 196	(159)
Fund Balances Beginning of Year			10		169
Fund Balances End of Year			$ 206		$ 10

NONMAJOR CAPITAL PROJECTS FUNDS

2015 SPLOST Capital Projects Fund – Established to account for a portion of 2015 SPLOST proceeds and related current and capital expenditure 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 expenditure 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 expenditure 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, 2018

	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	$ 5,695,389	$ -	$ -	$ 215,175	$ 5,910,564
Receivables:					
Intergovernmental - local	1,747,223	139,388	164,584	-	2,051,195
Interfund	22,500	-	-	-	22,500
Total Assets	$ 7,465,112	$ 139,388	$ 164,584	$ 215,175	$ 7,984,259
Liabilities					
Accounts payable	$ 389,680	$ -	$ -	$ 215,175	$ 604,855
Interfund payable	-	-	164,584	-	164,584
Total Liabilities	389,680	-	164,584	215,175	769,439
Fund Balances					
Restricted for:					
Capital projects	7,075,432	139,388	-	-	7,214,820
Total Fund Balances	7,075,432	139,388	-	-	7,214,820
Total Liabilities and Fund Balances	$ 7,465,112	$ 139,388	$ 164,584	$ 215,175	$ 7,984,259

City of Dalton, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018

	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	$ 613,400	$ -	$ -	$ -	$ 613,400
Intergovernmental - local	6,945,391	-	572,484	-	7,517,875
Investment earnings	116,000	1,749	-	-	117,749
Total Revenues	7,674,791	1,749	572,484	-	8,249,024
Expenditures					
Current:					
General government	4,545	348	-	-	4,893
Public safety	-	-	-	8,100	8,100
Public works	1,348,382	-	-	-	1,348,382
Culture and recreation	-	91,110	-	53,387	144,497
Total Current	1,352,927	91,458	-	61,487	1,505,872
Capital Outlay:					
General government	-	1,951	-	35,688	37,639
Public safety	200,495	-	-	287,291	487,786
Public works	-	-	572,484	742,971	1,315,455
Culture and recreation	2,761,597	132,034	-	114,214	3,007,845
Total Capital Outlay	2,962,092	133,985	572,484	1,180,164	4,848,725
Debt Service:					
Principal retirement	2,141,077	-	-	-	2,141,077
Interest and fiscal charges	55,900	-	-	-	55,900
Total Debt Service	2,196,977	-	-	-	2,196,977
Total Expenditures	6,511,996	225,443	572,484	1,241,651	8,551,574
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,162,795	(223,694)	-	(1,241,651)	(302,550)
Other Financing Sources (Uses)					
Transfers in	100,483	-	-	1,241,651	1,342,134
Transfers out	-	(100,483)	-	-	(100,483)
Total Other Financing Sources (Uses)	100,483	(100,483)	-	1,241,651	1,241,651
Net Change in Fund Balances	1,263,278	(324,177)	-	-	939,101
Fund Balances Beginning of Year	5,812,154	463,565	-	-	6,275,719
Fund Balances End of Year	$ 7,075,432	$ 139,388	$ -	$ -	$ 7,214,820

City of Dalton, Georgia
SPLOST 2015 Capital Projects Fund
Comparative Balance Sheet
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 5,695,389	$ 5,201,899
Intergovernmental receivable - local	1,747,223	1,632,623
Interfund receivable	22,500	-
Total Assets	$ 7,465,112	$ 6,834,522
Liabilities		
Accounts payable	$ 389,680	$ 362,540
Interfund payable	-	659,828
Total Liabilities	389,680	1,022,368
Fund Balances		
Restricted - capital projects	7,075,432	5,812,154
Total Fund Balances	7,075,432	5,812,154
Total Liabilities and Fund Balances	$ 7,465,112	$ 6,834,522

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, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018	2017	Project to Date			
	Actual	Actual	Original Budget	Final Budget	Actual	Remaining Budget
Revenues						
Intergovernmental - state	$ 613,400	$ 554,738	$ -	$ 1,168,139	$ 1,168,138	$ 1
Intergovernmental - local	6,945,391	6,365,590	16,123,957	24,913,115	22,096,445	2,816,670
Investment earnings	116,000	57,287	-	191,020	188,866	2,154
Total Revenues	7,674,791	6,977,615	16,123,957	26,272,274	23,453,449	2,818,825
Expenditures						
Current:						
General Government:						
Other	4,545	586	-	7,050	14,191	(7,141)
Public Safety:						
Other	-	-	500	500	447	53
Public Works:						
Bridge maintenance	94,377	32,189	1,000,000	1,000,000	131,066	868,934
Willowdale drainage	-	-	-	8,130	8,130	-
Street resurfacing	1,254,005	1,202,201	5,000,000	6,062,329	3,233,231	2,829,098
Total Current	1,352,927	1,234,976	6,000,500	7,078,009	3,387,065	3,690,944
Capital Outlay:						
Public Safety:						
Police Department vehicles	200,495	401,044	1,123,457	1,123,457	1,022,662	100,795
Public Works:						
Sidewalk construction	-	-	2,000,000	2,000,000	-	2,000,000
S. Thornton infrastructure	-	-	2,000,000	1,683,585	-	1,683,585
Willowdale drainage	-	395,345	-	395,345	395,345	-
Crown Garden drainage	-	-	-	18,750	-	18,750
Culture and Recreation:						
Haig Mill recreation project	2,761,597	1,566,149	5,000,000	5,214,174	5,082,291	131,883
Total Capital Outlay	2,962,092	2,362,538	10,123,457	10,435,311	6,500,298	3,935,013
Debt Service:						
Principal retirement	2,141,077	2,113,612	-	8,505,956	6,336,099	2,169,857
Interest and fiscal charges	55,900	83,313	-	283,201	255,038	28,163
Total Debt Service	2,196,977	2,196,925	-	8,789,157	6,591,137	2,198,020
Total Expenditures	6,511,996	5,794,439	16,123,957	26,302,477	16,478,500	9,823,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,162,795	1,183,176	-	(30,203)	6,974,949	(7,005,152)
Other Financing Sources (Uses)						
Transfers in	100,483	-	-	100,483	100,483	-
Total Other Financing Sources (Uses	100,483	-	-	100,483	100,483	-
Net Change in Fund Balances	1,263,278	1,183,176	$ -	$ 70,280	$ 7,075,432	$ (7,005,152)
Fund Balances Beginning of Year	5,812,154	4,628,978				
Fund Balances End of Year	$ 7,075,432	$ 5,812,154				

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, 2018 and 2017

	2018	2017
Assets		
Intergovernmental receivable - local	$ 139,388	$ 559,308
Interfund receivable	-	20,670
Total Assets	$ 139,388	$ 579,978
Liabilities		
Accounts payable	$ -	$ 116,252
Interfund payable	-	161
Total Liabilities	-	116,413
Fund Balances		
Restricted - capital projects	139,388	463,565
Total Fund Balances	139,388	463,565
Total Liabilities and Fund Balances	$ 139,388	$ 579,978

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, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018	2017	Project to Date			
	Actual	Actual	Original Budget	Final Budget	Actual	Remaining Budget
Revenues						
Investment earnings	$ 1,749	$ 9,869	$ -	$ 27,813	$ 27,812	$ 1
Total Revenues	1,749	9,869	-	27,813	27,812	1
Expenditures						
Current:						
General Government:						
Other	348	497	113,000	15,967	15,966	1
Public Safety:						
Other	-	-	36,610	36,557	36,557	-
Culture and Recreation:						
Library	91,110	3,889	-	162,551	138,249	24,302
Other	-	-	87,000	82,454	82,454	-
Total Current	91,458	4,386	236,610	297,529	273,226	24,303
Capital Outlay:						
General Government:						
Communication project	1,951	1,815,740	-	3,901,222	3,786,137	115,085
Public Safety:						
Fire Department vehicles	-	-	1,565,000	1,558,372	1,558,372	-
Police Department vehicles	-	-	474,433	474,433	474,433	-
Culture and Recreation:						
Tennis courts	-	-	600,000	529,368	529,368	-
Lakeshore renovation	132,034	1,207,769	1,365,000	1,473,727	1,473,727	-
Brookwood Bridge	-	-	35,000	33,278	33,278	-
Total Capital Outlay	133,985	3,023,509	4,039,433	7,970,400	7,855,315	115,085
Debt Service:						
Issuance costs/fiscal fees	-	-	166,140	165,357	165,356	1
Total Debt Service	-	-	166,140	165,357	165,356	1
Total Expenditures	225,443	3,027,895	4,442,183	8,433,286	8,293,897	139,389
Excess (Deficiency) of Revenues Over (Under) Expenditures	(223,694)	(3,018,026)	(4,442,183)	(8,405,473)	(8,266,085)	139,388
Other Financing Sources (Uses)						
Issuance of debt	-	-	4,442,183	8,505,956	8,505,956	-
Transfers out	(100,483)	-	-	(100,483)	(100,483)	-
Total Other Financing Sources (Uses	(100,483)	-	4,442,183	8,405,473	8,405,473	-
Net Change in Fund Balances	(324,177)	(3,018,026)	$ -	$ -	$ 139,388	$ 139,388
Fund Balances Beginning of Year	463,565	3,481,591				
Fund Balances End of Year	$ 139,388	$ 463,565				

