

**CITY OF DALLAS, GEORGIA**

**ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
June 30, 2022**

Kendall Smith  
City Manager

By Authority of  
Mayor and City Council

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**CITY OF DALLAS, GEORGIA**  
**Annual Financial Report**  
**June 30, 2022**

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## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council  
Of the City of Dallas, Georgia

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Dallas, Georgia as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Dallas, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the City of Dallas, Georgia, as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Dallas, Georgia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Dallas, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Dallas, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Dallas, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Net Pension Liability and Related Ratios on page 46, the Schedule of Contributions - Pension Plan on page 47, the Schedule of Changes in Net OPEB Liability and Related Ratios on page 48, and the Schedule of Contributions - Other Post-employment Benefits on page 49, 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.



Management has omitted the Management's Discussion and Analysis, that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dallas' basic financial statements. The Individual Fund Schedule and Schedule of Special Purpose Local Option Sales Tax Expenditures, as required by the Georgia code section OCGA §48-8-121, are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

The Individual Fund Schedule and the Schedule of Special Purpose Local Option Sales Tax Expenditures 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 limited 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 Individual Fund Schedule and the Schedule of Special Purpose Local Option Sales Tax Expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2023, on our consideration of the City of Dallas, 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 solely 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 the effectiveness of the City of Dallas, Georgia's 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 City of Dallas, Georgia's internal control over financial reporting and compliance.



Williamson and Company  
Certified Public Accountants  
Cartersville, Georgia  
May 24, 2023

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## BASIC FINANCIAL STATEMENTS

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**CITY OF DALLAS, GEORGIA**  
Statement of Net Position  
June 30, 2022

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash	\$ 7,442,213	\$ 1,570,916	\$ 9,013,129
Receivables, Net	846,483	953,735	1,800,218
Internal Balances	387,797	(387,797)	-
Inventory	-	194,098	194,098
Prepaid Expenses	123,786	44,687	168,473
Land and Construction in Progress	7,942,118	3,515,816	11,457,934
Other Capital Assets, Net	17,067,588	51,694,909	68,762,497
Total Assets	<u>33,809,985</u>	<u>57,586,364</u>	<u>91,396,349</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB Plan	282,994	101,665	384,659
Pension Plan	1,132,220	142,079	1,274,299
Total Deferred Outflows of Resources	<u>1,415,214</u>	<u>243,744</u>	<u>1,658,958</u>
<b>LIABILITIES</b>			
Accounts Payable	681,107	1,797,901	2,479,008
Accrued Liabilities	71,642	18,264	89,906
Accrued Interest Payable	-	106,751	106,751
Unreleased Funds	35,991	-	35,991
Customer Deposits	603,514	757,712	1,361,226
Net OPEB Liability	410,234	147,376	557,610
Net Pension Liability	1,739,240	218,252	1,957,492
Noncurrent Liabilities			
Due Within One Year	197,155	2,305,512	2,502,667
Due In More Than One Year	598,585	34,795,195	35,393,780
Total Liabilities	<u>4,337,468</u>	<u>40,146,963</u>	<u>44,484,431</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned Grant Revenue	2,610,506	-	2,610,506
OPEB Plan	236,805	85,072	321,877
Pension Plan	614,877	77,159	692,036
Total Deferred Inflows of Resources	<u>3,462,188</u>	<u>162,231</u>	<u>3,624,419</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	24,403,127	18,177,303	42,580,430
Restricted for:			
Drug Enforcement Activities	174,261	-	174,261
Capital Projects	3,763,593	-	3,763,593
Unrestricted	(915,438)	(656,389)	(1,571,827)
Total Net Position	<u>\$ 27,425,543</u>	<u>\$ 17,520,914</u>	<u>\$ 44,946,457</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF DALLAS, GEORGIA**  
**Statement of Activities**  
For the Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 2,692,972	\$ 318,894	\$ 15,696	\$ 551,202
Municipal Court	356,944	-	-	-
Public Safety	4,469,814	757,253	58,072	428,713
Public Works	2,303,090	103,581	-	551,202
Community Development	310,447	142,453	-	-
Theater	685,591	265,258	143,302	-
Civic Center	110,327	-	-	-
Parks	1,624,326	187,201	-	510,372
Marshal	253,926	-	-	-
Interest on Long-term Debt	4,543	-	-	-
<b>Total Governmental Activities</b>	<u>12,811,978</u>	<u>1,774,640</u>	<u>217,070</u>	<u>2,041,489</u>
<b>Business-type Activities:</b>				
Water & Sewer	7,096,112	7,809,084	-	1,000
Solid Waste	603,558	779,332	-	-
<b>Total Business-type Activities</b>	<u>7,699,670</u>	<u>8,588,416</u>	<u>-</u>	<u>1,000</u>
<b>Total Primary Government</b>	<u>\$ 20,511,648</u>	<u>\$ 10,363,056</u>	<u>\$ 217,070</u>	<u>\$ 2,042,489</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF DALLAS, GEORGIA**  
Statement of Activities  
For the Year Ended June 30, 2022

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
<u>Functions/Programs</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General Government	\$ (1,807,180)		\$ (1,807,180)
Municipal Court	(356,944)		(356,944)
Public Safety	(3,225,776)		(3,225,776)
Public Works	(1,648,307)		(1,648,307)
Community Development	(167,994)		(167,994)
Theater	(277,031)		(277,031)
Civic Center	(110,327)		(110,327)
Parks	(926,752)		(926,752)
Marshal	(253,926)		(253,926)
Interest on Long-term Debt	(4,543)		(4,543)
Total Governmental Activities	<u>(8,778,779)</u>		<u>(8,778,779)</u>
<b>Business-type Activities:</b>			
Water & Sewer		713,972	713,972
Solid Waste		175,774	175,774
Total Business-type Activities		<u>889,746</u>	<u>889,746</u>
<b>Total Primary Government</b>			<u>(7,889,033)</u>
<b>General Revenues:</b>			
<b>Taxes:</b>			
Property	2,107,511	-	2,107,511
Sales Tax	2,954,766	-	2,954,766
Hotel/Motel	11,897	-	11,897
Business Occupation	333,808	-	333,808
Financial Institution Tax	22,796	-	22,796
Insurance Premium	955,148	-	955,148
Alcohol Tax	222,544	-	222,544
Franchise	802,184	-	802,184
Excise	13,704	-	13,704
Transfer Tax	22,433	-	22,433
Intangible	14,839	-	14,839
Miscellaneous	10,366	4,208	14,574
Total General Revenues and Transfers	<u>7,471,996</u>	<u>4,208</u>	<u>7,476,204</u>
Gain on Asset Disposal	3,800	-	3,800
Change in Net Position	(1,302,983)	893,954	(412,829)
Net Position - Beginning	28,728,526	16,626,960	45,355,486
Net Position - Ending	<u>\$ 27,425,543</u>	<u>\$ 17,520,914</u>	<u>\$ 44,942,657</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF DALLAS, GEORGIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	General	Special Revenue E911	Special Revenue Confiscated Drug	Special Revenue Hotel/Motel Tax	Special Revenue Subdivision Infrastructure	American Rescue Plan	Capital Projects- SPLOST 2017	Total Governmental Funds
<b>ASSETS</b>								
Cash	\$ 720,120	\$ 120,345	\$ 74,036	\$ 3,008	\$ 290,650	\$ 2,610,506	\$ 3,623,548	\$ 7,442,213
Receivables (Net):								
Accounts	21,398	-	-	-	-	-	-	21,398
Taxes	437,353	-	-	1,127	-	-	-	438,480
Intergovernmental	6,413	14,295	-	-	-	-	365,897	386,605
Due from Other Funds	399,762	-	-	-	7,639	-	19,609	427,010
Prepaid Items	123,786	-	-	-	-	-	-	123,786
Total Assets	<u>\$ 1,708,832</u>	<u>\$ 134,640</u>	<u>\$ 74,036</u>	<u>\$ 4,135</u>	<u>\$ 298,289</u>	<u>\$ 2,610,506</u>	<u>\$ 4,009,054</u>	<u>\$ 8,839,492</u>
<b>LIABILITIES</b>								
Liabilities:								
Accounts Payable	\$ 435,171	\$ -	\$ 475	\$ -	\$ -	\$ -	\$ 245,461	\$ 681,107
Accrued Liabilities	71,642	-	-	-	-	-	-	71,642
Due to Other Funds	2,109	200	33,740	-	3,164	-	-	39,213
Unreleased Funds	35,991	-	-	-	-	-	-	35,991
Deposits Payable	603,514	-	-	-	-	-	-	603,514
Total Liabilities	<u>1,148,427</u>	<u>200</u>	<u>34,215</u>	<u>-</u>	<u>3,164</u>	<u>-</u>	<u>245,461</u>	<u>1,431,467</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unearned Tax Revenue	42,450	-	-	-	-	-	-	42,450
Unearned Grant Revenue	-	-	-	-	-	2,610,506	-	2,610,506
Total Deferred Inflows of Resources	<u>42,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,610,506</u>	<u>-</u>	<u>2,652,956</u>
<b>FUND BALANCES</b>								
Fund Balance:								
Nonspendable:								
Prepaid Items	123,786	-	-	-	-	-	-	123,786
Restricted								
Law Enforcement	-	134,440	39,821	-	-	-	-	174,261
Capital Projects	-	-	-	-	-	-	3,763,593	3,763,593
Committed								
Tourism	-	-	-	4,135	-	-	-	4,135
Subdivision Infrastructure	-	-	-	-	295,125	-	-	295,125
Unassigned	394,169	-	-	-	-	-	-	394,169
Total Fund Balances	<u>517,955</u>	<u>134,440</u>	<u>39,821</u>	<u>4,135</u>	<u>295,125</u>	<u>-</u>	<u>3,763,593</u>	<u>4,755,069</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,708,832</u>	<u>\$ 134,640</u>	<u>\$ 74,036</u>	<u>\$ 4,135</u>	<u>\$ 298,289</u>	<u>\$ 2,610,506</u>	<u>\$ 4,009,054</u>	<u>\$ 8,839,492</u>

The accompanying notes are an integral part of this financial statement.



