

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009



DAHLONEGA

GEORGIA, USA



Explore and Enjoy Our Heritage

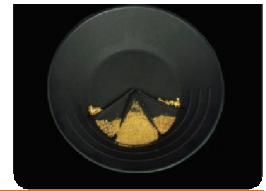
MAIN STREET



NATIONAL TRUST
for HISTORIC PRESERVATION



SITE OF THE FIRST MAJOR US GOLD RUSH



DAHLONEGA

GEORGIA, USA

CITY OF DAHLONEGA, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2009

Prepared By:

CHRISTOPHER F. AUSTIN, CPA

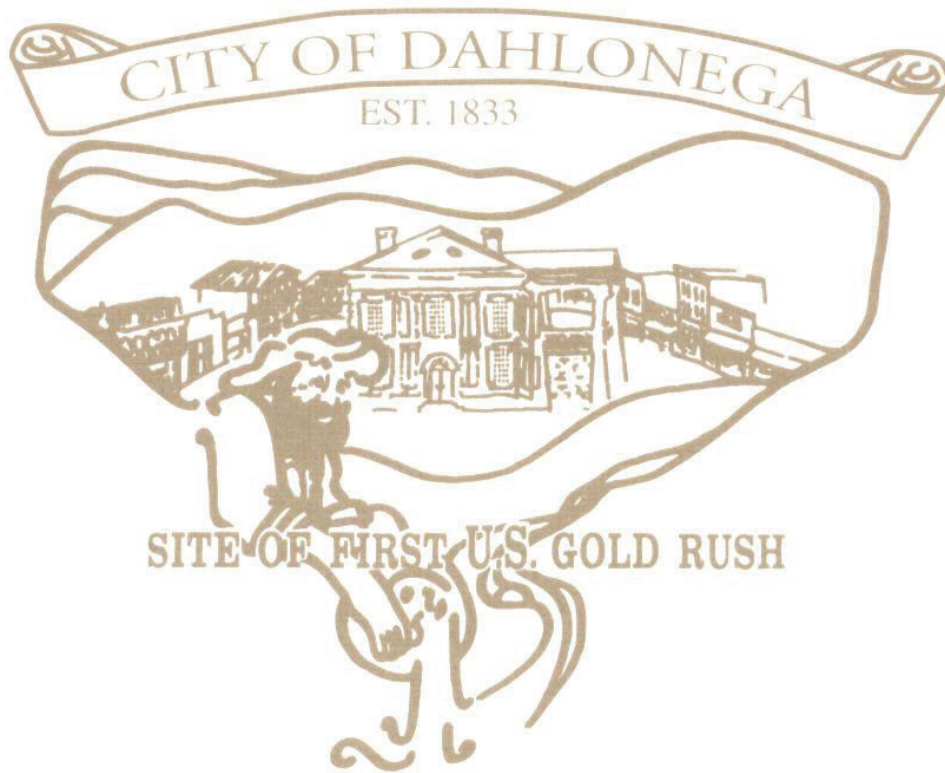
DIRECTOR OF FINANCE

Submitted By:

BILL LEWIS

CITY MANAGER





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INTRODUCTORY SECTION

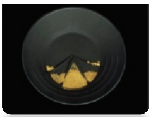


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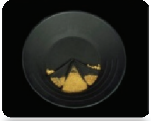
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**TO THE HONORABLE MAYOR, MEMBERS OF THE COUNCIL, AND
CITIZENS OF THE CITY OF DAHLONEGA:**

We are pleased to present the Comprehensive Annual Financial Report of the City of Dahlonega for the fiscal year ended September 30, 2009 to the City Council, the Mayor and the citizens of Dahlonega. Georgia Code requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This is the first Comprehensive Annual Financial Report published to fulfill that requirement.