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, 2018 and 2017

	2018	2017
Assets		
Intergovernmental receivable - local	$ 164,584	$ 288,710
Total Assets	$ 164,584	$ 288,710
Liabilities		
Accounts payable	$ -	$ 224,124
Interfund payable	164,584	64,586
Total Liabilities	$ 164,584	$ 288,710

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, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Intergovernmental - state	$ -	$ -	$ -	$ -	$ 600,000
Intergovernmental - local	287,900	746,315	572,484	(173,831)	3,766,276
Total Revenues	287,900	746,315	572,484	(173,831)	4,366,276
Expenditures					
Capital Outlay:					
Public Works:					
Road projects	287,900	746,315	572,484	173,831	4,366,276
Total Expenditures	287,900	746,315	572,484	173,831	4,366,276
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, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 215,175	$ 23,456
Total Assets	$ 215,175	$ 23,456
Liabilities		
Accounts payable	$ 215,175	$ 23,456
Total Liabilities	$ 215,175	$ 23,456

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, 2018
(With Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Original Budget	Final Budget	Actual	Variance	Actual
Expenditures					
Current:					
Public Safety:					
Other	$ -	$ 8,100	$ 8,100	$ -	$ 31,226
Culture and Recreation:					
Other	-	53,415	53,387	28	88,197
Total Current	-	61,515	61,487	28	119,423
Capital Outlay:					
General Government:					
Equipment and vehicles	991,315	35,690	35,688	2	22,440
Public Safety:					
Equipment and vehicles	-	298,490	287,291	11,199	-
Public Works:					
Equipment and vehicles	-	743,000	742,971	29	224,630
Culture and Recreation:					
Equipment and vehicles	-	136,000	114,214	21,786	114,327
Total Capital Outlay	991,315	1,213,180	1,180,164	33,016	361,397
Total Expenditures	991,315	1,274,695	1,241,651	33,044	480,820
Other Financing Sources (Uses)					
Transfers in	991,315	1,274,695	1,241,651	(33,044)	480,820
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 by hosting conventions, special events, and trade shows for the benefit of 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, 2018

	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	$ 4,829	$ 63,744	$ -	$ -	$ 68,573
Receivables:					
Accounts	-	7,014	-	-	7,014
Inventory	36,594	47,648	-	-	84,242
Total Current Assets	41,423	118,406	-	-	159,829
Noncurrent Assets:					
Capital Assets:					
Land	739,352	3,786,177	-	-	4,525,529
Depreciable capital assets, net	712,826	6,356,837	-	-	7,069,663
Other Assets:					
Investment in joint ventures	-	-	6,754,556	12,901,448	19,656,004
Total Noncurrent Assets	1,452,178	10,143,014	6,754,556	12,901,448	31,251,196
Total Assets	1,493,601	10,261,420	6,754,556	12,901,448	31,411,025
Deferred Outflows of Resources	116,463	-	-	-	116,463
Total Assets and Deferred Outflows	$ 1,610,064	$ 10,261,420	$ 6,754,556	$ 12,901,448	$ 31,527,488
Liabilities					
Current Liabilities:					
Accounts payable	15,132	3,935	-	-	19,067
Accrued expenses	19,046	3,933	-	-	22,979
Unearned revenue	16,055	215	-	-	16,270
Interfund payable	351,966	-	-	-	351,966
Compensated absences payable	36,000	4,000	-	-	40,000
Total Current Liabilities	438,199	12,083	-	-	450,282
Long-Term Liabilities:					
Compensated absences payable (net of current portion)	52,587	1,470	-	-	54,057
Net pension liability	299,267	-	-	-	299,267
Net OPEB liability	291,451	-	-	-	291,451
Total Long-Term Liabilities	643,305	1,470	-	-	644,775
Total Liabilities	1,081,504	13,553	-	-	1,095,057
Deferred Inflows of Resources	90,772	-	-	-	90,772
Net Position					
Net investment in capital assets	1,452,178	10,143,014	-	-	11,595,192
Unrestricted	(1,014,390)	104,853	6,754,556	12,901,448	18,746,467
Total Net Position	437,788	10,247,867	6,754,556	12,901,448	30,341,659
Total Liabilities, Deferred Inflows, and Net Position	$ 1,610,064	$ 10,261,420	$ 6,754,556	$ 12,901,448	$ 31,527,488

City of Dalton, Georgia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2018

	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	$ 336,027	$ 462,440	$ -	$ -	$ 798,467
Merchandise sales	51,630	-	-	-	51,630
Tournaments	76,883	-	-	-	76,883
Concessions	27,536	-	-	-	27,536
Miscellaneous	2,344	389	-	-	2,733
Total Operating Revenues	494,420	462,829	-	-	957,249
Operating Expenses					
Cost of sales and services	309,689	352,882	-	-	662,571
Personal services and benefits	491,234	119,768	-	-	611,002
Depreciation	106,111	400,433	-	-	506,544
Total Operating Expenses	907,034	873,083	-	-	1,780,117
Operating Income (Loss)	(412,614)	(410,254)	-	-	(822,868)
Non-Operating Revenues (Expenses)					
Capital contributions	-	1,343,509	-	-	1,343,509
Investment earnings (expense)	(21)	622	-	-	601
Gain on sale of assets	2,500	-	-	-	2,500
Income (loss) from joint ventures	-	-	(471,563)	828,412	356,849
Total Non-Operating Revenues (Expenses)	2,479	1,344,131	(471,563)	828,412	1,703,459
Income (Loss) Before Transfers In	(410,135)	933,877	(471,563)	828,412	880,591
Transfers in	-	-	640,560	-	640,560
Change in Net Position	(410,135)	933,877	168,997	828,412	1,521,151
Net Position Beginning of Year	847,923	9,313,990	6,585,559	12,073,036	28,820,508
Net Position End of Year	$ 437,788	$ 10,247,867	$ 6,754,556	$ 12,901,448	$ 30,341,659

City of Dalton, Georgia
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2018

	Municipal Golf Course	Municipal Airport	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from customers	$ 493,620	$ 457,289	$ 950,909
Cash payments for personnel services and benefits	(511,219)	(123,585)	(634,804)
Cash payments for goods and services	(313,116)	(362,168)	(675,284)
Net Cash Provided by (Used in) Operating Activities	(330,715)	(28,464)	(359,179)
Cash Flows from Investing Activities			
Investment earnings (expense)	(21)	622	601
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(216,573)	-	(216,573)
Proceeds from interfund loan	351,966	-	351,966
Payments on interfund loan	(63,077)	-	(63,077)
Cash received from sale of capital assets	2,500	-	2,500
Net Cash Provided by (Used in) Capital and Related Financing Activities	74,816	-	74,816
Net Increase (Decrease) in Cash and Cash Equivalents	(255,920)	(27,842)	(283,762)
Cash and Cash Equivalents Beginning of Year	260,749	91,586	352,335
Cash and Cash Equivalents End of Year	$ 4,829	$ 63,744	$ 68,573
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	$ (412,614)	$ (410,254)	$ (822,868)
Adjustments:			
Depreciation	106,111	400,433	506,544
Pension contributions in excess of payments	16,858	-	16,858
OPEB expense in excess of contributions	(26,624)	-	(26,624)
(Increase) Decrease in Assets:			
Accounts receivable	-	(2,674)	(2,674)
Inventory	(14,865)	(11,626)	(26,491)
Increase (Decrease) in Liabilities:			
Accounts payable	11,438	2,340	13,778
Accrued expenses	4,780	(333)	4,447
Unearned revenue	(800)	(2,866)	(3,666)
Compensated absences payable	(14,999)	(3,484)	(18,483)
Net Cash Provided by (Used in) Operating Activities	$ (330,715)	$ (28,464)	$ (359,179)
Noncash Capital and Related Financing Activities			
Contribution of capital assets from governmental funds	$ -	$ 1,343,509	$ 1,343,509