**CITY OF DALLAS, GEORGIA**  
**Reconciliation of the Balance Sheet of the**  
**Governmental Funds to the Statement of Net Position**  
**June 30, 2022**

Fund Balances - Total Governmental Funds		\$ 4,755,069
Amounts reported for governmental activities in the		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.		
Governmental Capital Assets	41,436,844	
Less Accumulated Depreciation	<u>(16,427,138)</u>	25,009,706
Unearned revenue in the fund financial statements represents a portion of property tax billed but uncollected and is eliminated in the Statement of Net Position		
		42,450
A portion of pension plan contributions and other changes in the City's pension plan are for future use and are considered deferred outflows and inflows of resources.		
Deferred Outflows of Pension Resources	1,132,220	
Deferred Inflows of Pension Resources -	<u>(614,877)</u>	517,343
A portion of OPEB plan contributions and other changes in the City's OPEB plan are for future use and are considered deferred outflows and inflows of resources.		
Deferred Outflow of OPEB Resources	282,994	
Deferred Inflow of OPEB Resources	<u>(236,805)</u>	46,189
Some liabilities are not due and payable in the current period and, therefore are not reported in the funds.		
Net Pension Liability	(1,739,240)	
Net OPEB Liability	<u>(410,234)</u>	(2,149,474)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Financed Purchases	(89,279)	
Note Payable	(517,300)	
Compensated Absences	<u>(189,161)</u>	<u>(795,740)</u>
Net Position of Governmental Activities		<u>\$ 27,425,543</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF DALLAS, GEORGIA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	General	Special Revenue Confiscated Drug	Special Revenue Hotel/ Motel	Special Revenue Subdivision Infrastructure	Special Revenue American Recscue Plan	Special Revenue E911	Capital Projects SPLOST 2017	Total Governmental Funds
<b>REVENUES</b>								
Taxes	\$ 7,450,765	\$ -	\$ 11,897	\$ -	\$ -	\$ -	\$ -	\$ 7,462,662
Licenses and Permits	185,354	-	-	-	-	-	-	185,354
Intergovernmental	203,715	-	-	-	-	134,565	2,041,489	2,379,769
Fines and Forfeitures	517,758	74,443	-	-	-	-	-	592,201
Charges for Services	744,964	-	-	103,581	-	-	-	848,545
Miscellaneous	34,699	-	-	-	-	-	-	34,699
<b>Total Revenues</b>	<b>9,137,255</b>	<b>74,443</b>	<b>11,897</b>	<b>103,581</b>	<b>-</b>	<b>134,565</b>	<b>2,041,489</b>	<b>11,503,230</b>
<b>EXPENDITURES</b>								
Current:								
General Government	4,073,549	-	6,418	-	-	-	-	4,079,967
Municipal Court	351,740	-	-	-	-	-	-	351,740
Public Safety	4,109,617	40,765	-	-	-	125	107,928	4,258,435
Public Works	1,454,089	-	-	-	-	-	-	1,454,089
Community Development	310,447	-	-	-	-	-	-	310,447
Theater	694,611	-	-	-	-	-	-	694,611
Civic Center	55,376	-	-	-	-	-	-	55,376
Parks	1,623,516	-	-	-	-	-	2,200	1,625,716
Marshal	237,025	-	-	-	-	-	-	237,025
Capital Outlay:								
General Government	-	-	-	-	-	-	207,509	207,509
Public Safety	-	12,999	-	-	-	-	447,636	460,635
Public Works	-	-	-	-	-	-	170,146	170,146
Parks	-	-	-	-	-	-	762,571	762,571
Debt Service:								
Principal	39,607	-	-	-	-	-	-	39,607
Interest	4,543	-	-	-	-	-	-	4,543
<b>Total Expenditures</b>	<b>12,954,120</b>	<b>53,764</b>	<b>6,418</b>	<b>-</b>	<b>-</b>	<b>125</b>	<b>1,697,990</b>	<b>14,712,417</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,816,865)	20,679	5,479	103,581	-	134,440	343,499	(3,209,187)
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds From Financed Purchase	35,778	-	-	-	-	-	-	35,778
Transfers - In	5,623	-	-	-	-	-	-	5,623
Transfers - Out	-	-	(5,623)	-	-	-	-	(5,623)
Proceeds From Disposal of Capital Assets	3,800	-	-	-	-	-	-	3,800
<b>Total Other Financing Sources (Uses)</b>	<b>45,201</b>	<b>-</b>	<b>(5,623)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,578</b>
<b>Net Change in Fund Balances</b>	<b>(3,771,664)</b>	<b>20,679</b>	<b>(144)</b>	<b>103,581</b>	<b>-</b>	<b>134,440</b>	<b>343,499</b>	<b>(3,169,609)</b>
Fund Balance - Beginning of Year	4,289,619	19,142	4,279	191,544	-	-	3,420,094	7,924,678
Fund Balance - End of Year	\$ 517,955	\$ 39,821	\$ 4,135	\$ 295,125	\$ -	\$ 134,440	\$ 3,763,593	\$ 4,755,069

The accompanying notes are an integral part of this financial statement.

**CITY OF DALLAS, 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 June 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (3,169,609)

Amounts reported for governmental activities in the Statement  
of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. For the current period, these amounts are:

Expenditures for Capital Assets	3,552,466	
Less Current Period Depreciation Expense	<u>(1,485,344)</u>	2,067,122

Unearned revenue in the fund financial statements represents property tax billed but uncollected and is eliminated in the governmental activities. 1,965

Pension and OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the related net liabilities are measured before the contributions are made. Changes to the pension and OPEB plan values are reported in the Statement of Activities.

Pension Expense	(263,386)	
OPEB Gain	<u>98,425</u>	(164,961)

Repayment of principal 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 Financed Purchase Principal		39,607
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Some other financing sources are reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance, but not in the Statement of Activities.

Proceeds From Financed Purchases		(35,778)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in Compensated Absences		<u>(41,329)</u>
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Change in Net Position of Governmental Activities		<u>\$ (1,302,983)</u>
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The accompanying notes are an integral part of this financial statement.

**CITY OF DALLAS GEORGIA**  
**Statement of Revenues, Expenditures, and Change in Fund Balance**  
**General Fund - Budget and Actual**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 7,244,350	\$ 7,244,350	\$ 7,450,765	\$ 206,415
Licenses and Permits	144,400	144,400	185,354	40,954
Intergovernmental	4,369,828	4,369,828	203,715	(4,166,113)
Fines and Forfeitures	523,000	523,000	517,758	(5,242)
Charges for Services	350,600	350,600	744,964	394,364
Miscellaneous	39,225	39,225	34,699	(4,526)
Total Revenues	<u>12,671,403</u>	<u>12,671,403</u>	<u>9,137,255</u>	<u>(3,534,148)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,824,736	1,824,736	4,073,549	(2,248,813)
Municipal Court	462,746	462,746	351,740	111,006
Public Safety	4,139,228	4,139,228	4,109,617	29,611
Public Works	1,624,699	1,624,699	1,454,089	170,610
Community Development	281,117	281,117	310,447	(29,330)
Theater	645,703	645,703	694,611	(48,908)
Civic Center	60,084	60,084	55,376	4,708
Parks	5,021,643	5,021,643	1,623,516	3,398,127
Marshal	235,427	235,427	237,025	(1,598)
Debt Service:				
Principal	39,607	39,607	39,607	-
Interest	4,543	4,543	4,543	-
Total Expenditures	<u>14,339,533</u>	<u>14,339,533</u>	<u>12,954,120</u>	<u>1,385,413</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,668,130)</u>	<u>(1,668,130)</u>	<u>(3,816,865)</u>	<u>(2,148,735)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	215,000	215,000	5,623	(209,377)
Proceeds From Financed Purchases	-	-	35,778	35,778
Proceeds From Disposal of Capital Assets	-	-	3,800	3,800
Appropriated Use of Fund Balance	1,453,130	1,453,130	-	(1,453,130)
Total Other Financing Sources	<u>1,668,130</u>	<u>1,668,130</u>	<u>45,201</u>	<u>(1,622,929)</u>
Net Change in Fund Balance	-	-	(3,771,664)	(3,771,664)
Fund Balance - Beginning of Year	<u>4,289,619</u>	<u>4,289,619</u>	<u>4,289,619</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 4,289,619</u>	<u>\$ 4,289,619</u>	<u>\$ 517,955</u>	<u>\$ (3,771,664)</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF DALLAS, GEORGIA**  
**Statement of Revenues, Expenditures, and Change in Fund Balance**  
**Confiscated Drug Special Revenue Fund - Budget and Actual**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Fines and Forfeitures	\$ 1,000	\$ 1,000	\$ 74,443	\$ 73,443
Miscellaneous	15,000	15,000	-	(15,000)
Total Revenues	<u>16,000</u>	<u>16,000</u>	<u>74,443</u>	<u>58,443</u>
<b>EXPENDITURES</b>				
Current				
Public Safety	16,000	16,000	40,765	(24,765)
Capital Outlay				
Public Safety	-	-	12,999	(12,999)
Total Expenditures	<u>16,000</u>	<u>16,000</u>	<u>53,764</u>	<u>(37,764)</u>
Excess of Revenues Over Expenditures	-	-	<u>20,679</u>	<u>20,679</u>
Net Change in Fund Balance	-	-	20,679	20,679
Fund Balance - Beginning of Year	<u>19,142</u>	<u>19,142</u>	<u>19,142</u>	-
Fund Balance - End of Year	<u>\$ 19,142</u>	<u>\$ 19,142</u>	<u>\$ 39,821</u>	<u>\$ 20,679</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF DALLAS, GEORGIA**  
**Statement of Revenues, Expenditures, and Change in Fund Balance**  
**Hotel/Motel Tax Special Revenue Fund - Budget and Actual**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 15,000	\$ 15,000	\$ 11,897	\$ (3,103)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>11,897</u>	<u>(3,103)</u>
<b>EXPENDITURES</b>				
General Government	<u>6,000</u>	<u>6,000</u>	<u>6,418</u>	<u>(418)</u>
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>6,418</u>	<u>(418)</u>
Excess of Revenues Over Expenditures	<u>9,000</u>	<u>9,000</u>	<u>5,479</u>	<u>(3,521)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers - In (Out)	(9,000)	(9,000)	(5,623)	(3,377)
Net Change in Fund Balance	-	-	(144)	(3,521)
Fund Balance - Beginning of Year	<u>4,279</u>	<u>4,279</u>	<u>4,279</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 4,279</u>	<u>\$ 4,279</u>	<u>\$ 4,135</u>	<u>\$ (3,521)</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF DALLAS, GEORGIA**  
Statement of Revenues, Expenditures, and Change in Fund Balance  
Subdivision Infrastructure Special Revenue Fund - Budget and Actual  
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for Services	\$ 25,000	\$ 25,000	\$ 103,581	\$ 78,581
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>103,581</u>	<u>78,581</u>
<b>EXPENDITURES</b>				
Public Works	<u>200,000</u>	<u>200,000</u>	-	<u>200,000</u>
Total Expenditures	<u>200,000</u>	<u>200,000</u>	-	<u>200,000</u>
Excess of Revenues Over Expenditures	<u>(175,000)</u>	<u>(175,000)</u>	<u>103,581</u>	<u>278,581</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated Fund Balance Reserves	<u>175,000</u>	<u>175,000</u>	-	<u>(175,000)</u>
Total Other Financing Sources (Uses)	<u>175,000</u>	<u>175,000</u>	-	<u>(175,000)</u>
Net Change in Fund Balance	-	-	103,581	103,581
Fund Balance - Beginning of Year	<u>191,544</u>	<u>191,544</u>	<u>191,544</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 191,544</u>	<u>\$ 191,544</u>	<u>\$ 295,125</u>	<u>\$ 103,581</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF DALLAS, GEORGIA**  
**Statement of Revenues, Expenditures, and Change in Fund Balance**  
**American Rescue Plan Special Revenue Fund - Budget and Actual**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 2,610,506	\$ 2,610,506	\$ -	\$ (2,610,506)
Total Revenues	<u>2,610,506</u>	<u>2,610,506</u>	<u>-</u>	<u>(2,610,506)</u>
<b>EXPENDITURES</b>				
Capital Outlay				
Public Works	1,650,506	1,650,506	-	1,650,506
Water and Sewer	960,000	960,000	-	960,000
Total Expenditures	<u>2,610,506</u>	<u>2,610,506</u>	<u>-</u>	<u>2,610,506</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.