Within this report management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Since the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Georgia Code requires an annual audit by independent certified public accountants. The City selected Rushton & Company, Certified Public Accountants to perform the annual independent financial statement audit for fiscal year 2009. The audit issued an unqualified opinion for the 2009 fiscal year which is included within this document.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Dahlonega's

MD&A can be found immediately following the auditor's report in the financial section of this report.

PROFILE OF THE GOVERNMENT

The City of Dahlonega, the county seat of Lumpkin County, is located in the foothills



of the Northeast Georgia Mountains, approximately 70 miles north east of Atlanta. The population of Dahlonega is estimated to be 3,700. Dahlonega was incorporated December 21, 1833 and was the site of the first major gold rush in the United States. A US Branch Mint minted Half Eagle, Quarter Eagle, the Gold Dollar (72,529) and the Three Dollar Gold here between 1838 and 1861. North Georgia College and State University, founded in 1873 in the abandoned Mint Building, was the first state-supported college in Georgia to grant a degree to a woman and is now one of 6 senior military colleges in the US with an enrollment of 3,300 undergraduate and graduate students.

The City of Dahlonega has been honored with being designated a Preserve America Community. It is one of twenty four communities in the State of Georgia to earn this designation. The City was awarded this honor due to its ongoing commitment to preserve its unique heritage and history.



The government of the City of Dahlonega is vested in a City Council composed of a mayor and six council members. Each member serves a four year term of office and there are no limits on the amount of terms they may serve. The Council appoints a City Manager to supervise and coordinate all activities of the City. The City has the authority to levy property tax on both real and personal property located within its boundaries.

The City provides many services including a water and sewer utility, solid waste collection, recycling program, cemetery services, maintenance of highways and streets, recreational facilities, and tourism event sponsorship.

The Downtown Development Authority of Dahlonega (DDA), a legally separate entity, was created by the City to stimulate and sustain economic development in Downtown Dahlonega. The DDA works closely with downtown businesses and city

leaders to ensure continued growth and investment into the downtown area while preserving its unique heritage.

The City of Dahlonega develops and adopts a balanced budget for each fiscal year. The City Manager and the Finance Director develop this document which is submitted



to the mayor and City Council for adoption. The City includes all governmental funds, (General, SPLOST, Grants, & Hotel/Motel) enterprise funds, (Water/Sewer & Solid Waste), and component units (DDA) in its budgeting process. Each fund is budgeted at the line item level but monitored at the legal level of control which is at the department level. The legal level of control is the level at which the budget must be balanced.

LOCAL ECONOMY

The economy within the City of Dahlonega is mainly based on tourism. During the past five years, through ongoing efforts of the Convention and Visitors Bureau, the tourism industry in Dahlonega has grown. With

historic interests, outdoor recreational activities, and five local wine vineyards Dahlonega attracts many different types of tourists. The City dedicates all of the Hotel/Motel tax proceeds to promoting its number one industry.



Another important sector in Dahlonega's economy is the location of North Georgia College and State University within the city limits of Dahlonega. The City supports 5,000 resident and commuter students.

The 2009 year has been hard on Dahlonega as it has on the entire county. Unemployment rose from 7.3% to 11.5% in one year. The closure of a major carpet manufacturing facility and layoffs at other manufacturing facilities has greatly impacted the manufacturing sector in Dahlonega.

	Unemployment (Lumpkin Co.)	Building Permits (City)
2009	11.5%	69
2008	7.3%	77
2007	4.0%	192
2006	4.0%	115
2005	4.6%	111

Building permits have slowed down during 2009. The housing and banking crisis has led to a stop in all development within the City, but developers are committing to restart projects during 2010.

Throughout the poor economic news of 2009 the bright news has been that the tourism industry in Dahlonega has been relatively unaffected.

LONG-TERM FINANCIAL PLANNING

Unreserved, undesignated fund balance in the general fund is \$3,265,866 or 113 percent of the 2010 annual revenue budget. The City maintains these funds to provide cash flow throughout the year and as a buffer against unforeseen events.