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2018

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Assets						
Current Assets:						
Cash and cash equivalents	$ 3,754,000	$ 1,024,000	$ 682,000	$ 682,000	$ 682,000	$ 6,824,000
Short-term investments	414,000	113,000	76,000	76,000	76,000	755,000
Restricted customer deposit fund	1,845,000	476,000	327,000	327,000	-	2,975,000
Accounts receivable, net	9,423,000	2,288,000	1,573,000	1,573,000	662,000	15,519,000
Unbilled revenues	3,819,000	1,659,000	1,229,000	784,000	-	7,491,000
Interest receivable	111,000	2,000	11,000	11,000	6,000	141,000
Fuel stocks	1,256,000	1,492,000	-	-	-	2,748,000
Materials and supplies inventory	13,717,000	493,000	802,000	26,000	1,866,000	16,904,000
Deposits and prepaid items	518,000	140,000	70,000	70,000	70,000	868,000
Total Current Assets	34,857,000	7,687,000	4,770,000	3,549,000	3,362,000	54,225,000
Noncurrent Assets:						
Construction in progress	150,032,000	8,000	923,000	61,000	38,000	151,062,000
Nuclear fuel, at amortized cost	20,207,000	-	-	-	-	20,207,000
Depreciable capital assets, net	285,626,000	18,613,000	171,746,000	152,723,000	54,578,000	683,286,000
Restricted customer deposit fund	2,338,000	-	-	-	-	2,338,000
Restricted combined utilities renewals/extensions fund	10,031,000	734,000	5,382,000	5,382,000	2,936,000	24,465,000
Restricted combined utilities construction fund	-	2,096,000	64,982,000	2,795,000	-	69,873,000
Restricted nuclear decommissioning fund	88,519,000	-	-	-	-	88,519,000
Regulatory asset, net	30,164,000	5,271,000	9,838,000	5,271,000	3,162,000	53,706,000
Total Noncurrent Assets	586,917,000	26,722,000	252,871,000	166,232,000	60,714,000	1,093,456,000
Total Assets	621,774,000	34,409,000	257,641,000	169,781,000	64,076,000	1,147,681,000
Deferred Outflows of Resources	2,133,000	969,000	1,809,000	969,000	581,000	6,461,000
Total Assets and Deferred Outflows	$ 623,907,000	$ 35,378,000	$ 259,450,000	$ 170,750,000	$ 64,657,000	$ 1,154,142,000

City of Dalton, Georgia
Combining Schedule of Net Position
Water, Light, and Sinking Commission Fund
December 31, 2018

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Liabilities						
Current Liabilities:						
Customer deposits	$ 3,779,000	$ 975,000	$ 670,000	$ 670,000	$ -	$ 6,094,000
Current maturities of long-term debt	-	65,000	2,020,000	87,000	-	2,172,000
Accounts payable and accrued expenses	9,951,000	4,600,000	2,236,000	2,246,000	2,060,000	21,093,000
Total Current Liabilities	13,730,000	5,640,000	4,926,000	3,003,000	2,060,000	29,359,000
Long-Term Liabilities:						
Unearned revenue - TVA right of use	17,000	-	-	-	-	17,000
Revenue bonds payable (net of current portion)	-	2,134,000	66,157,000	2,845,000	-	71,136,000
Net pension liability	6,313,000	2,869,000	5,356,000	2,869,000	1,722,000	19,129,000
Net OPEB liability	4,249,000	1,931,000	3,605,000	1,931,000	1,160,000	12,876,000
Asset retirement obligations	84,341,000	-	-	-	-	84,341,000
Total Long-Term Liabilities	94,920,000	6,934,000	75,118,000	7,645,000	2,882,000	187,499,000
Total Liabilities	108,650,000	12,574,000	80,044,000	10,648,000	4,942,000	216,858,000
Deferred Inflows of Resources	6,859,000	652,000	1,218,000	652,000	391,000	9,772,000
Net Position						
Net investment in capital assets	384,676,000	16,422,000	104,492,000	149,852,000	54,616,000	710,058,000
Restricted for:						
Debt service	-	2,096,000	64,982,000	2,795,000	-	69,873,000
Capital projects	10,031,000	734,000	5,382,000	5,382,000	2,936,000	24,465,000
Nuclear decommissioning	88,519,000	-	-	-	-	88,519,000
Noncurrent customer deposits	2,338,000	-	-	-	-	2,338,000
Pension	1,745,000	797,000	1,486,000	797,000	477,000	5,302,000
OPEB	(21,000)	(9,000)	(18,000)	(9,000)	(7,000)	(64,000)
Unrestricted	21,110,000	2,112,000	1,864,000	633,000	1,302,000	27,021,000
Total Net Position	508,398,000	22,152,000	178,188,000	159,450,000	59,324,000	927,512,000
Total Liabilities, Deferred Inflows, and Net Position	$ 623,907,000	$ 35,378,000	$ 259,450,000	$ 170,750,000	$ 64,657,000	$ 1,154,142,000

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, 2018

	Electric System	Gas System	Water System	Wastewater System	Information Technology System	Total
Operating Revenues						
Electric	$ 116,643,000	$ -	$ -	$ -	$ -	$ 116,643,000
Parity income	2,185,000	-	-	-	-	2,185,000
Natural gas	-	30,855,000	-	-	-	30,855,000
Water	-	-	20,246,000	-	-	20,246,000
Sewer	-	-	-	21,720,000	-	21,720,000
Information technology	-	-	-	-	22,341,000	22,341,000
Total Operating Revenues	118,828,000	30,855,000	20,246,000	21,720,000	22,341,000	213,990,000
Operating Expenses						
Production	25,228,000	-	4,344,000	10,058,000	-	39,630,000
Purchased electricity	36,810,000	-	-	-	-	36,810,000
Purchased natural gas	-	21,751,000	-	-	-	21,751,000
Distribution	8,004,000	2,554,000	4,715,000	1,758,000	10,901,000	27,932,000
Depreciation and amortization	8,626,000	739,000	5,630,000	5,452,000	3,726,000	24,173,000
General administration	5,883,000	2,674,000	4,992,000	2,674,000	1,604,000	17,827,000
Total Operating Expenses	84,551,000	27,718,000	19,681,000	19,942,000	16,231,000	168,123,000
Operating Income (Loss)	34,277,000	3,137,000	565,000	1,778,000	6,110,000	45,867,000
Non-Operating Revenues (Expenses)						
Interest income	1,656,000	86,000	1,177,000	82,000	34,000	3,035,000
Interest expense	-	(103,000)	(3,208,000)	(138,000)	-	(3,449,000)
Net increase (decrease) in fair value of investments	(176,000)	(9,000)	(6,000)	(6,000)	(7,000)	(204,000)
Miscellaneous income (expense)	318,000	87,000	58,000	58,000	58,000	579,000
Total Non-Operating Revenues (Expenses)	1,798,000	61,000	(1,979,000)	(4,000)	85,000	(39,000)
Income Before Reallocations and Transfers	36,075,000	3,198,000	(1,414,000)	1,774,000	6,195,000	45,828,000
Reallocations and Transfers						
Reallocations	25,290,000	(2,952,000)	(4,798,000)	(8,930,000)	(8,610,000)	-
Contributions in aid of construction	2,000,000	-	-	-	-	2,000,000
Transfers out	(5,928,000)	(1,539,000)	(1,010,000)	(1,083,000)	(1,114,000)	(10,674,000)
Total Contributions and Transfers	21,362,000	(4,491,000)	(5,808,000)	(10,013,000)	(9,724,000)	(8,674,000)
Change in Net Position	57,437,000	(1,293,000)	(7,222,000)	(8,239,000)	(3,529,000)	37,154,000
Net Position Beginning of Year	450,961,000	23,445,000	185,410,000	167,689,000	62,853,000	890,358,000
Net Position End of Year	$ 508,398,000	$ 22,152,000	$ 178,188,000	$ 159,450,000	$ 59,324,000	$ 927,512,000