**CITY OF DALLAS, GEORGIA**  
**Statement of Revenues, Expenditures, and Change in Fund Balance**  
**E911 Special Revenue Fund - Budget and Actual**  
**For the Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 180,000	\$ 180,000	\$ 134,565	\$ (45,435)
Total Revenues	<u>180,000</u>	<u>180,000</u>	<u>134,565</u>	<u>(45,435)</u>
<b>EXPENDITURES</b>				
Current				
Public Safety	10,000	10,000	125	9,875
Capital Outlay				
Public Safety	<u>140,000</u>	<u>140,000</u>	<u>-</u>	<u>140,000</u>
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>125</u>	<u>149,875</u>
Excess of Revenues Over Expenditures	<u>30,000</u>	<u>30,000</u>	<u>134,440</u>	<u>104,440</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>
Net Change in Fund Balance	-	-	134,440	134,440
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,440</u>	<u>\$ 134,440</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF DALLAS, GEORGIA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,489,203	\$ 81,713	\$ 1,570,916
Accounts Receivable - Net	857,614	96,121	953,735
Due From Other Funds	-	137,934	137,934
Inventory	194,098	-	194,098
Prepaid Items	38,814	5,873	44,687
Total Current Assets	<u>2,579,729</u>	<u>321,641</u>	<u>2,901,370</u>
Noncurrent Assets:			
Capital Assets:			
Land	555,711	-	555,711
Construction in Progress	2,960,105	-	2,960,105
Buildings	16,806,030	37,270	16,843,300
Machinery & Equipment	2,705,504	614,475	3,319,979
Utility System - Water	7,950,188	-	7,950,188
Utility System - Sewer	41,167,052	-	41,167,052
Less Accumulated Depreciation	<u>(17,356,619)</u>	<u>(228,991)</u>	<u>(17,585,610)</u>
Total Capital Assets	<u>54,787,971</u>	<u>422,754</u>	<u>55,210,725</u>
Total Noncurrent Assets	<u>54,787,971</u>	<u>422,754</u>	<u>55,210,725</u>
Total Assets	<u>57,367,700</u>	<u>744,395</u>	<u>58,112,095</u>
<b>Deferred Outflows of Resources</b>			
OPEB Plan	83,971	17,694	101,665
Pension Plan	132,916	9,163	142,079
Total Deferred Outflows	<u>216,887</u>	<u>26,857</u>	<u>243,744</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	1,778,281	19,620	1,797,901
Accrued Liabilities	15,649	2,615	18,264
Due to Other Funds	171,053	354,678	525,731
Net Pension Liability	204,177	14,075	218,252
Net OPEB Liability	121,726	25,650	147,376
Accrued Interest Payable	106,751	-	106,751
Customer Deposits	749,403	8,309	757,712
Compensated Absences	17,737	7,681	25,418
Bond Premium	73,518	-	73,518
Bond Payable	575,000	-	575,000
Note Payable	1,631,576	-	1,631,576
Total Current Liabilities	<u>5,444,871</u>	<u>432,628</u>	<u>5,877,499</u>
Noncurrent Liabilities:			
Compensated Absences	30,003	11,864	41,867
Bond Premium	288,734	-	288,734
Bond Payable	4,580,000	-	4,580,000
Note Payable	29,884,594	-	29,884,594
Total Noncurrent Liabilities	<u>34,783,331</u>	<u>11,864</u>	<u>34,795,195</u>
Total Liabilities	<u>40,228,202</u>	<u>444,492</u>	<u>40,672,694</u>
<b>Deferred Inflows of Resources</b>			
OPEB Plan	70,266	14,806	85,072
Pension Plan	72,183	4,976	77,159
Total Deferred Inflows of Resources	<u>142,449</u>	<u>19,782</u>	<u>162,231</u>
<b>Net Position</b>			
Net Investment in Capital Assets	17,754,549	422,754	18,177,303
Unrestricted	<u>(540,613)</u>	<u>(115,776)</u>	<u>(656,389)</u>
Total Net Position	<u>\$ 17,213,936</u>	<u>\$ 306,978</u>	<u>\$ 17,520,914</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF DALLAS, GEORGIA**  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2022

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
<b>Operating Revenues</b>			
Charges for Services	\$ 6,471,646	\$ 748,730	\$ 7,220,376
Fees	1,337,438	30,602	1,368,040
Other Revenues	4,208	-	4,208
Total Operating Revenues	<u>7,813,292</u>	<u>779,332</u>	<u>8,592,624</u>
<b>Operating Expenses</b>			
Cost of Sales and Services	1,848,568	239,223	2,087,791
Salaries, Wages, and Employee Benefits	1,487,506	284,553	1,772,059
Cost of Water Purchased	1,443,184	-	1,443,184
Depreciation Expense	1,613,714	79,782	1,693,496
Total Operating Expenses	<u>6,392,972</u>	<u>603,558</u>	<u>6,996,530</u>
Operating Income	<u>1,420,320</u>	<u>175,774</u>	<u>1,596,094</u>
<b>Nonoperating Revenues (Expenses)</b>			
Issuance Costs	(101,000)	-	(101,000)
Interest Expense	(602,140)	-	(602,140)
Total Nonoperating Revenues (Expenses)	<u>(703,140)</u>	<u>-</u>	<u>(703,140)</u>
Income Before Capital Contributions	<u>717,180</u>	<u>175,774</u>	<u>892,954</u>
Capital Contributions	1,000	-	1,000
Change in Net Position	718,180	175,774	893,954
Net Position - Beginning	16,507,265	132,454	16,639,719
Restatement of Prior Year Net Position	<u>(11,509)</u>	<u>(1,250)</u>	<u>(12,759)</u>
Net Position - Ending	<u>\$ 17,213,936</u>	<u>\$ 306,978</u>	<u>\$ 17,520,914</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF DALLAS, GEORGIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	<b>Water and Sewer</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Cash Flows From Operations</b>			
Receipts from Customers and Users	\$ 7,963,279	\$ 773,570	\$ 8,736,849
Payments to Suppliers	(3,359,935)	(231,456)	(3,591,391)
Payments to/for Employees	(1,683,537)	(348,417)	(2,031,954)
Net Cash Provided by Operating Activities	<u>2,919,807</u>	<u>193,697</u>	<u>3,113,504</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Payments from Other Funds	134,219	-	134,219
Payments to Other Funds	-	(116,613)	(116,613)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>134,219</u>	<u>(116,613)</u>	<u>17,606</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Capital Contribution	1,000	-	1,000
Proceeds from Note Issuance	1,926,998	-	1,926,998
Principal Payments - Notes	(923,257)	-	(923,257)
Principal Payments - Bonds	(565,000)	-	(565,000)
Acquisition and Construction of Capital Assets	(4,031,878)	-	(4,031,878)
Issuance Costs and Interest Paid	(709,618)	-	(709,618)
Net Cash Used in Capital and Related Financing Activities	<u>(4,301,755)</u>	<u>-</u>	<u>(4,301,755)</u>
Net Increase (Decrease) in Cash	(1,247,729)	77,084	(1,170,645)
Cash - July 1	<u>2,736,932</u>	<u>4,629</u>	<u>2,741,561</u>
Cash - June 30	<u>\$ 1,489,203</u>	<u>\$ 81,713</u>	<u>\$ 1,570,916</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income	\$ 1,420,320	\$ 175,774	\$ 1,596,094
Adjustments to Reconcile from Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation	1,613,714	79,782	1,693,496
(Increase) Decrease in Assets and Deferred Outflows of Resources			
Accounts Receivable	126,551	(4,537)	122,014
Inventory	(30,597)	-	(30,597)
Prepaid	10,206	1,677	11,883
Deferred Outflow of Resources	162,556	58,096	220,652
Increase (Decrease) in Liabilities and Deferred Inflows of Resources			
Accounts Payable	(47,792)	6,090	(41,702)
Accrued Liabilities	5,600	764	6,364
Customer Deposits	23,436	(1,225)	22,211
Compensated Absences Payable	901	2,704	3,605
Net OPEB Liability	9,915	3,264	13,179
Net Pension Liability	(429,484)	(129,706)	(559,190)
Deferred Inflow of Resources	54,481	1,014	55,495
Net Cash Provided by Operating Activities	<u>\$ 2,919,807</u>	<u>\$ 193,697</u>	<u>\$ 3,113,504</u>
<b>Noncash Capital Activities</b>			
Acquisition of Capital Assets	\$ (138,048)	\$ -	\$ (138,048)
Accounts Payable	138,048	-	138,048
Net Noncash Capital Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF DALLAS, GEORGIA**  
Notes to the Financial Statements  
June 30, 2022

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, certain potential component units are considered for inclusion in the financial report because of the significance of the City's influence over their operation or finances. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). In accordance with the above criteria, the City does not include any component units.

Related Organization: The Housing Authority of the City of Dallas is a related organization that 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 that are appointed by the Dallas City Council. The City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the Authority.

The more significant of the City's accounting policies are described below.