The Water and Sewer fund issued revenue bonds during 2008 to construct a new water treatment facility. This facility is currently under construction and will be completed during March of 2010. This plant will replace the City's only water treatment plant which is approaching the end of its useful life. The new plant will produce four million gallons of drinkable water daily and be expandable to ten million gallons daily in the future. This new plant will reduce the City water treatment cost while providing safe drinking water for future growth.

RELEVANT FINANCIAL POLICIES

The Council has adopted a comprehensive set of financial policies which guide and direct the Finance Department throughout the year. These policies address fund balances, the use of one-time revenues, issuance of debt, purchasing and procurement, cash and investment management, accounting practices, and water and sewer billing. These policies were designed to provide assurance that the City is able to meet its fiduciary responsibility to its citizens. The Council reviews and updates these policies annually.

MAJOR INITIATIVES

The City is currently in the planning stages of building a new city hall. A site has been chosen and land purchased. Due to the poor economy the City has not designated any funds to move forward with this project. The Council hopes to move forward with this project when funds are available and economic factors are in the City's favor.

The City purchased additional land during 2009 to expand Hancock Park adjacent to the downtown square. This additional land will bring this park to encompass an entire city block. The City has chosen the park as the site for a one of a kind historic diving bell which was used in the 19th century to mine gold from the bottom of nearby Chestatee River.

AWARDS AND ACKNOWLEDGEMENTS

This is the first year the City has submitted a Comprehensive Annual Financial Report to the Governmental Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting award program. In order to be awarded a Certificate of Achievement the government has to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements. The City has made a commitment to the citizens to develop and cultivate a professional organization and this is one of many steps in achieving that goal.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

The Comprehensive Annual Financial Report would not be possible without the constant efforts of the entire Finance Department staff. Appreciation is also expressed to the Mayor and Council for their support and dedication to improving the City of Dahlonega.

Sincerely,



Bill Lewis
City Manager



Christopher F. Austin
Director of Finance



ELECTED AND APPOINTED OFFICIALS

September 30, 2009

ELECTED OFFICIALS

Mayor.....Gary McCullough
 Council Member – Post 1.....Ralph Prescott
 Council Member – Post 2...Johnny Ariemma
 Council Member – Post 3.....Gerald Lord
 Council Member – Post 4...Michael Clemons
 Council Member – Post 5.....Sam Norton
 Council Member – Post 6.....Terry Peters
 Municipal Judge.....Jeffrey Wolff