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Net Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets:		
Cash and cash equivalents	$ 4,829	$ 260,749
Inventory	36,594	21,729
Total Current Assets	41,423	282,478
Noncurrent Assets:		
Capital Assets:		
Land	739,352	739,352
Depreciable capital assets, net	712,826	602,364
Total Noncurrent Assets	1,452,178	1,341,716
Total Assets	1,493,601	1,624,194
Deferred Outflows of Resources	116,463	58,461
Total Assets and Deferred Outflows	$ 1,610,064	$ 1,682,655
Liabilities		
Current Liabilities:		
Accounts payable	$ 15,132	$ 3,694
Accrued expenses	19,046	14,266
Unearned revenue	16,055	16,855
Interfund payable	351,966	63,077
Compensated absences payable	36,000	36,000
Total Current Liabilities	438,199	133,892
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	52,587	67,586
Net pension liability	299,267	227,141
Net OPEB liability	291,451	316,931
Total Long-Term Liabilities	643,305	611,658
Total Liabilities	1,081,504	745,550
Deferred Inflows of Resources	90,772	89,182
Net Position		
Net investment in capital assets	1,452,178	1,341,716
Unrestricted	(1,014,390)	(493,793)
Total Net Position	437,788	847,923
Total Liabilities, Deferred Inflows, and Net Position	$ 1,610,064	$ 1,682,655

City of Dalton, Georgia
Municipal Golf Course Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Year Ended December 31, 2018

	2018	2017
Operating Revenues		
Charges for services	$ 336,027	$ 584,085
Merchandise sales	51,630	89,238
Tournaments	76,883	87,420
Concessions	27,536	56,881
Miscellaneous	2,344	2,559
Total Operating Revenues	494,420	820,183
Operating Expenses		
Cost of sales and services	309,689	335,691
Personal services and benefits	491,234	455,811
Depreciation	106,111	106,708
Total Operating Expenses	907,034	898,210
Operating Income (Loss)	(412,614)	(78,027)
Non-Operating Revenues (Expenses)		
Investment earnings (expense)	(21)	1,433
Gain on sale of assets	2,500	-
Total Non-Operating Revenues (Expenses)	2,479	1,433
Change in Net Position	(410,135)	(76,594)
Net Position Beginning of Year	847,923	1,243,940
Restatement of Net Position for Implementation of Standard	-	(319,423)
Net Position End of Year	$ 437,788	$ 847,923

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Net Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets:		
Cash and cash equivalents	$ 63,744	$ 91,586
Receivables:		
Accounts	7,014	4,340
Inventory	47,648	36,022
Total Current Assets	118,406	131,948
Noncurrent Assets:		
Capital Assets:		
Land	3,786,177	3,786,177
Depreciable capital assets, net	6,356,837	5,413,761
Total Noncurrent Assets	10,143,014	9,199,938
Total Assets	$ 10,261,420	$ 9,331,886
Liabilities		
Current Liabilities:		
Accounts payable	$ 3,935	$ 1,595
Accrued expenses	3,933	4,266
Unearned revenue	215	3,081
Compensated absences payable	4,000	4,000
Total Current Liabilities	12,083	12,942
Long-Term Liabilities:		
Compensated absences payable (net of current portion)	1,470	4,954
Total Liabilities	13,553	17,896
Net Position		
Net investment in capital assets	10,143,014	9,199,938
Unrestricted	104,853	114,052
Total Net Position	10,247,867	9,313,990
Total Liabilities and Net Position	$ 10,261,420	$ 9,331,886

City of Dalton, Georgia
Dalton Municipal Airport Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Year Ended December 31, 2018

	2018	2017
Operating Revenues		
Charges for services	$ 462,440	$ 467,593
Miscellaneous	389	559
Total Operating Revenues	462,829	468,152
Operating Expenses		
Cost of sales and services	352,882	341,522
Personal services and benefits	119,768	116,002
Depreciation	400,433	396,471
Total Operating Expenses	873,083	853,995
Operating (Loss)	(410,254)	(385,843)
Nonoperating Revenues (Expenses)		
Capital contributions	1,343,509	2,996,305
Investment earnings	622	52
Total Nonoperating Revenues (Expenses)	1,344,131	2,996,357
Change in Net Position	933,877	2,610,514
Net Position Beginning of Year	9,313,990	6,703,476
Net Position End of Year	$ 10,247,867	$ 9,313,990

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, 2018 and 2017

	2018	2017
Assets		
Current Assets:		
Cash and cash equivalents	$ 703,522	$ 780,784
Accounts receivable	10	-
Total Assets	$ 703,532	$ 780,784
Liabilities		
Current Liabilities:		
Accounts payable	$ 9,866	$ 547
Claims payable	645,191	620,916
Total Liabilities	655,057	621,463
Net Position		
Unrestricted	48,475	159,321
Total Net Position	48,475	159,321
Total Liabilities and Net Position	$ 703,532	$ 780,784

City of Dalton, Georgia
Workers' Compensation Fund
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
For The Year Ended December 31, 2018

	2018	2017
Operating Revenues		
Charges for services	$ 708,000	$ 708,000
Operating Expenses		
Claims	504,650	465,253
Premiums and administrative fees	319,648	274,439
Total Operating Expenses	824,298	739,692
Operating Income (Loss)	(116,298)	(31,692)
Non-Operating Revenues and Expenses		
Investment earnings	5,452	3,394
Change in Net Position	(110,846)	(28,298)
Net Position Beginning of Year	159,321	187,619
Net Position End of Year	$ 48,475	$ 159,321

City of Dalton, Georgia
Workers' Compensation Fund
Comparative Statement of Cash Flows
For The Year Ended December 31, 2018

	2018	2017
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash received from interfund services provided	$ 707,990	$ 708,000
Cash payments for claims and fees	(790,704)	(813,728)
Net Cash Provided by (Used in) Operating Activities	(82,714)	(105,728)
Cash Flows from Investing Activities		
Investment earnings	5,452	3,394
Net Increase (Decrease) in Cash and Cash Equivalents	(77,262)	(102,334)
Cash and Cash Equivalents Beginning of Year	780,784	883,118
Cash and Cash Equivalents End of Year	$ 703,522	$ 780,784
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income (Loss)	$ (116,298)	$ (31,692)
(Increase) Decrease in Assets:		
Accounts receivable	(10)	-
Increase (Decrease) in Liabilities:		
Accounts payable	9,319	(17,671)
Claims payable	24,275	(56,365)
Net Cash Provided by (Used in) Operating Activities	$ (82,714)	$ (105,728)

FIDUCIARY FUNDS

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

Pension Trust Fund – Established to account for the activities of the Mayor and Council of the City of Dalton Employee's Pension Plan.

OPEB Trust Fund – Established to account for the activities of the City of Dalton Postretirement Plan.

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
Fiduciary Funds - Pension Trust Fund and OPEB Trust Fund
Combining Statement of Net Position
December 31, 2018

	Pension Trust Fund	OPEB Trust Fund	Total Trust Funds
Assets			
Cash and cash equivalents	$ 788,132	$ -	$ 788,132
Investments, at fair value:			
Georgia Municipal Employees Benefit System OPEB Trust Account	-	3,367,150	3,367,150
MetLife Equity Index Fund	14,710,139	-	14,710,139
MetLife Core Bond Index Fund	32,316,735	-	32,316,735
MetLife Goldman Sachs Fund	10,596,494	-	10,596,494
Vanguard Institutional Index Fund	27,468,203	-	27,468,203
Vanguard Small Cap Index Fund	10,624,030	-	10,624,030
Vanguard Bond Market Index Fund	5,116,411	-	5,116,411
Contributions receivable	286,582	-	286,582
Total Assets	$ 101,906,726	$ 3,367,150	$ 105,273,876
Liabilities			
Current Liabilities:			
Accounts payable	$ 2,876	$ 99,829	$ 102,705
Total Liabilities	2,876	99,829	102,705
Net Position			
Restricted for pension and other post employment benefits	101,903,850	3,267,321	105,171,171
Total Liabilities and Net Position	$ 101,906,726	$ 3,367,150	$ 105,273,876

City of Dalton, Georgia
Fiduciary Funds - Pension Trust Fund and OPEB Trust Fund
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2018