**B. Government-wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business-type.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, permits and fines, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Fund financial statements emphasize major funds in either the governmental, proprietary, and fiduciary (if any) funds. Non-major funds (if any) are reported as a separate column in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and unrestricted as needed.

#### **D. Fund Types and Major Funds**

##### **Major Governmental Funds:**

These are the funds through which most governmental functions typically are financed. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. The funds included in this category are the:

*General Fund* - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

*Special Revenue Funds* - These funds are used to account for revenue sources that are legally restricted or internally committed to expenditures for specific purposes (not including expendable trusts or capital projects). The City has elected to present four special revenue funds: Confiscated Drug Fund, Hotel/Motel Tax Fund, American Rescue Plan Fund, and the Subdivision Infrastructure Fund as major funds. The Confiscated Drug Fund accounts for cash received from the confiscation or sale of capital assets acquired through confiscations. The Hotel/Motel Tax Fund accounts for tax proceeds from the City's hotel/motel tax revenue. The American Rescue Plan Fund accounts for the proceeds and use of federal funds. The Subdivision Infrastructure Fund accounts for revenues and expenditures associated with compliance improvements made at various real estate developments within the City. The E911 Fund accounts for the collection and disbursement of allocated E911 fees.

*Capital Projects Funds* - These funds are used to account for projects funded by grants and the special purpose local option sales tax. The City maintains one SPLOST capital project fund, the 2017 SPLOST Capital Projects Fund.

##### **Major Proprietary Funds:**

Proprietary funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is intended to be self-supporting.

*Water/Sewer Fund and Sanitation Fund* - The City reports the water and sewer, and sanitation funds as major proprietary funds. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. The water and sewer fund recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Amounts reported as program revenues include charges to customers for good, services or privileges provided, operating grants and contributions, and capital grants and contributions, including any special assessments. General revenues include all taxes. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting.

#### **E. Stewardship, Compliance, and Accountability**

##### **Budgetary Data:**

Formal budgetary accounting is employed as a management control for all funds of the City. Annual operating budgets are adopted each fiscal year through passage of annual budget ordinance and amended as required and the same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis. Budgetary control is exercised at the department level and expenditures may not legally exceed appropriations at this level. No supplemental budgetary appropriations were necessary during the current year. All unencumbered budget appropriations lapse at the end of each fiscal year. Expenditures exceeded budgeted amounts in the General Government department by \$2,248,813, the Community Development department by \$29,330, the Theater department by \$48,908, and the Marshal department by \$1,598. The Confiscated Drug Fund expenditures were over budget by \$37,764.

The general and special revenue funds legally adopt an annual budget. The department heads may amend their budget, so long as the total department level budget does not change. The Capital Projects Funds adopt a project length budget.

##### **Deposits with Financial Institutions:**

State statutes require that the City's deposits in excess of insured amounts be collateralized by securities held in the name of the City by the trust department of a bank that does not hold the collateralized deposits.

#### **F. Cash**

Cash consists of amounts in demand deposits that are insured or collateralized as required by law.

#### **G. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Estimated unbilled revenues from the enterprise fund are recognized at the end of each year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

#### **H. Internal Balances/Transfers**

Due To/From Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

#### **I. Inventories/Prepaid Expenses**

Inventories for all governmental funds are recorded as expenditures when purchased; however, material amounts, if any, of inventories are reported as assets of the respective fund. Inventories of the enterprise fund, if any, are valued at the lower of cost (first-in, first-out) or market. Prepaid expenses are certain payments to vendors that reflect costs applicable to future accounting periods and are recorded as prepaid items in both government wide and fund balance statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather when purchased.

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**J. Other Assets**

Other assets held are recorded and accounted for at cost.

**K. Capital Assets**

The City's property, buildings, equipment and infrastructure (streets, bridges, curbs, sidewalks, drainage systems, lighting system, etc) with useful lives of more than one year and a cost greater than \$5,000 are capitalized and depreciated. The assets are reported in the applicable government or business-type activity columns in the government-wide financial statements, and by fund in the statement of net position for proprietary funds.

Property, plant, and equipment are stated at cost. When cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible capital assets used by enterprise funds is charged as an expense against operations, and accumulated depreciation is reported on its balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

The City's infrastructure consists of acquisitions of general infrastructure assets made after the implementation of GASB 34 on June 15, 2003.

**L. Long-Term Debt and Bond Issuance Cost**

Long-term obligations of the City are reported as a liability in the government-wide and proprietary fund financial statements. Outstanding debt and other obligations are reported as a liability in the government-wide and proprietary financial statements. Bond discounts and premiums for proprietary funds are capitalized and amortized over the term of the respective bonds using a method that approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable; premiums are presented as an increase of the face amount of bonds payable. In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**M. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City of Dallas has two types of items that qualify for reporting in this category. They are deferred costs related to the City's pension and OPEB plans reported in the government-wide and proprietary funds statements of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At the government-wide and proprietary fund level the City recognizes deferred inflows for changes in the value of the City's pension and OPEB plans. At the governmental fund level, deferred inflows of resources are recognized for unearned property tax income.



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**N. Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**O. Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**P. Compensated Absences**

Full-time, permanent employees are granted vacation and sick leave benefits. Vested or accumulated vacation leave is accrued in the government-wide and proprietary financial statements and governmental funds only report the portion expected to be liquidated within the current year. Governmental funds report compensated absences only when employees are no longer employed with the City. Vacation leave is calculated based on an employee's anniversary date. For governmental activities, compensated absences are liquidated by the General Fund. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**Q. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Dallas' Retirement Plan (the Plan) and additions or deductions from Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**R. Fund Equity/Net Position**

Fund equity at the governmental fund reporting level is classified as "Fund Balance". Fund equity for all other reporting is classified as "Net Position".

Fund Balance - represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications based 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. Fund balances are classified as follows:

- *Nonspendable* – fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (for example, items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- *Restricted* – fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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- *Committed* – fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.
- *Assigned* – fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management.
- *Unassigned* – fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The City reports positive unassigned fund balance only in General Fund. Negative unassigned fund balance may be reported in all funds.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted fund balance, it is the City's policy to use fund balance in the following order: committed, assigned and unassigned.

Net Position – represents the different between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Investment in Capital Assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any unspent borrowings for the acquisition, construction of capital assets. Net Position may be reported as restricted or unrestricted.

**S. Property Taxes**

Property taxes are levied when the digest is received from Paulding County (usually in October), based on the assessed value of property, which is 40% of estimated (appraised) market value. A re-valuation of all real property must be made if State criteria are not met regarding recent sales and assessed values. The City bills and collects its own property taxes.

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Proper allowances are made for estimated uncollectible accounts and delinquent accounts.

**NOTE 2. CASH AND INVESTMENTS**

The City's cash and investments are considered to be cash on hand, demand deposits and certificates of deposit. Investments are stated at fair value (the City has no investments other than cash.)

**Primary Government:**

Cash as of June 30, 2022, is classified in the financial statements as follows:

Cash Balances as of June 30, 2022 are classified in the financial statements as follows:

Statement of Net Position:	
Cash	\$2,584,694
Restricted Cash	<u>6,428,435</u>
Total Cash	<u>\$9,013,129</u>

At year-end, the book balance of the City's deposits was \$9,013,129, including restricted cash of \$6,428,435 and the bank balance was \$6,686,783. The bank balance is insured or collateralized by securities held by the City or by its agent in the City's name (category 2).

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**NOTE 3. RECEIVABLES**

Accounts receivable consists of amounts due from customers for charges related to providing water/sewer and sanitation services. Accounts receivable also consist of amounts due from other customers. Taxes due consist of property tax and local option sales taxes.

Amounts due as of June 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Hotel/ Motel Tax Fund	E911 Fund	Capital Projects Fund	Water Sewer Fund	Sanitation Fund	Total
Receivables:							
Accounts	\$ 21,398	\$ -	\$ -	\$ -	\$ 1,159,189	\$ 184,201	\$ 1,364,788
Taxes	460,084	1,127	-	-	-	-	461,211
Intergovernmental	6,413	-	14,295	365,897	-	-	372,310
<b>Total</b>	<b>487,895</b>	<b>1,127</b>	<b>14,295</b>	<b>365,897</b>	<b>1,159,189</b>	<b>184,201</b>	<b>2,198,309</b>
Less: Allowance for Uncollectibles	(22,731)	-	-	-	(301,575)	(88,080)	(412,386)
<b>Net Total Receivables</b>	<b>\$ 465,164</b>	<b>\$ 1,127</b>	<b>\$ 14,295</b>	<b>\$ 365,897</b>	<b>\$ 857,614</b>	<b>\$ 96,121</b>	<b>\$ 1,800,218</b>

Property tax is levied upon receipt of the digest from Paulding County and based upon the assessed value at January 1, 2021. Taxes were levied October 20, 2021 and due by December 20, 2021. The billings are considered past due 60 days after the tax billing date, at which time the applicable property is subject to lien and penalties and interest begins to accrue. Generally, liens may attach to property for unpaid taxes on January 1st of the subsequent year.

Assessed values are established by the Paulding County Tax Assessor's office and are currently calculated at 40% of the market value. The gross assessed value of nonexempt real and personal property at January 1, 2021 was \$424,063,897.

Based on the 2021 millage levy of 4.17, a property owner would pay \$4.17 per \$1,000 of assessed valuation.

Current tax collections of \$1,725,977 for the fiscal year ended June 30, 2022 were 98.01% percent of the tax levy.

All property taxes are recognized in compliance with NCGAI-3 (Revenue Recognition-Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period.

Enterprise accounts receivable consists of billed and unbilled services to utility customers at June 30, 2022. The allowance for uncollectible accounts represents approximately 26.0% of water/sewer and approximately 47.8% of sanitation total outstanding utility billings.

Capital projects fund receivable consists of current special purpose local option sales tax collected from Paulding County after fiscal year end.

**NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services, goods, short-term non-operating subsidies, and other miscellaneous transactions between funds. This activity is similar to lending/borrowing arrangements and outstanding balances at year-end are presented as "due to/from other funds". Balances between governmental or proprietary funds are netted when presented in the government-wide statements and reported as "internal balances".