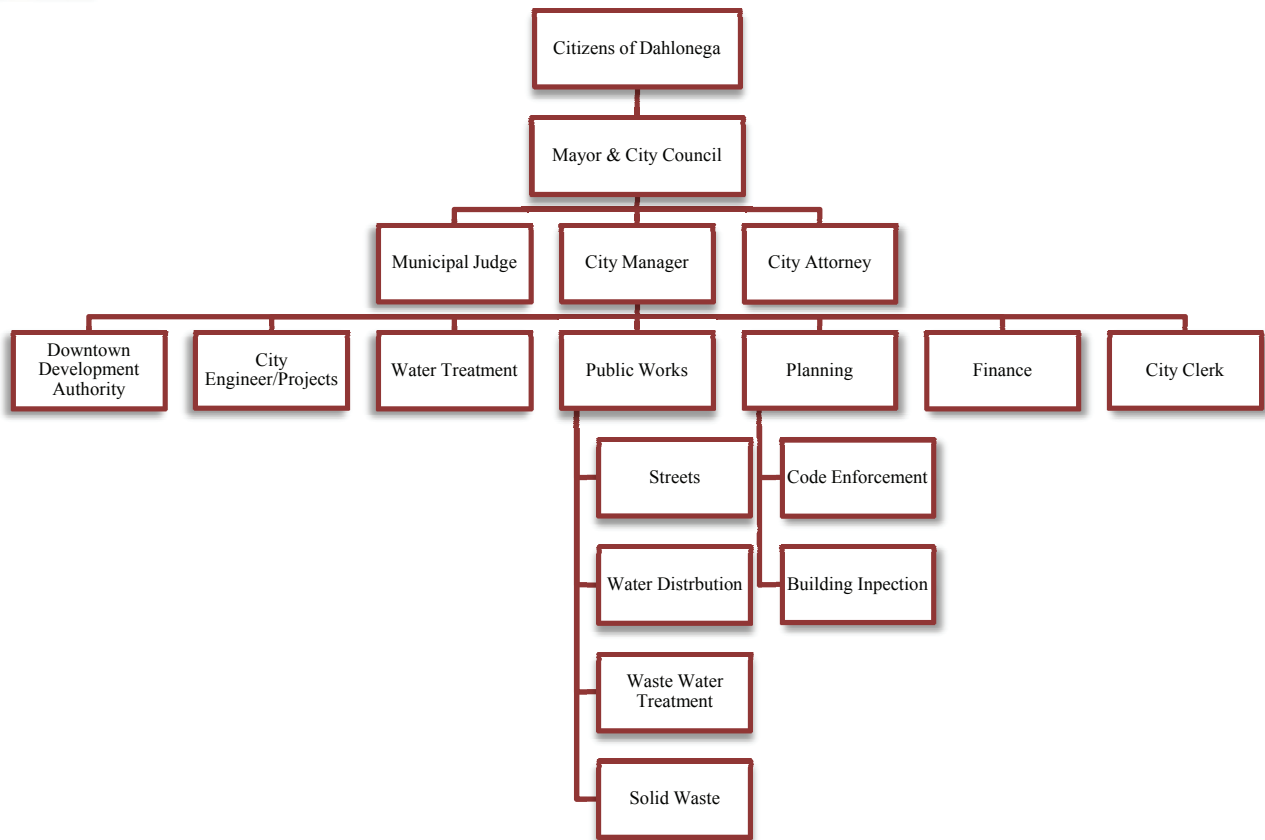
APPOINTED OFFICIALS

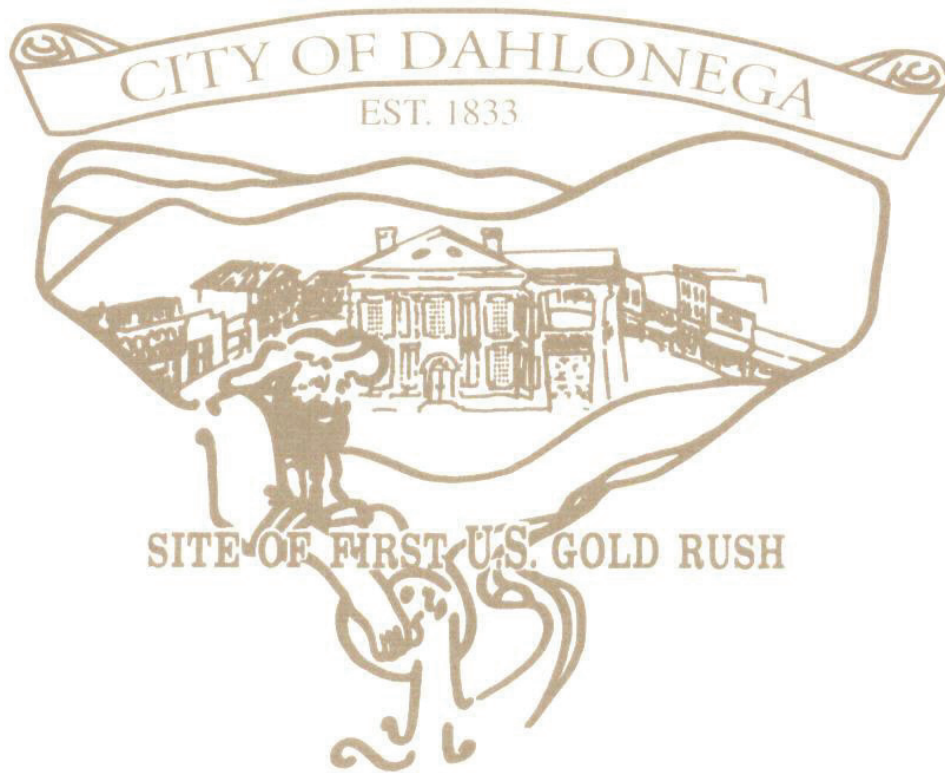
City Manager.....William Lewis
 City Attorney.....Doug Parks
 City Clerk.....Janet Jarrard
 Finance Director.....Christopher F. Austin
 Public Works Director.....C.L. Grizzle
 Water Plant Superintendent.....John Jarrard
 Planning Director.....Patricia Head
 Downtown Development Authority
 Director.....Joel Cordle