	Pension Trust Fund	OPEB Trust Fund	Total Trust Funds
Additions			
Contributions:			
Employer	$ 7,311,443	$ -	$ 7,311,443
Plan members	688,300	193,146	881,446
Total contributions	7,999,743	193,146	8,192,889
Investment income:			
Interest and dividends	2,379,675	72,847	2,452,522
Net increase (decrease) in fair value of investments	(5,259,351)	(221,147)	(5,480,498)
Total investment income	(2,879,676)	(148,300)	(3,027,976)
Less: investment expense	179,557	11,771	191,328
Net investment earnings	(3,059,233)	(160,071)	(3,219,304)
Total Additions	4,940,510	33,075	4,973,585
Deductions			
Administrative expenses	49,401	24,560	73,961
Premium payments	-	755,998	755,998
Benefit payments	7,440,532	-	7,440,532
Total Deductions	7,489,933	780,558	8,270,491
Change in Net Position	(2,549,423)	(747,483)	(3,296,906)
Net Position Beginning of Year	104,453,273	4,014,804	108,468,077
Net Position End of Year	$ 101,903,850	$ 3,267,321	$ 105,171,171

City of Dalton, Georgia
Fiduciary Funds - Municipal Court Agency Fund
Statement of Changes in Assets and Liabilities
For The Year Ended December 31, 2018

	2017	Increases	Decreases	2018
Assets				
Cash and cash equivalents	$ 49,333	$ 931,455	$ (890,708)	$ 90,080
Liabilities				
Accounts payable	$ 13,785	$ 221,015	$ (219,755)	$ 15,045
Interfund payable	-	1,343,462	(1,343,462)	-
Other liabilities	35,548	1,434,651	(1,395,164)	75,035
Total Liabilities	$ 49,333	$ 2,999,128	$ (2,958,381)	$ 90,080

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 its activity is required to be disclosed in the financial section of the City's Comprehensive Annual Financial Report.

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Net Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current Assets:		
Cash and cash equivalents	$ 7,213,191	$ 7,105,069
Capital leases receivable	9,845,000	9,037,000
Prepaid bond payment	295,240	-
Total Current Assets	17,353,431	16,142,069
Noncurrent Assets:		
Capital leases receivable (less current portion)	17,290,000	10,575,000
Total Assets	$ 34,643,431	$ 26,717,069
Liabilities		
Current Liabilities:		
Accounts payable	7,479,695	7,105,069
Revenue bonds payable	9,585,000	6,782,000
Recovery zone economic development bonds payable	260,000	255,000
QZAB bonds payable	-	2,000,000
Total Current Liabilities	17,324,695	16,142,069
Long-Term Liabilities:		
Revenue bonds payable (less current portion)	13,845,000	6,870,000
Recovery zone economic development bonds payable (less current portion)	3,445,000	3,705,000
Total Long-Term Liabilities	17,290,000	10,575,000
Total Liabilities	34,614,695	26,717,069
Net Position		
Unrestricted	28,736	-
Total Net Position	28,736	-
Total Liabilities and Net Position	$ 34,643,431	$ 26,717,069

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 Year Ended December 31, 2018

	2018	2017
Operating Revenues (Expenses)		
Bond issuance fees	$ 39,312	$ -
Fiscal and administrative fees	(10,655)	-
Total Operating Revenues (Expenses)	28,657	-
Non-Operating Revenues (Expenses)		
Interest earnings	222,934	141,186
Interest and fiscal charges, net of subsidy	(598,753)	(404,129)
Total Non-Operating Revenues (Expenses)	(375,819)	(262,943)
Income (Loss) Before Transfers In (Out)	(347,162)	(262,943)
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)	702,292	505,237
Transfer out (outflows of interest earnings and interest subsidy to the City of Dalton, City of Dalton Board of Education, and Whitfield County)	(326,394)	(242,294)
Total Transfers In (Out)	375,898	262,943
Change in Net Position	$ 28,736	$ -

City of Dalton, Georgia
Discretely Presented Component Unit - City of Dalton Building Authority
Comparative Statement of Cash Flows
For The Year Ended December 31, 2018

	2018	2017
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Bond issuance fees	$ 39,312	$ -
Fiscal and administrative fees	(2,596)	-
Net Cash Provided by (Used in) Operating Activities	36,716	-
Cash Flows from Capital and Related Financing Activities		
Proceeds from issuance of debt, net of issuance costs	17,073,854	-
Payments to City of Dalton and Whitfield County for capital use of debt proceeds	(15,121,990)	(8,614,704)
Payments to City of Dalton Board of Education for sinking fund interest earned	(194,996)	-
Receipts from City of Dalton, City of Dalton Board of Education, and Whitfield County for sinking fund payments	541,039	150,000
Receipts from City of Dalton, City of Dalton Board of Education, and Whitfield County for payment of debt and interest	7,431,318	7,968,604
Interest subsidy received on capital debt	103,539	101,108
Interest earnings	222,934	141,186
Principal paid on capital debt	(9,282,000)	(6,945,000)
Interest paid on capital debt	(702,292)	(505,237)
Net Cash Provided by (Used in) Capital and Related Financing Activities	71,406	(7,704,043)
Net Increase (Decrease) in Cash and Cash Equivalents	108,122	(7,704,043)
Cash and Cash Equivalents Beginning of Year	7,105,069	14,809,112
Cash and Cash Equivalents End of Year	$ 7,213,191	$ 7,105,069

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	$ 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	$ 84,604,366
Restricted	2,637,360	5,617,799	577,427	240,347	251,557	262,248	8,151,582	8,541,404	7,061,016	8,342,082
Unrestricted	14,118,540	10,953,991	15,469,318	15,011,536	15,567,935	18,273,295	2,830,865	2,313,750	(7,663,963)	(5,239,030)
Total governmental activities	$ 84,911,402	$ 85,823,958	$ 86,361,516	$ 88,163,076	$ 89,584,361	$ 91,657,091	$ 78,710,576	$ 86,581,400	$ 80,808,034	$ 87,707,418
Business-type activities										
Net investment in capital assets	$ 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	$ 721,653,192
Restricted	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	190,433,000
Unrestricted	36,253,969	30,672,743	31,802,060	43,307,413	40,716,151	35,507,326	36,613,661	44,191,799	45,013,262	44,382,777
Total business-type activities	$ 745,594,304	$ 770,590,246	$ 789,095,781	$ 805,450,211	$ 812,128,913	$ 832,127,742	$ 859,504,966	$ 884,880,511	$ 917,828,916	$ 956,468,969
Primary government										
Net investment in capital assets	$ 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	$ 806,257,558
Restricted	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	198,775,082
Unrestricted	50,372,509	41,626,734	47,271,378	58,318,949	56,284,086	53,780,621	39,444,526	46,505,549	37,349,299	39,143,747
Total primary government	$ 830,505,706	$ 856,414,204	$ 875,457,297	$ 893,613,287	$ 901,713,274	$ 923,784,833	$ 938,215,542	$ 971,461,911	$ 998,636,950	$ 1,044,176,387

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
General government	$ 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	$ 2,932,157
Judicial	683,158	647,196	488,815	369,253	397,765	371,645	437,044	433,156	424,203	409,440
Public safety	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	17,511,903
Public works	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	10,361,515
Health and welfare	895,475	611,320	634,598	488,545	487,293	508,735	522,072	468,925	419,892	474,442
Culture and recreation	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	5,872,966
Housing and development	756,136	596,388	312,225	379,694	389,213	396,836	454,327	260,840	121,645	296,359
Interest on long-term debt	178,413	325,111	354,337	459,985	274,506	281,844	270,543	372,838	324,325	282,702
Total governmental activities expenses	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	38,141,484
Business-type activities										
Electric system	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	84,556,426
Gas system	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	27,824,233
Water system	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	22,897,890
Wastewater system	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	20,089,467
Information technology system	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	16,239,082
Landfill	223,566	64,727	302,599	365,350	439,487	189,472	-	-	-	-
Trade Center	749,552	745,787	717,958	547,930	557,720	499,660	593,614	492,074	515,534	471,563
Municipal golf course	888,328	939,516	788,790	858,544	981,056	814,233	925,758	901,402	898,210	907,034
Municipal airport	459,636	482,586	503,145	518,119	604,497	904,203	813,242	846,647	853,995	873,083
Total business-type activities expenses	163,739,206	165,464,499	163,624,199	154,579,859	167,189,865	177,860,504	168,993,182	172,807,227	177,222,293	173,858,778
Total primary government expenses	$ 195,453,766	$ 198,363,972	$ 195,669,747	$ 187,549,028	$ 200,004,079	$ 210,312,101	$ 203,913,224	$ 209,122,367	$ 212,263,758	$ 212,000,262