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As of June 30, 2022, interfund receivables and payables that resulted from various interfund transactions were as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Sanitation	\$ 354,678
General Fund	Confiscated Assets	33,740
General Fund	Water and Sewer	1,561
General Fund	E911	200
General Fund	Infrastructure	9,583
		<b>\$ 399,762</b>
Subdivision Infrastructure	Water and Sewer	\$ 14,058
Capital Projects - 2017	General Fund	\$ 2,109
Capital Projects - 2017	Water and Sewer	17,500
		<b>\$ 19,609</b>
Sanitation	Water and Sewer	\$ 137,934

**Transfers and Payments:**

Routine transfers and payments between funds are to subsidize operations and to fund capital projects and capital acquisitions. For the year ended June 30, 2022, interfund transfers were as follows:

<b>Source Fund</b>	<b>Transfer to Fund</b>	<b>Amount</b>
Hotel/Motel Tax	General Fund	\$ 5,623

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**NOTE 5. CAPITAL ASSETS**

The following table provides a summary of capital asset activity for governmental activities:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<i>Nondepreciable Capital Assets</i>				
Land	\$ 4,108,271	\$ 1,415,936	\$ -	\$ 5,524,207
Construction In Progress	<u>2,123,575</u>	<u>1,106,447</u>	<u>(812,111)</u>	<u>2,417,911</u>
Total Nondepreciable Capital Assets	<u>6,231,846</u>	<u>2,522,383</u>	<u>(812,111)</u>	<u>7,942,118</u>
<i>Depreciable Capital Assets</i>				
Buildings and Improvements	10,582,236	111,833	-	10,694,069
Machinery and Equipment	5,000,951	887,524	(17,271)	5,871,204
Infrastructure	<u>16,086,616</u>	<u>30,726</u>	<u>812,111</u>	<u>16,929,453</u>
Total Depreciable Capital Assets	<u>31,669,803</u>	<u>1,030,083</u>	<u>794,840</u>	<u>33,494,726</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(3,851,040)	(340,884)	-	(4,191,924)
Machinery and Equipment	(4,017,401)	(360,460)	17,271	(4,360,590)
Infrastructure	<u>(7,090,624)</u>	<u>(784,000)</u>	<u>-</u>	<u>(7,874,624)</u>
Total Accumulated Depreciation	<u>(14,959,065)</u>	<u>(1,485,344)</u>	<u>17,271</u>	<u>(16,427,138)</u>
Total Depreciable Capital Assets, Net	<u>16,710,738</u>	<u>(455,261)</u>	<u>812,111</u>	<u>17,067,588</u>
Total Capital Assets, Net	<u>\$22,942,584</u>	<u>\$ 2,067,122</u>	<u>\$ -</u>	<u>\$ 25,009,706</u>

Depreciation expense was allocated across governmental activities as follows:

General Government	\$ 54,710
Municipal Court	2,172
Public Safety	213,597
Public Works	840,646
Theater	105,587
Civic Center	51,919
Parks	202,844
Marshal	<u>13,869</u>
Total Depreciation Expense	<u>\$1,485,344</u>

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The following table provides a summary of capital asset activity for business-type activities:

<u>Business-type Activities</u>	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
<i>Nondepreciable Capital Assets</i>				
Land	\$ 555,711	\$ -	\$ -	\$ 555,711
Construction In Progress	<u>15,519,618</u>	<u>2,556,155</u>	<u>(15,115,668)</u>	<u>2,960,105</u>
Total Nondepreciable Capital Assets	<u>16,075,329</u>	<u>2,556,155</u>	<u>(15,115,668)</u>	<u>3,515,816</u>
<i>Depreciable Capital Assets</i>				
Buildings and Improvements	16,810,255	33,045	-	16,843,300
Machinery and Equipment	3,072,309	247,670	-	3,319,979
Distribution and Collection Systems	<u>33,031,893</u>	<u>969,679</u>	<u>15,115,668</u>	<u>49,117,240</u>
Total Depreciable Capital Assets	<u>52,914,457</u>	<u>1,250,394</u>	<u>15,115,668</u>	<u>69,280,519</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(2,067,848)	(428,056)	-	(2,495,904)
Machinery and Equipment	(1,967,597)	(237,359)	-	(2,204,956)
Distribution and Collection Systems	<u>(11,856,668)</u>	<u>(1,028,082)</u>	<u>-</u>	<u>(12,884,750)</u>
Total Accumulated Depreciation	<u>(15,892,113)</u>	<u>(1,693,497)</u>	<u>-</u>	<u>(17,585,610)</u>
Total Depreciable Capital Assets, Net	<u>37,022,344</u>	<u>(443,103)</u>	<u>15,115,668</u>	<u>51,694,909</u>
Total Capital Assets, Net	<u>\$53,097,673</u>	<u>\$ 2,113,052</u>	<u>\$ -</u>	<u>\$ 55,210,725</u>

Depreciation Expense for Water/Sewer was \$1,613,714 for the year ended June 30, 2022.

Estimated useful lives used to compute depreciation are:

Infrastructure	10-20 years
Machinery and Equipment	5-10 years
Buildings and Improvements	30-40 years
Water Lines and Meters	10-40 years
Sewer Lines	40 years

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**NOTE 6. FINANCED PURCHASES**

On March 15, 2021, the City entered into an agreement for the purchase of a 2021 GMC Sierra for the police department. The agreement qualifies as a financed purchase for accounting purposes and therefore, has been recorded at the present value of future minimum lease payments. Payments will be made in quarterly installments of \$5,283 bearing interest at 4.644%. The agreement will mature in fiscal 2023. Depreciation expense on the financed equipment for the year ended June 30, 2022 was \$5,991.

On June 28, 2021, the City entered into an agreement for the purchase of two 2021 Chevrolet Tahoe's for the police department. The agreement qualifies as a financed purchase for accounting purposes and therefore, has been recorded at the present value of future minimum lease payments. Payments will be made in quarterly installments of \$6,651 bearing interest at 4.517%. The agreement will mature in fiscal 2024. Depreciation expense on the financed equipment for the year ended June 30, 2022 was \$15,018.

On November 23, 2021, the City entered into an agreement for the purchase of one 2021 Chevrolet Tahoe for the police department. The agreement qualifies as a financed purchase for accounting purposes and therefore, has been recorded at the present value of future minimum lease payments. Payments will be made in quarterly installments of \$3,490 bearing interest at 4.77%. The agreement will mature in fiscal 2024. Depreciation expense on the financed equipment for the year ended June 30, 2022 was \$5,236.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022 for the governmental capital leases are as follows:

Year Ending June 30	
2023	\$ 51,130
2024	39,196
2025	<u>3,490</u>
Total Minimum Lease Payments	93,815
Less Amount Representing Interest	<u>(4,536)</u>
Total	<u>\$ 89,279</u>

Assets under capital lease at year end and accumulated depreciation are as follows:

<b>Governmental Activities:</b>	
Police Vehicles	\$ 144,310
Less Accumulated Depreciation	<u>(21,009)</u>
Net Asset Value of Leased Assets	<u>\$ 123,301</u>

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**NOTE 7. LONG-TERM DEBT**

**Governmental Activities**

Note Payable

In July 2020, the City entered into an loan agreement with Georgia Transportation Infrastructure Bank through the State Road and Tollway Authority for the West Skyline View road repair project. The amount borrowed was \$517,300 bearing interest at 1.56%. The monthly payment on the note is \$4,659. It is scheduled to mature in fiscal 2033.

The following schedule presents debt service requirements to maturity for the note payable with the Georgia Transportation Infrastructure Bank.

Year Ending June 30	Principal	Interest	Total
2023	\$ 40,098	\$ 6,488	\$ 46,586
2024	48,787	7,117	55,904
2025	49,573	6,331	55,904
2026	50,352	5,552	55,904
2027	51,143	4,761	55,904
2028-2032	268,010	11,469	279,479
2033	9,337	18	9,355
Totals	<u>\$ 517,300</u>	<u>\$ 41,736</u>	<u>\$ 559,036</u>

**Business-type Activities**

Refunding Revenue Bonds:

The City issued bonds where revenues from the business-type activities are used to pay debt service.

**Paulding County Industrial Building Authority Refunding Revenue Bonds  
(City of Dallas W & S project) Series 2016:**

On August 1, 2016, the City of Dallas issued \$8,165,000 in Refunding Revenue Bonds. These bonds will mature in the year 2030 and have interest rates of 2% to 4%. The bond issue of \$8,165,000, plus premiums of \$884,996 less bond issuance cost of \$217,876 provided net proceeds of \$8,832,120. A portion of the issue was used to refund \$2,922,120 of outstanding GEFA loans and refund \$5,910,000 of outstanding Series 2010 Bonds. These proceeds were deposited into an escrow account, where they were transferred immediately to the agencies that held the City's outstanding GEFA loans and Series 2010 Bonds. As a result, the GEFA loans and Series 2010 Bonds are considered defeased, and the liability for these portions has been removed from the proprietary fund and government-wide Statement of Net Position. The City gained a net present value benefit of \$702,218 with the refunding bond issuance.



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**June 30, 2022**

The following schedule presents debt service requirements to maturity for Water/Sewer Refunding Revenue Series 2016 Bonds:

Year Ending June 30	Principal	Interest	Amortization of Bond Premium
2023	\$ 575,000	\$ 173,800	\$ 73,518
2024	600,000	156,550	66,222
2025	610,000	138,550	58,608
2026	630,000	120,250	50,866
2027	650,000	101,350	42,872
2028-2030	2,090,000	165,826	70,166
Total	<u>\$ 5,155,000</u>	<u>\$ 856,326</u>	<u>\$ 362,252</u>

Note Payable:

In December 2013 the City executed a note payable with the Georgia Environmental Finance Authority (GEFA) for wastewater treatment plant improvements. The loan closed in fiscal 2016 for \$18,294,186. Debt service on the loan began June 1, 2016 in the monthly amount of \$88,395 including interest calculated at 1.4%. At June 30, 2022, the City owed \$13,840,527 on the note.

In August 2018 the City executed a note payable with the GEFA for expansion of the Pumpkinvine Creek Water Pollution Control Plant. The loan closed in April 2022 for \$17,120,000. The agreement also included an Appalachian Regional Commission grant for an additional \$600,000 to be used on the expansion. Debt service on the loan began June 1, 2022 in the monthly amount of \$80,658. At June 30, 2022 the City owed \$17,057,174 on the note.

The following schedule presents debt service requirements to maturity for the City's GEFA note.

Year Ending December 31	Principal	Interest	Total
2023	\$ 1,631,576	\$ 397,059	\$ 2,028,635
2024	1,653,413	375,222	2,028,635
2025	1,675,543	353,092	2,028,635
2026	1,697,970	330,665	2,028,635
2027	1,720,699	307,936	2,028,635
2028-2032	8,955,244	1,187,931	10,143,175
2033-2037	8,950,041	574,372	9,524,413
2038-2042	4,613,215	1,589	4,614,804
Totals	<u>\$30,897,701</u>	<u>\$3,527,866</u>	<u>\$34,425,567</u>

In July 2021 the City began drawing down a note payable with GEFA for sewer system improvements. The total amount approved for the loan is \$11,934,000. As of June 30, 2022, the City had drawn \$618,468 of the available funds. Upon completion the note will amortize over 30 years.