CITY OF DAHLONEGA ORGANIZATION CHART

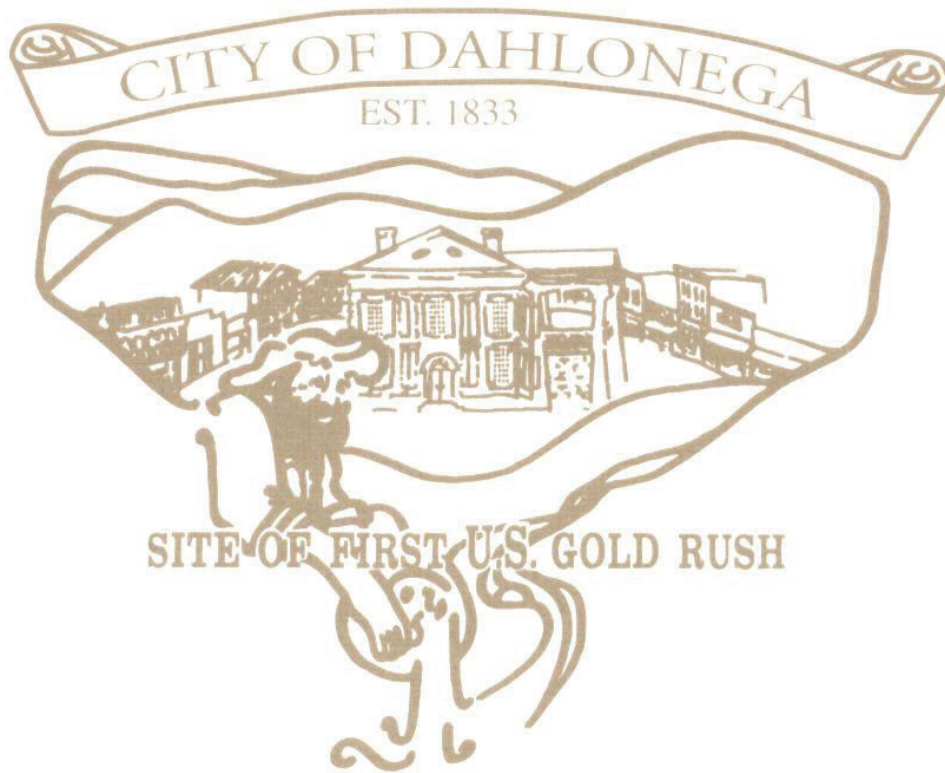
September 30, 2009





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FINANCIAL SECTION



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Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Dahlonega, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of and for the fiscal year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Dahlonega, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

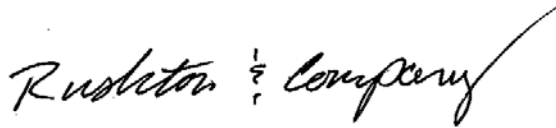
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of September 30, 2009, and the respective changes in the financial position and cash flows, where applicable, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2010 on our consideration of the City of Dahlonega, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 16 through 22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Dahlonega, Georgia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, the statistical section, and the state reporting section with the special purpose local option sales tax report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The single audit section with the schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, the state reporting section with the special purpose local option sales tax report, and the single audit section with the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Certified Public Accountants