(continued)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program revenues										
Governmental activities										
Charges for services										
General government	$ 1,152,739	$ 964,306	$ 983,375	$ 986,862	$ 982,441	$ 968,883	$ 957,103	$ 969,673	$ 988,534	$ 898,003
Judicial	1,098,525	1,066,062	739,273	767,234	751,680	884,819	689,686	803,218	743,691	715,497
Public safety	972,303	632,724	572,989	604,417	657,613	711,717	440,278	493,428	650,221	659,703
Public works	193,246	100,749	136,400	142,808	157,151	181,188	173,184	163,724	231,156	215,827
Health and welfare	54,500	68,581	56,612	46,253	54,355	51,710	47,783	50,800	51,076	49,575
Culture and recreation	361,532	322,813	223,093	324,948	395,533	373,946	374,869	400,749	405,590	378,835
Housing and development	-	215,308	-	-	-	-	-	-	-	-
Operating grants and contributions	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	1,965,144
Capital grants and contributions	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	8,335,199
Total governmental activities program revenues	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	13,217,783

(continued)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities										
Charges for services										
Electric system	$ 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	$ 118,828,000
Gas system	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	30,855,000
Water system	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	20,246,000
Wastewater system	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	21,720,000
Information technology system	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	22,341,000
Joint ventures - Landfill & Trade Center	-	-	-	-	-	-	448,366	522,810	651,831	828,412
Municipal golf course	788,503	825,777	905,637	1,033,346	927,834	915,270	868,829	923,590	820,183	494,420
Municipal airport	90,848	91,349	103,407	117,765	211,314	558,553	455,791	494,593	468,152	462,829
Capital grants and contributions	332,856	-	-	597,000	-	-	-	-	-	2,000,000
Total business-type activities program revenues	173,189,207	190,447,126	185,899,044	178,690,111	186,753,148	200,790,823	203,833,986	207,158,993	213,129,166	217,775,661
Total primary government program revenues	$ 181,106,282	$ 198,683,871	$ 192,347,804	$ 185,003,473	$ 193,078,951	$ 206,284,027	$ 211,094,246	$ 221,888,514	$ 228,393,192	$ 230,993,444
Net revenues (expenses)										
Governmental activities	$ (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)	$ (24,923,701)
Business-type activities	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	43,916,883
Total primary government net revenue (expense)	$ (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	$ 18,993,182

(continued)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for										
General purposes	$ 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	$ 8,705,712
Debt service	356,958	33,115	4,718	4,683	-	-	-	-	-	-
Recreation	465,090	58,150	-	-	-	-	-	-	-	-
Selective taxes	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	10,916,682
Hotel motel taxes	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	1,564,560
Investment earnings	149,895	122,113	227,288	253,696	241,177	222,324	224,686	227,495	299,310	502,978
Donations	90,309	192,349	584,123	1,820,028	346,807	63,476	20,891	50,252	261,115	714,102
Miscellaneous	283,120	436,717	495,556	596,278	514,289	465,825	559,299	633,166	497,349	729,120
Transfers	(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	8,689,931
Total governmental activities general revenues and other changes in net position	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	31,823,085
Business-type activities										
Investment earnings	(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	2,831,601
Miscellaneous	682,000	1,801,747	1,431,200	333,000	191,000	234,000	150,000	410,850	591,000	581,500
Transfers	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)	(8,689,931)
Total business-type activities general revenues and other changes in net position	(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)	(5,276,830)
Total primary government general revenues and other changes in net position	$ 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	$ 26,546,255
Change in net position										
Governmental activities	$ (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	$ 6,899,384
Business-type activities	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	38,640,053
Total primary government change in net position	$ (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	$ 45,539,437

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Nonspendable	$ 138,532	$ 97,011	$ 185,083	$ 207,539	$ 212,643	$ 179,680	$ 155,856	$ 249,062	$ 171,680	$ 157,986
Restricted	102,316	91,959	91,959	91,029	91,029	96,029	96,029	99,974	114,974	293,499
Unrestricted	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	25,847,595
Total general fund	$ 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	$ 26,299,080
Nonmajor governmental funds										
Nonspendable	$ 17,936	$ 8,897	$ 750	$ -	$ -	$ -	$ -	$ -	$ 40	$ -
Restricted	2,495,831	5,493,273	378,447	99,366	129,188	78,958	7,974,454	8,204,724	6,470,325	7,514,261
Total nonmajor governmental funds	$ 2,513,767	$ 5,502,170	$ 379,197	$ 99,366	$ 129,188	$ 78,958	$ 7,974,454	$ 8,204,724	$ 6,470,365	$ 7,514,261

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	$ 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	$ 21,219,393
Licenses and permits	1,152,739	964,306	983,375	986,862	982,441	968,883	957,103	969,673	988,534	898,003
Intergovernmental revenues	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	10,300,343
Charges for services	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	1,501,341
Fines and forfeitures	840,251	506,110	462,225	453,345	484,730	549,231	405,566	456,663	454,847	448,006
Investment earnings	140,959	117,557	231,567	250,949	238,043	219,226	221,899	224,509	295,916	497,526
Miscellaneous	682,326	943,058	1,162,138	2,558,705	994,634	752,890	591,054	815,699	975,514	763,251
Total Revenues	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	35,627,863
Expenditures										
General government	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	2,495,241
Judicial	698,354	654,770	486,374	362,015	381,534	414,003	437,298	433,736	436,770	403,231
Public safety	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	16,740,427
Public works	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	8,512,089
Health and welfare	891,226	607,982	637,408	463,605	447,700	479,815	507,489	441,560	412,987	447,949
Culture and recreation	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	4,115,504
Housing and development	926,360	589,742	386,679	322,625	370,981	463,332	448,165	425,513	351,590	354,964
Capital outlay	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	6,649,492
Debt service:										
Principal retirement	1,196,099	1,298,247	1,568,034	598,561	603,204	509,958	513,798	2,604,114	2,650,290	2,450,074
Interest and fiscal charges	155,951	477,827	333,806	293,792	274,506	281,844	270,543	372,838	324,325	282,702
Debt issuance costs	-	-	-	-	-	-	165,356	-	-	-
Total Expenditures	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	42,451,673
Excess (Deficiency) of Revenues Over (Under) Expenditures	(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)	(6,823,810)

(continued)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources (Uses)										
Issuance of debt	$ -	$ 6,130,000	$ -	$ -	$ 1,148,857	$ -	$ 8,505,956	$ -	$ -	$ -
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	282,864
Transfers in	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	13,005,179
Transfers out	(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)	(2,971,739)
Total Other Financing Sources (Uses)	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	10,316,304
Net Change in Fund Balance	$ 1,648,955	$ 5,112,073	$ (4,501,634)	$ (564,446)	$ 1,274,496	$ 1,230,891	$ 7,353,849	$ (339,528)	$ 854,607	$ 3,492,494
Debt service as a % of noncapital expenditures	4.7%	5.9%	6.6%	3.1%	3.1%	2.6%	2.5%	8.5%	8.5%	7.6%

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
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
2018	2,191,478,801	1,690,279,886	23,110,695	324,560,279	3,580,309,103	2.505

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. 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	Total City Millage	Dalton Public Schools Millage	Dalton Public Schools Debt Service Millage	Special Districts Millage	Whitfield County Millage	Total Direct and Overlapping Rates
2009	2.874	0.100	2.974	7.845	0.000	1.000	5.061	16.880
2010	2.875	0.000	2.875	7.845	0.000	0.950	5.061	16.731
2011	2.780	0.000	2.780	7.845	0.000	0.950	5.061	16.636
2012	2.697	0.000	2.697	7.845	0.000	0.950	6.061	17.553
2013	2.616	0.000	2.616	7.845	0.000	0.950	6.061	17.472
2014	2.537	0.000	2.537	8.200	0.000	0.950	6.061	17.748
2015	2.511	0.000	2.511	8.200	0.000	0.950	7.061	18.722
2016	2.506	0.000	2.506	8.200	0.000	0.950	9.561	21.217
2017	2.506	0.000	2.506	8.200	0.000	0.950	9.329	20.985
2018	2.505	0.000	2.505	8.200	0.570	2.500	9.312	23.087

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.