**CITY OF DALLAS, GEORGIA**  
Notes to the Financial Statements  
June 30, 2022

The City's long-term debt transactions for the year ended June 30, 2022 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 139,832	\$ 158,623	\$ (109,294)	\$ 189,161	\$ 109,294
Note Payable	517,300	-	-	517,300	40,098
Financed Purchase	93,108	35,778	(39,607)	89,279	47,763
<b>Total Governmental Activities</b>	<b>\$ 232,940</b>	<b>\$ 194,401</b>	<b>\$ (148,901)</b>	<b>\$ 795,740</b>	<b>\$ 197,155</b>
<b>Business-type Activities:</b>					
Compensated Absences	\$ 63,680	\$ 29,023	\$ (25,418)	\$ 67,285	\$ 25,418
Notes Payable	30,512,428	1,926,999	(923,257)	31,516,170	1,631,576
Bond Premium	442,921	-	(80,669)	362,252	73,518
Bond Payable	5,720,000	-	(565,000)	5,155,000	575,000
<b>Total Business-type Activities</b>	<b>\$ 36,739,029</b>	<b>\$ 1,956,022</b>	<b>\$ (1,594,344)</b>	<b>\$ 37,100,707</b>	<b>\$ 2,305,512</b>

The liabilities for compensated absences are liquidated proportionally by the general, water/sewer, and solid waste funds.

**NOTE 8. PENSION PLAN**

**Plan Description**

The City has a non-contributory defined benefit plan covering all full time employees and elected officials. The plan, the City of Dallas Retirement Plan, is administered by the Georgia Municipal Employees Benefit System (GMEBS) a statewide, agent multiple employer defined benefit plan. GMEBS policy direction and oversight for the fund is provided by a 15-member board comprised of elected and appointed municipal officials from among the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Georgia Municipal Employees Benefit System, C/O Georgia Municipal Association – Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

The plan provides pension benefits, death and disability benefits for all employees and elected officials at the time of employment/service (no waiting period). The City continues to have the authority to establish, amend or discontinue the Plan. The City does not require employees to contribute to the Plan in order become a member of the Plan and receive pension benefits. The Plan is fully funded by the City of Dallas' (employers) contributions. Employees are vested after 5 years of service and elected officials are vested in the Plan immediately. Members may retire at age 65 with 5 years of service or take an early retirement at age 55 with 10 years of service. Benefits are calculated at 1.0% to 1.75% of the average monthly earnings for the period of the five highest years prior to retirement.

**Funding Policy and Pension Cost**

The City's funding policy for the plan is to contribute an amount equal to the actuarial recommended contribution each year. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. The amortization periods, if applicable, are closed for this plan year.

**CITY OF DALLAS, GEORGIA**  
Notes to the Financial Statements  
June 30, 2022

The Plan is subject to the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section §47-20-10). According to the actuarial valuation dated January 1, 2021, the estimated minimum annual contribution under these funding standards is \$363,092. The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution. Since the City's policy is to pay the actuarial recommended contribution amount proposed by GMEBS in each year, the Plan will meet applicable funding standards. Under the same actuarial valuation, the recommended contribution to the plan for the year ended June 30, 2022 was \$478,816 (\$0 employee and \$478,816 employer), or 13.48% of annual covered payroll. The City's contribution to the Plan as of June 30, 2022 was \$478,816, which was equal to 100 percent of the recommended contribution for the year.

As of January 1, 2021 the plan membership includes the following categories of participants:

Retirees and beneficiaries currently receiving benefits	31
Inactive participants with vested rights	14
Vested active participants	41
Not vested participants	<u>38</u>
 Total	 <u>124</u>

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of January 1, 2021, along with the Total Pension Liability (TPL) and Fiduciary Net Position (FNP) used to calculate the NPL. These actuarial assumptions are based on the results of an actuarial measurement date of September 30, 2021.

**Changes in Net Pension Liability**

	(TPL) Total Pension Liability (a)	(FNP) Fiduciary Net Position (b)	(NPL) Net Position Liability (a) - (b)
Balances at September 30, 2020	\$ 7,629,694	\$ 5,062,185	\$ 2,567,509
Changes for the year:			
Service cost	181,636	-	181,636
Interest	560,451	-	560,451
Differences between expected and actual experience	265,668	-	265,668
Contributions- employer	-	401,760	(401,760)
Contributions- employees	-	-	-
Net Investment income	-	1,232,106	(1,232,106)
Benefit payments, including refunds of employee contributions	(423,997)	(423,997)	-
Administrative expense	-	(16,094)	16,094
Other	-	-	-
Net changes	<u>583,758</u>	<u>1,193,775</u>	<u>(610,017)</u>
Balances at September 30, 2021	<u>\$ 8,213,452</u>	<u>\$ 6,255,960</u>	<u>\$ 1,957,492</u>

**CITY OF DALLAS, GEORGIA**  
Notes to the Financial Statements  
June 30, 2022

**Sensitivity of the NPL to Changes in Discount Rate**

1% Decrease (6.375%)	Current Discount Rate (7.375%)	1% Increase (8.375%)
\$ 2,956,896	\$ 1,957,492	\$ 1,123,111

**Significant Actuarial Assumptions:**

Actuarial Assumptions:

Net Investment Rate of Return	7.375% per year
Projected Salary Increase	2.25% plus service based merit increases
Inflation Rate	2.25%
Post Retirement Benefit Increase	N/A

Actuarial Methods:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed Level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 11 years
Asset Valuation Method	Sum of actuarial value at the beginning of the year and the cash flow during the year plus assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at year end. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Mortality Rate	Mortality assumptions are based on the results of an actuarial experience study for the period January 1, 2015 to June 30, 2019.

According to the January 1, 2021 actuarial report, the City recognized \$492,977 in pension expense for the June 30, 2022 reporting year.

**CITY OF DALLAS, GEORGIA**  
**Notes to the Financial Statements**  
**June 30, 2022**

The following table shows the recognized deferred outflows/inflows of resources related to the City's pensions plan as of June 30, 2022:

	<b>Deferred Outflows Of Resources</b>	<b>Deferred Inflows Of Resources</b>
Differences between expected and actual experience	\$ 655,645	\$ -
Changes of assumptions	226,633	-
Net differences between projected and actual earnings on pension plan investments	-	692,036
Deferred outflows after measurement date	392,021	-
Total as of June 30, 2022	\$ 1,274,299	\$ 692,036

City contributions subsequent to the measurement date of \$392,021 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Year Ended June 30:	
2023	\$ 95,537
2024	93,005
2025	52,243
2026	(50,533)
2027	-
Thereafter	-

**Net Investment Return**

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**CITY OF DALLAS, GEORGIA**  
Notes to the Financial Statements  
June 30, 2022

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset collection as of March 31, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	45%	6.55%
International Equity	20%	7.30%
Real Estate	10%	3.65%
Global Fixed Income	5%	0.50%
Domestic Fixed Income	20%	0.40%
Cash	0%	
	<u>100%</u>	

**NOTE 9. SPECIAL PURPOSE LOCAL OPTION SALES TAX**

On May 24, 2016, Paulding County voters passed a continuation for a special one percent sales and use tax be imposed in Paulding County for a period of time not to exceed twenty-four calendar quarters. Actual collection of the tax began on April 1, 2017 and will be in effect until March 31, 2023. The City of Dallas' distributive share of the revenue is projected to be \$8,030,000 and used for street and road improvements, recreational facility capital outlay projects, and public safety capital outlay projects and City Hall and public/ administrative buildings.

**NOTE 10. RISK MANAGEMENT**

At year-end there were no legal actions taken by or against the City that would have an adverse effect on the City's financial condition. The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has joined with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for its property and liability insurance, and the Worker's Compensation Self-Insurance Fund (WCSIF) for injuries to employees. Both are public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, cooperate with the pools' agents and attorneys, follow loss reduction procedures established by the funds and to promptly report all incidents which could result in the funds being required to pay any claim for loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds. The funds are to defend and protect its members against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxed against members in any legal proceedings defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

During the past three fiscal years, the costs of any settlements have not exceeded insurance coverage.

**CITY OF DALLAS, GEORGIA**  
Notes to the Financial Statements  
June 30, 2022

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**NOTE 11. RESTRICTED ASSETS AND RESTRICTED NET POSITION**

**Restricted Assets**

The City is required to establish and maintain cash accounts to comply with external legal requirements. The capital project SPLOST cash funds are restricted for specified capital projects or improvements approved by each voter referendum. The Confiscated Funds Cash is restricted for monies used in law enforcement activities. The American Rescue Plan Fund cash is restricted for the continuation of federal programs.

At June 30, 2022, the balances in the restricted cash accounts are as follows:

**Governmental Activities:**

Law Enforcement	\$ 194,381
American Rescue Plan	2,610,506
Capital Projects	<u>3,623,548</u>
Total Restricted Assets	<u>\$6,428,435</u>

**Restricted Equity**

Restrictions are used to indicate that a portion of the fund balance/net position is not available for appropriation or is legally segregated for specific future use. The City uses the following restrictions:

**Governmental Funds and Activities:**

Restricted for Capital Project Activities - Created to segregate money received from federal or state sources that restrict the funds eligible for capital construction projects.

Restricted for Law Enforcement Activities - Created to segregate money received from federal or state sources that restrict use for law enforcement purposes only.

**NOTE 12. HOTEL MOTEL TAX**

The City of Dallas levies a 5 percent hotel/motel tax. The City is required to distribute 2% to the Paulding County Chamber of Commerce and 3% back to the City for the purpose of promoting tourism. For the year ended June 30, 2022, the City recognized \$11,897 in Hotel/Motel tax revenue and distributed \$6,418 to the Chamber and transferred \$5,623 to the General Fund for operating purposes.

**NOTE 13. POST-EMPLOYMENT HEALTH CARE BENEFITS**

**Plan Description:** In addition to providing pension benefits, the City of Dallas offers certain health care benefits to qualified retired employees through an Other Post Employment Benefit (OPEB) plan called the City of Dallas OPEB Plan. The plan is administered by the Georgia Municipal Employees Benefit System (GMEBS) a statewide, agent multiple employer defined benefit plan. GMEBS policy direction and oversight for the fund is provided by a 15-member board comprised of elected and appointed municipal officials from among the fund's membership. GMEBS handles all administrative and investment functions relative to the plan. The City continues to have the authority to establish, amend or discontinue the Plan. Employees are not required to contribute to the Plan.

**Benefits Provided:** All current employees and future employees who are at least fifty years of age and have at least 30 years of service may be eligible for post-employment health care benefits. The health care benefits offered to the participants will be paid for until the participant reaches 65. Benefits are payable to a surviving spouse until they are Medicare eligible. The plan is administered by Georgia Municipal Association statewide, agent multiple-employer type plan.

**CITY OF DALLAS, GEORGIA**  
Notes to the Financial Statements  
June 30, 2022

**Contributions:** As established by GMEBS, the City of Dallas OPEB Plan is maintained on a pre-funded basis, that is the annual contributions made by the City are based on an actuarially determined contribution rate. Contributions to the City of Dallas OPEB plan was \$68,080 for the year ended June 30, 2022 and were remitted after year end. Active employees are not required to contribute to the fund.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2022, the City reported a net OPEB liability of \$557,611. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022 was determined using standard roll-forward techniques. No contributions were made during the audit period subsequent to the measurement date of June 30, 2021.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows Of Resources</b>	<b>Deferred Inflows Of Resources</b>
Differences between expected and actual experience	\$ 233,211	\$ 65,285
Changes of assumptions	151,448	158,122
Net differences between projected and actual earnings on OPEB plan investments	-	98,470
Total	\$ 384,659	\$ 321,877

**Funding Policy:** The information provided for the City of Dallas' Other Post-employment Benefit Plan is based on an actuarial report with a measurement date of June 30, 2021.

**Discount Rate:** The discount rate used to measure the total OPEB liability at June 30, 2021 was 7.375%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**Sensitivity of the City's net OPEB liability to changes in the discount rate:** The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 7.375%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1 percentage-point higher (8.375%) than the current discount rate:

	<b>1% Decrease (6.375%)</b>	<b>Current Discount Rate (7.375%)</b>	<b>1% Increase (8.375%)</b>
Net OPEB Liability	\$ 693,410	\$ 557,611	\$ 439,122

**Sensitivity of the City's net OPEB liability to changes in the healthcare cost trend rates:** The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Net OPEB Liability	\$ 406,021	\$ 557,611	\$ 738,679



**CITY OF DALLAS, GEORGIA**  
Notes to the Financial Statements  
June 30, 2022

Deferred outflows and inflows of resources related to OPEB will be recognized as follows:

<u>Year Ended June 30:</u>	
2023	\$ (2,458)
2024	(589)
2025	(1,973)
2026	(5,330)
2027	39,111
Thereafter	34,021

The Georgia Municipal Employees Benefit System issues a publicly available annual financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Georgia Municipal Employees Benefit System, C/O Georgia Municipal Association – Risk Management and Employee Benefit Services, 201 Pryor Street, SW, Atlanta, Georgia 30303.

**NOTE 14. JOINT VENTURE**

The City of Dallas is a member of the Northwest Georgia Regional Commission. The Northwest Georgia Regional Commission was created under the laws of the State of Georgia and cities and counties in the area served by the Northwest Georgia Regional Commission are required to be members. The membership of this commission includes 15 counties and 49 municipalities. The City has no equity interest in this commission nor does the City materially contribute to the continued existence of this commission. The Official Code of Georgia Annotated Section §50-8-39.1 states that in the event the Northwest Georgia Regional Commission ceases operation, the membership can be assessed for any debt or obligation of the Northwest Georgia Regional Commission. Separate financial statements may be obtained from: Northwest Georgia Regional Commission 1 Jackson Hill Drive, Rome, Georgia 30162-1798.

**NOTE 15. CONSTRUCTION COMMITMENTS**

The City's contracted construction commitments in progress as of June 30, 2022 are as follows:

Governmental Activities

At year end the City was under contract for work related to phase II of the Battlefield Trail project that was in progress at June 30, 2022. The contract is valued at \$6,969,988 total costs incurred as of June 30, 2023 was \$190,247.

**NOTE 16. RESTATEMENT OF BEGINNING EQUITY**

Beginning net position for the governmental activities, business-type activities, and enterprise funds were adjusted for actuarial changes to the City's OPEB plan related to the 2021 fiscal period received after the fiscal 2021 financial statements were issued. The decreases to the beginning equity at the entity-wide level and the fund level are as follows:

	Entity-wide		Fund Level	
	Governmental Activities	Business-type Activities	Water and Sewer Fund	Solid Waste Fund
Decrease in Beginning Net Position	\$ (122,723)	\$ (12,759)	\$ (11,509)	\$ (1,250)

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REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF DALLAS, GEORGIA**  
**Required Supplementary Information**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**For the Previous Ten Fiscal Periods**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Total Pension Liability</b>										
Service Cost	\$ 181,636	\$ 159,221	\$ 146,979	\$ 117,073	\$ 123,488	\$ 103,962	\$ 100,970	\$ 105,543	*	*
Interest	560,451	500,930	434,920	406,467	365,409	330,730	309,722	311,303	*	*
Benefit Changes	-	-	-	-	-	-	-	-	*	*
Differences Between Expected and Actual Experience	265,668	410,219	293,332	114,976	227,732	188,281	33,666	33,719	*	*
Changes of Assumptions	-	-	-	-	-	-	-	(296,941)	*	*
Benefit Payments, Including Refunds	(423,997)	(379,612)	(315,243)	(262,854)	(177,131)	(173,872)	(172,704)	(175,340)	*	*
Other	-	116,084	453,286	-	90,896	-	-	-	*	*
<b>Net Change in Total Pension Liability</b>	<u>583,758</u>	<u>806,842</u>	<u>1,013,274</u>	<u>375,662</u>	<u>630,394</u>	<u>449,101</u>	<u>271,654</u>	<u>(21,716)</u>	*	*
<b>Total Pension Liability - Beginning</b>	<u>7,629,694</u>	<u>6,822,852</u>	<u>5,809,578</u>	<u>5,433,916</u>	<u>4,803,522</u>	<u>4,354,421</u>	<u>4,082,767</u>	<u>4,104,483</u>	*	*
<b>Total Pension Liability - Ending</b>	<u>\$8,213,452</u>	<u>\$7,629,694</u>	<u>\$6,822,852</u>	<u>\$5,809,578</u>	<u>\$5,433,916</u>	<u>\$4,803,522</u>	<u>\$4,354,421</u>	<u>\$4,082,767</u>	*	*
<b>Plan Net Position</b>										
Contributions - Employer	\$ 401,760	\$ 313,068	\$ 326,688	\$ 245,367	\$ 231,992	\$ 220,416	\$ 266,499	\$ 267,755	*	*
Contributions - Member	-	-	-	-	-	-	-	-	*	*
Net Investment Income	1,232,106	451,425	138,023	414,403	543,326	358,415	31,198	308,529	*	*
Benefit Payments, Including Refunds	(423,997)	(379,612)	(315,243)	(262,854)	(177,131)	(173,872)	(172,704)	(175,340)	*	*
Administrative Expense	(16,094)	(16,934)	(14,542)	(14,975)	(15,795)	(9,011)	(10,120)	(8,051)	*	*
Other	-	-	-	-	-	-	-	-	*	*
<b>Net Change in Plan Net Position</b>	<u>1,193,775</u>	<u>367,947</u>	<u>134,926</u>	<u>381,941</u>	<u>582,392</u>	<u>395,948</u>	<u>114,873</u>	<u>392,893</u>	*	*
<b>Plan Net Position - Beginning</b>	<u>5,062,185</u>	<u>4,694,238</u>	<u>4,559,312</u>	<u>4,177,371</u>	<u>3,594,979</u>	<u>3,199,031</u>	<u>3,084,158</u>	<u>2,691,265</u>	*	*
<b>Plan Net Position - Ending</b>	<u>\$6,255,960</u>	<u>\$5,062,185</u>	<u>\$4,694,238</u>	<u>\$4,559,312</u>	<u>\$4,177,371</u>	<u>\$3,594,979</u>	<u>\$3,199,031</u>	<u>\$3,084,158</u>	*	*
<b>Net Pension Liability - Ending</b>	<u>\$1,957,492</u>	<u>\$2,567,509</u>	<u>\$2,128,614</u>	<u>\$1,250,266</u>	<u>\$1,256,545</u>	<u>\$1,208,543</u>	<u>\$1,155,390</u>	<u>\$ 998,609</u>	*	*
Total Pension Liability	\$8,213,452	\$7,629,694	\$6,822,852	\$5,809,578	\$5,433,916	\$4,803,522	\$4,354,421	\$4,082,767	*	*
Plan Net Position	6,255,960	5,062,185	4,694,238	4,559,312	4,177,371	3,594,979	3,199,031	3,084,158	*	*
Net Pension Liability	<u>\$1,957,492</u>	<u>\$2,567,509</u>	<u>\$2,128,614</u>	<u>\$1,250,266</u>	<u>\$1,256,545</u>	<u>\$1,208,543</u>	<u>\$1,155,390</u>	<u>\$ 998,609</u>	*	*
Ratio of Plan Net Position to Total Pension Liability	76.17%	66.35%	68.80%	78.48%	76.88%	74.84%	73.47%	75.54%	*	*
Covered Employee Payroll	\$3,686,916	\$3,511,983	\$2,994,223	\$3,113,621	\$2,481,269	\$2,311,355	\$2,004,326	\$1,827,030	*	*
Net Pension Liability as a Percentage of Covered Employee Payroll	53.09%	73.11%	71.09%	40.15%	50.64%	52.29%	57.64%	54.66%	*	*

This schedule is to be built prospectively. Historical information prior to 2015 is not required.

**CITY OF DALLAS, GEORGIA**  
**Required Supplementary Information**  
**Schedule of Contributions - Pension Plan**  
**For the Previous Ten Fiscal Periods**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially Determined Contribution	\$ 478,816	\$ 401,760	\$ 326,577	\$ 294,052	\$ 261,811	\$ 222,052	\$ 219,871	\$ 282,041	*	*
Contributions in Relation to the Actuarially Determined Contribution	<u>478,816</u>	<u>401,760</u>	<u>326,577</u>	<u>294,052</u>	<u>261,811</u>	<u>222,052</u>	<u>219,871</u>	<u>282,041</u>	*	*
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*
Covered Employee Payroll	\$3,511,983	\$2,994,223	\$3,113,621	\$2,481,289	\$2,311,355	\$2,004,326	\$1,827,030	*	*	*
Contributions As a Percentage of Covered Employee Payroll	13.63%	13.42%	10.49%	11.85%	11.33%	11.08%	12.03%	*	*	*

\* Historical information prior to implementation of GASB 67/68 not required.