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

	2018			2009		
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.	$ 553,553,369	1	15.5%	$ 419,614,366	1	11.4%
Mohawk Industries, Inc.	164,707,547	2	4.6%	108,651,741	2	2.9%
Engineered Floors, LLC (1)	132,987,495	3	3.7%	-	NA	0.0%
TANDUS Group, Inc.	72,506,494	4	2.0%	48,586,782	5	1.3%
USFloors, Inc.	59,614,733	5	1.7%	-	NA	0.0%
Dalton Whitfield Joint Development Authority	56,202,844	6	1.6%	-	NA	0.0%
The Peeples Group	54,182,901	7	1.5%	-	NA	0.0%
Lexmark Carpet Mills, Inc.	43,031,780	8	1.2%	27,206,132	7	0.7%
Shiroki Georgia, LLC	19,124,747	9	0.5%	-	NA	0.0%
Interplast Engineered Films, LLC	19,024,914	10	0.5%	-	NA	0.0%
Beaulieu of America, LLC (1)	-	NA	0.0%	97,879,040	3	2.7%
J & J Industries (1)	-	NA	0.0%	65,822,054	4	1.8%
CBL & Associates Properties, Inc.	-	NA	0.0%	33,626,985	6	0.9%
Windstream (formerly Alltel)	-	NA	0.0%	27,206,132	8	0.7%
Indian Summer Carpet Mills, Inc.	-	NA	0.0%	17,271,215	9	0.5%
Brown Industries, Inc.	-	NA	0.0%	15,152,077	10	0.4%

Source: Whitfield County Tax Commissioner
(1): J & J Industries and Beaulieu of America, LLC were purchased by Engineered Floors, LLC.

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
2009	$ 10,439,104	$ 4,091,977	39.2%	$ 6,344,213	$ 10,436,190	100.0%
2010	9,208,612	6,935,407	75.3%	2,272,965	9,208,372	100.0%
2011	8,714,014	7,444,424	85.4%	1,269,373	8,713,797	100.0%
2012	8,597,292	7,595,137	88.3%	1,002,007	8,597,144	100.0%
2013	8,278,776	7,339,021	88.6%	939,478	8,278,499	100.0%
2014	8,325,685	7,348,018	88.3%	977,310	8,325,328	100.0%
2015	8,335,862	7,466,921	89.6%	862,707	8,329,628	99.9%
2016	8,235,457	7,420,789	90.1%	750,422	8,171,211	99.2%
2017	8,529,604	7,625,345	89.4%	826,854	8,452,199	99.1%
2018	8,669,566	8,084,007	93.2%	-	8,084,007	93.2%

Source: Whitfield County Board of Tax Assessors
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
2009	$ 1,940,000	$ -	$ 998,326	$ 54,593,000	$ 57,531,326	6.1%	$ 1,712
2010	-	6,585,000	1,185,079	29,973,000	37,743,079	4.1%	1,139
2011	-	5,375,000	827,045	11,820,000	18,022,045	2.5%	539
2012	-	5,150,000	453,484	-	5,603,484	0.6%	168
2013	-	5,831,137	318,000	-	6,149,137	0.6%	184
2014	-	5,374,179	265,000	-	5,639,179	0.5%	168
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	7.0%	2,398
2018	-	5,873,859	53,000	73,308,000	79,234,859	NA	2,294

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
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%	-
2018	-	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, 2018
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Applicable Percentage	Estimated Share of Direct and Overlapping Debt
Debt repaid with revenues other than property taxes:			
Dalton Public School System agreement with City - 2018 General Obligation Bonds	$ 40,380,000	100.0%	$ 40,380,000
Dalton Public School System agreement with Building Authority - Revenue Bonds, Series 2018	13,360,000	100.0%	13,360,000
Whitfield County agreement with Building Authority - Series 2015 SPLOST Bonds	4,701,141	32.0%	1,504,118
Whitfield County agreement with Building Authority - Series 2018 Bonds	3,200,000	32.0%	1,023,832
Total overlapping debt			56,267,950
City direct debt			5,926,859
Total direct and overlapping debt			$ 62,194,809

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

Note: The 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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	$ 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	$ 390,486,938
Total net debt applicable to limit	1,052,832	-	-	-	-	-	-	-	-	40,380,000
Legal debt margin	$ 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	$ 350,106,938
Total net debt applicable to limit as a % of debt limit	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.3%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	$ 3,580,309,103
Add: exempt property	324,560,279
Total assessed value	3,904,869,382
	10.0%
Debt limit (10% of assessed value)	$ 390,486,938
Debt applicable to limit	
Total general obligation debt	$ 40,380,000
Legal debt margin	$ 350,106,938

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
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	176,942,000	124,071,000	43,245,000	-	-	-
2013	185,614,000	133,951,000	42,490,000	-	-	-
2014	199,317,000	147,769,000	51,548,000	-	-	-
2015	202,061,000	137,377,000	64,684,000	-	-	-
2016	205,218,000	141,634,000	63,584,000	-	-	-
2017	211,189,000	151,736,000	59,453,000	-	2,414,000	24.6
2018	213,990,000	143,950,000	70,040,000	2,172,000	3,020,000	13.5

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
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	*	1,185,162	35,118	5.6%	7,899
2018	33,540	*	NA	NA	4.9%	7,998

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)

	2018			2009		
Taxpayer	Employees (1)	Rank	Percentage of Total City Employees	Employees (1)	Rank	Percentage of Total City Employees
Shaw Industries, Inc.	4,511	1	13.4%	6,191	1	18.4%
Mohawk Industries, Inc.	2,193	2	6.5%	2,208	2	6.6%
Hamilton Medical Center	1,400	3	4.2%	1,900	3	5.7%
TANDUS Group, Inc.	1,252	4	3.7%	716	7	2.1%
Dalton Public School System	1,229	5	3.7%	900	5	2.7%
City of Dalton, Georgia	696	6	2.1%	684	8	2.0%
Engineered Floors, LLC (2)	625	7	1.9%	-	NA	0.0%
Columbia Recycling Corp.	413	8	1.2%	-	NA	0.0%
Shiroki Georgia, LLC	385	9	1.1%	556	9	1.7%
Wal-Mart Stores, LP	316	10	0.9%	-	NA	0.0%
Beaulieu of America, LLC (2)	-	NA	0.0%	1,789	4	5.3%
J & J Industries (2)	-	NA	0.0%	724	6	2.2%
Pilgrim's Pride Corporation	-	NA	0.0%	486	10	1.4%

NA Information not available
(1): Includes City of Dalton only
(2): J & J Industries and Beaulieu of America, LLC were purchased by Engineered Floors, LLC
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

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Administration and elected officials	7	7	7	7	7	7	7	6	6	7
Human Resources	3	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	2	2	2	2	2
Finance	4	4	4	4	4	5	5	5	5	5
Building Inspection	5	-	-	-	-	-	-	-	-	-
Municipal Court	9	8	4	4	4	5	5	5	5	5
Public Safety										
Police - Officers	86	81	82	79	81	82	83	81	85	85
Police - Civilians	14	15	13	15	14	15	15	15	13	13
Fire - Firefighters and officers	87	85	88	83	89	88	93	91	92	90
Fire - Civilians	-	-	1	1	2	3	3	3	3	3
Streets and Sanitation										
Refuse collection	32	31	31	31	31	30	29	30	28	26
Streets	10	10	11	11	11	11	11	11	11	10
Other	23	23	24	27	25	25	30	30	30	34
DWRSWMA (Landfill)	38	38	38	37	36	36	36	36	36	40
WLSF (Dalton Utilities)	310	402	307	301	304	310	308	308	309	310
Culture and Recreation										
Recreation	24	25	25	28	29	27	27	28	29	30
Golf Course	9	9	7	6	6	6	8	10	7	7
Senior Center	5	5	4	4	4	4	4	4	4	4
Trade Center	-	-	-	5	12	15	15	15	17	17
Economic Development and Assistance										
Airport	-	-	-	-	-	1	2	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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Building permits issued	160	-	-	-	-	-	-	-	-	-
Public Safety										
Police										
Physical arrests	2,647	3,221	3,868	4,212	4,682	4,109	4,014	3,668	4,424	4,897
Traffic citations and warnings	11,727	9,384	12,621	10,831	11,375	12,943	11,174	10,826	11,710	13,857
Fire										
Calls answered	1,323	1,517	2,766	2,744	2,537	2,663	2,896	3,590	3,719	3,867
Inspections conducted	616	469	468	220	610	598	259	717	1,080	1,536
Culture and Recreation										
Youth athletic enrollment	2,850	3,098	3,575	2,698	4,258	4,273	4,500	4,535	4,580	4,862
Adult athletic enrollment	2,390	2,441	2,398	2,292	2,089	2,001	1,950	1,935	1,940	1,780
Special events	12,000	20,000	25,000	25,120	20,000	26,452	29,000	28,960	29,558	29,360
Tournaments	16,000	18,225	21,655	22,868	24,268	25,267	25,398	26,243	25,253	24,868