*Notes to Schedule:*

**Methods and Assumptions Used to Determine Contribution Rates**

<b>Valuation Date:</b>	The actuarially determined contribution rate was determined January 1, 2021 with an interest rate adjustment to the fiscal year.
<b>Actuarial Cost Method</b>	Projected Unit Credit
<b>Amortization Method</b>	Closed level dollar for remaining unfunded liability
<b>Remaining Amortization Period</b>	Varies for the bases, with a net effective amortization period of 11 years
<b>Asset Valuation Method</b>	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary to be within 20% of market value.
<b>Cost of Living Adjustments</b>	0.00%
<b>Salary Increases</b>	2.25% plus age and service based merit increases
<b>Investment Rate of Return</b>	7.375% net pension plan investment expense, including inflation
<b>Retirement Age</b>	Normal - 65-55; Early - 55
<b>Mortality</b>	The mortality and economic actuarial assumptions used in the January 2021 valuation were approved by the Board

**CITY OF DALLAS, GEORGIA**  
**Required Supplementary Information**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**For the Previous Ten Fiscal Periods**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Total OPEB Liability</b>										
Service Cost	\$ 44,728	\$ 33,950	\$ 33,227	\$ 40,968	\$ 45,810	*	*	*	*	*
Interest	93,083	73,615	65,671	50,541	45,126	*	*	*	*	*
Benefit Changes	-	-	-	6,469	-	*	*	*	*	*
Differences Between Expected and Actual Experience	26,122	162,256	(104,457)	(49,017)	10,804	*	*	*	*	*
Changes of Assumptions	(1,295)	60,264	170,003	(49,254)	(51,820)	*	*	*	*	*
Benefit Payments, Including Refunds	(88,658)	(65,531)	(20,844)	(63,202)	(21,246)	*	*	*	*	*
Other	-	-	-	-	-	*	*	*	*	*
<b>Net Change in Total OPEB Liability</b>	<u>73,980</u>	<u>264,554</u>	<u>143,600</u>	<u>(63,495)</u>	<u>28,674</u>	*	*	*	*	*
<b>Total OPEB Liability - Beginning</b>	<u>1,260,959</u>	<u>996,405</u>	<u>852,805</u>	<u>916,300</u>	<u>887,626</u>	*	*	*	*	*
<b>Total OPEB Liability - Ending</b>	<u>\$ 1,334,939</u>	<u>\$ 1,260,959</u>	<u>\$ 996,405</u>	<u>\$ 852,805</u>	<u>\$ 916,300</u>	*	*	*	*	*
<b>Plan Net Position</b>										
Contributions - Employer	\$ 153,186	\$ 42,553	\$ 82,469	\$ 42,553	\$ 39,916	*	*	*	*	*
Contributions - Member	-	-	-	-	-	*	*	*	*	*
Net Investment Income	178,591	21,919	30,027	41,544	54,426	*	*	*	*	*
Benefit Payments, Including Refunds	(88,658)	(65,531)	(20,844)	(63,202)	(21,246)	*	*	*	*	*
Administrative Expense	(381)	(1,288)	(1,212)	(432)	(767)	*	*	*	*	*
Other	-	-	-	-	-	*	*	*	*	*
<b>Net Change in Plan Net Position</b>	<u>242,738</u>	<u>(2,347)</u>	<u>90,440</u>	<u>20,463</u>	<u>72,329</u>	*	*	*	*	*
<b>Plan Net Position - Beginning</b>	<u>534,590</u>	<u>536,937</u>	<u>446,497</u>	<u>426,034</u>	<u>353,705</u>	*	*	*	*	*
<b>Plan Net Position - Ending</b>	<u>\$ 777,328</u>	<u>\$ 534,590</u>	<u>\$ 536,937</u>	<u>\$ 446,497</u>	<u>\$ 426,034</u>	*	*	*	*	*
<b>Net OPEB Liability - Ending</b>	<u>\$ 557,611</u>	<u>\$ 726,369</u>	<u>\$ 459,468</u>	<u>\$ 406,308</u>	<u>\$ 490,266</u>	*	*	*	*	*
<b>Total OPEB Liability</b>	<u>\$ 1,334,939</u>	<u>\$ 1,260,959</u>	<u>\$ 996,405</u>	<u>\$ 852,805</u>	<u>\$ 916,300</u>	*	*	*	*	*
<b>Plan Net Position</b>	<u>777,328</u>	<u>534,590</u>	<u>536,937</u>	<u>446,497</u>	<u>426,034</u>	*	*	*	*	*
<b>Net OPEB Liability</b>	<u>\$ 557,611</u>	<u>\$ 726,369</u>	<u>\$ 459,468</u>	<u>\$ 406,308</u>	<u>\$ 490,266</u>	*	*	*	*	*
Ratio of Plan Net Position to Total OPEB Liability	58.23%	42.40%	53.89%	52.36%	46.50%	*	*	*	*	*
Covered Employee Payroll	\$ 2,994,447	\$ 2,928,555	\$ 2,352,538	\$ 2,289,575	\$ 2,004,326	*	*	*	*	*
Net OPEB Liability as a Percentage of Covered Employee Payroll	18.62%	24.80%	19.53%	17.75%	24.46%	*	*	*	*	*

\*This schedule is to be built prospectively. Historical information prior to 2018 is not required.

**CITY OF DALLAS, GEORGIA**  
**Required Supplementary Information**  
**Schedule of Contributions - Other Post-employment Benefit Plan**  
**For the Previous Ten Fiscal Periods**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 112,451	\$ 77,722	\$ 68,080	\$ 42,553	\$ 39,916	*	*	*	*	*
Contributions in Relation to the Actuarially Determined Contribution	<u>153,186</u>	<u>82,469</u>	<u>42,553</u>	<u>42,553</u>	<u>39,916</u>	*	*	*	*	*
Contribution Deficiency (Excess)	<u>\$ (40,735)</u>	<u>\$ (4,747)</u>	<u>\$ 25,527</u>	<u>\$ -</u>	<u>\$ -</u>	*	*	*	*	*
Covered Employee Payroll	\$2,928,555	\$ 2,352,538	\$2,289,575	\$2,004,326	\$ 2,004,326	*	*	*	*	*
Contributions As a Percentage of Covered Employee Payroll	5.23%	3.51%	1.86%	2.12%	1.99%	*	*	*	*	*

\* Historical information prior to implementation of GASB 74/75 not required.

\*\*The actuarial valuation report that presents the actuarially determined contribution and covered payroll was not available as of the issuance of the audit report. See the "Basis for Qualified Opinion" section of the Independent Auditor's Report on page 2.

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## OTHER SUPPLEMENTARY INFORMATION

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**CITY OF DALLAS, GEORGIA**  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
2017 SPLOST Capital Projects - Budget and Actual  
From Inception and for the Year Ended June 30, 2022

	<b>Actual</b>			<b>Project Authorization</b>
	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	
<b>REVENUES</b>				
Intergovernmental	\$ 6,199,036	\$ 2,041,489	\$ 8,240,525	\$ 8,030,000
Total Revenues	<u>6,199,036</u>	<u>2,041,489</u>	<u>8,240,525</u>	<u>8,030,000</u>
<b>EXPENDITURES</b>				
Current				
General Government	234	-	234	234
Public Safety	294,389	107,928	402,317	294,389
Public Works	100,175	-	100,175	100,175
Parks	9,883	2,200	12,083	9,883
Marshall	8,455	-	8,455	8,455
Capital Outlays				
General Government	-	207,509	207,509	2,167,866
Public Safety	285,866	447,636	733,502	1,349,056
Public Works	931,494	170,146	1,101,640	2,067,925
Parks	1,109,891	762,571	1,872,462	1,997,617
Marshall	34,400	-	34,400	34,400
Total Expenditures	<u>2,774,787</u>	<u>1,697,990</u>	<u>4,472,777</u>	<u>8,030,000</u>
Excess of Revenues Over Expenditures	<u>3,424,249</u>	<u>343,499</u>	<u>3,767,748</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(4,155)	-	(4,155)	-
Total Other Financing Sources (Uses)	<u>(4,155)</u>	<u>-</u>	<u>(4,155)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 3,420,094</u>	<u>343,499</u>	<u>\$ 3,763,593</u>	<u>\$ -</u>
Fund Balance - Beginning of Year		<u>3,420,094</u>		
Fund Balance - End of Year		<u>\$ 3,763,593</u>		

## COMPLIANCE SECTION

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

The Honorable Mayor and Council of the  
City of Dallas, 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, and each major fund of the City of Dallas, Georgia, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the City of Dallas, Georgia's basic financial statements, and have issued our report thereon dated May 24, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Dallas, 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 Dallas, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dallas, 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dallas, 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*.

### 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.

We noted certain matters that we reported to management of the City of Dallas in a separate letter dated May 24, 2023.



Williamson and Company  
Certified Public Accountants  
Cartersville, Georgia  
May 24, 2023

**CITY OF DALLAS, GEORGIA**  
 Schedule of Special Purpose Local Option Sales Tax Expenditures  
 For the Year Ended June 30, 2022

**SPLOST 2017**

	<u>Estimated Cost</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<b>Roads and Streets</b>	<u>\$ 2,168,100</u>	<u>\$ 2,168,100</u>	<u>\$ 971,702</u>	<u>\$ 170,146</u>	<u>\$ 1,141,848</u>
<b>Other Projects</b>					
Public Safety					
Facilities			29,427	-	29,427
Vehicles			175,186	117,869	293,055
Equipment			478,464	437,695	916,159
Total Public Safety	<u>1,686,300</u>	<u>1,686,300</u>	<u>683,077</u>	<u>555,564</u>	<u>1,238,641</u>
Recreation					
Facilities			107,573	-	107,573
Land and Improvements			884,359	698,650	1,583,009
Athletic Fields			-	-	-
Equipment			127,842	66,121	193,963
Total Recreation	<u>2,007,500</u>	<u>2,007,500</u>	<u>1,119,774</u>	<u>764,771</u>	<u>1,884,545</u>
Administration					
Buildings	<u>2,168,100</u>	<u>2,168,100</u>	<u>234</u>	<u>207,509</u>	<u>207,743</u>
<b>Total For All Projects</b>	<u>\$ 8,030,000</u>	<u>\$ 8,030,000</u>	<u>\$ 2,774,787</u>	<u>\$ 1,697,990</u>	<u>\$ 4,472,777</u>

This SPLOST schedule has been prepared on the modified accrual basis of accounting.