(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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
WLSF (Dalton Utilities) (1) (2)										
Electric System										
Number of service connections	15,691	15,532	15,500	15,625	16,512	16,664	16,882	16,907	16,802	16,874
Daily average consumption	4,005	4,178	3,977	3,976	4,236	4,485	4,762	4,931	5,073	5,233
Maximum daily peak (MW's)	262	262	262	243	237	256	267	275	271	283
Natural Gas System										
Number of service connections	8,013	7,789	7,602	7,623	7,594	7,813	7,554	7,534	7,445	7,426
Daily average consumption	5,170	6,305	5,679	4,798	5,819	7,840	7,295	8,622	13,716	14,492
Maximum daily peak (Dkthms)	19,154	19,055	16,487	17,217	18,163	23,440	24,166	25,681	27,824	37,489
Sewer system										
Number of service connections	12,393	12,323	12,317	12,450	12,616	12,773	12,884	12,916	12,847	13,006
Daily average treatment	24	21	21	20	22	20	21	19	23	24
Maximum daily capacity (Mil/gallons)	67	67	67	67	67	67	67	67	67	67
Water system										
Number of service connections	35,790	35,559	35,501	35,674	35,236	35,423	35,532	36,217	36,084	35,580
Daily average consumption (Mil/gallons)	21	21	1	22	23	25	27	27	27	28
Maximum daily capacity (Mil/gallons)	66	66	66	66	66	66	66	66	66	66
Optilink (Telecom) System										
Number of service connections	11,930	11,776	11,827	12,033	12,234	12,502	12,934	13,393	13,534	13,624

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

Function/Program	For the year ending December 31,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	57	58	58	58	58	63	63	65	65	65
Fire										
Number of stations	5	5	5	5	5	5	5	5	5	5
Streets and Sanitation										
Miles of streets	173	173	174	174	178	180	180	180	180	181
Streetlights	4,472	4,485	4,505	4,525	4,545	4,610	4,615	4,620	4,633	4,638
Culture and Recreation										
Community centers	3	3	3	3	3	3	3	3	3	3
Parks	11	12	12	13	13	13	13	13	13	14
Park acreage	459	644	644	719	719	719	719	734	734	1,260
Golf courses	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	1	1	2	2	2	2	2	2	2
Tennis courts	16	22	22	22	22	22	22	28	28	28
WLSF (Dalton Utilities)										
Electric System										
Miles of distribution	199	204	206	301	310	317	334	339	356	356
Number of substations	9	9	9	9	10	10	11	11	11	11
Natural gas system										
Miles of distribution	256	276	277	324	279	285	292	296	298	341
Sewer system										
Miles of sewer	284	298	299	319	323	323	324	328	336	335
Number of treatment plants	5	5	5	5	5	5	5	5	5	5
Water system										
Miles of water mains	1,285	1,259	1,259	1,249	1,248	1,250	1,251	1,244	1,234	1,223
Number of fire hydrants	5,190	5,230	5,004	5,004	5,008	5,010	5,029	5,040	5,055	5,077
Optilink (Telecom) System										
Miles of fiber optics	586	592	601	601	626	827	1,096	1,317	1,367	1,422

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, 2018

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	$ 3,924,239	$ 3,786,023	$ 6,844	$ 3,792,867	97%
County-wide library project	163,000	162,551	47,139	91,110	138,249	85%
Lakeshore Park recreation project	2,200,000	2,118,827	2,001,360	132,034	2,133,394	101%
Public safety vehicles	3,200,000	3,193,319	2,891,976	200,495	3,092,471	97%
Haig Mill reservoir recreation project	5,000,000	5,214,174	2,329,554	2,761,597	5,091,151	98%
Streets, bridges, and stormwater projects	10,000,000	10,000,000	1,864,651	734,982	2,599,633	26%
	$ 24,464,000	$ 24,613,110	$ 12,920,703	$ 3,927,062	$ 16,847,765	68%
SPLOST 2008 (2007 Referendum):						
Road Projects	$ 30,384,359	$ 11,710,215	$ 13,206,462	$ 572,484	$ 13,778,946	118%
Total	$ 54,848,359	$ 36,323,325	$ 26,127,165	$ 4,499,546	$ 30,626,711	

Note: This schedule is presented on the modified accrual basis of accounting.

Note: Expenditures presented on this schedule are $2,810,377 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) $2,196,977 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) $613,400 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.

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, 2018, 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 28, 2019. Our report includes a reference to other auditors who audited the financial statements of the WLSF Commission, as described in our report on the City of Dalton, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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. (2018-001)

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 28, 2019

ESTES & WALCOTT
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Dalton, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Dalton, Georgia's major federal programs for the year ended December 31, 2018. The City of Dalton, Georgia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Dalton, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Dalton, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Dalton, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

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

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

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

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

Estes & Walcott

Dalton, Georgia
June 28, 2019

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2018

Summary of Audit Results

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

2. One significant deficiency was disclosed during the audit which is required to be reported in the 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*. It was not determined to be material weaknesses.

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

4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit which are required to be reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.

6. No instances of findings were disclosed during the audit which are required to be reported in accordance with Section 200.516 of the Uniform Guidance.

7. The programs tested as a major program are:

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

8. The threshold for distinguishing Type A and B programs is $750,000.

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

City of Dalton, Georgia
Schedule of Findings and Questioned Costs
December 31, 2018

Findings – Financial Statement Audit

2018-001	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 2019. The recreation department is also developing written procedures for inventory controls.

City of Dalton, Georgia
Schedule of Expenditures of Federal Awards
December 31, 2018

Federal Grantor / Pass-Through Grantor / Program Title/Contract Number	Pass-Through Grantor ID Number	Federal CFDA Number	Current Year Expenditures	Federal Awards Passed Through to Subrecipients
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct funding:				
CDBG Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants		14.218		
Grant/Contract # B17MC130011	N/A		$ 333,456	$ 20,748
Grant/Contract # B18MC130011	N/A		42,097	8,957
			375,553	29,705
Pass-through Georgia Department of Community Affairs:				
Home Investment Partnerships Program		14.239		
Grant/Contract # 2014-902	CH14XDALT-02		54,585	-
U.S. DEPARTMENT OF JUSTICE				
Direct funding:				
Bulletproof Vest Partnership Program		16.607		
Grant/Contract # 2016BUBX16082120	N/A		3,403	-
Grant/Contract # 2017BUBX17085422	N/A		1,484	-
			4,887	-
U.S. DEPARTMENT OF TRANSPORTATION				
Pass-through Georgia Department of Transportation:				
Airport Improvement Program		20.106		
Grant/Contract # AP018-9033-37(313)	N/A		1,198,272	-
Grant/Contract # AP019-9036-38(313)	N/A		26,822	-
			1,225,094	-
Pass-through Governor's Office of Highway Safety:				
Highway Safety Cluster:				
State and Community Highway Safety		20.600		
Grant/Contract # 0010685	TEN-2018-402PT-013		16,157	-
U.S. DEPARTMENT OF THE TREASURY				
Direct funding:				
Treasury Forfeiture Fund	N/A	21.000	24,968	-
Total			$ 1,701,244	$ 29,705

See accompanying notes to the Schedule of Expenditures of Federal Awards
N/A - Pass-Through Grantor ID not applicable to direct funding

City of Dalton, Georgia
Notes to Schedule of Expenditures of Federal Awards
December 31, 2018

A. General

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

B. Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented using the full accrual basis of accounting, as described in Note 1-D.

C. Relationship to Federal Financial Reports

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

D. Indirect Costs

The City did not elect to use the 10% de minimis indirect cost rate.

City of Dalton, Georgia
Schedule of Prior Year Audit Findings
December 31, 2018

Prior Year Findings – Financial Statement Audit

2017-001 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.