Gainesville, Georgia
January 26, 2010

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2009

As management of the City of Dahlonega, we offer readers of the City of Dahlonega's financial statements this narrative overview and analysis of the financial activities of the City of Dahlonega for the fiscal year ended September 30, 2009. We encourage readers to consider the information presented here in conjunction with the basic financial statements, accompanying notes to those financial statements, and the additional information that we have furnished in our letter of transmittal, which can be found in the beginning of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

Government wide Financial Statements

- At the close of the fiscal year, the assets of the City exceeded its liabilities by \$24,178,598. Of this \$3,637,421 (15.04%) represents unrestricted net assets which may be used to meet the City's ongoing obligations.
- At the close of the fiscal year, the net assets of the City's governmental activities were \$8,251,238. This represents an increase of \$821,554 (11.06%) over the prior year net asset balance for governmental activities.
- At the close of the fiscal year, the net assets of the City's business-type activities were \$15,927,360. This represents an increase of \$1,292,309 (8.83%) over the prior year net asset balance for business-type activities.

Fund Financial Statements

- As of the close of the current fiscal year, the City of Dahlonega's governmental funds reported combined ending fund balances of \$3,797,196, an increase of \$516,227 from the prior year. The General Fund's unreserved, undesignated fund balance at year end is \$3,265,866 or 86% of

the governmental funds' combined ending fund balance, which is available for spending at the City's discretion.

- The General Fund had revenues of \$3,058,825 for the current fiscal year. Of this amount \$917,856 (30%) was from property taxes and \$723,690 (23.7%) was from sales taxes.

Debt Obligations

- Long-term debt obligations from the primary governmental activities decreased \$11,739 (24.94%) from \$47,067 at September 30, 2008, to \$35,328 at September 30, 2009.
- Long-term debt obligations from the business-type activities decreased \$1,003,953 (2.54%) from \$39,587,137 at September 30, 2008, to \$38,583,184 at September 30, 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis document is intended to serve as an introduction to the City of Dahlonega's basic financial statements. The basic financial statements include:

1. government-wide financial statements,
2. fund financial statements, and
3. notes to the basic financial statements.

Government Wide Financial Statements

The government wide financial statements of the City of Dahlonega are designed to provide the readers with a broad overview of the City's finances. This information is presented in a manner similar to a private-sector business.

Statement of Net Assets - presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may

serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Statement of Activities - presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, judicial, public safety, public works, culture and recreation, and housing and development. Business-type activities include a water and sewage utility and solid waste collection operation.

The government-wide financial statements contain not only the City (known as the primary government), but also a legally separate authority (Downtown Development Authority) for which the City is financially accountable. Financial information on this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 24 through 26 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. In addition to these statements this report also presents a budgetary comparison schedule. This section is presented on a generally accepted accounting principal basis. This schedule is intended to demonstrate the government's compliance with legally adopted and amended budgets.

Governmental Funds

The majority of the City's basic services are reported in the governmental funds, which focus on how cash and other financial assets flows in and out of those funds and the balances left at year-end that are available for spending. Governmental funds therefore provide information for a detailed short-term view that help determine whether there are more or less financial resources that can be spent in the near future to fund the City's activities. Readers can compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison may help to communicate the long-term impact of the government's near-term financing decisions. Reconciliations between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are

provided following the governmental fund financial statements.

The City has two major and two non-major governmental funds. The City's major governmental funds are the General Fund and SPLOST Fund. The City's non-major governmental funds are the Multiple Grant Fund and the Hotel/Motel Tax Fund.

Proprietary Funds

The City maintains one of two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewage systems operations and its solid waste collection operation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and Solid Waste Fund.

The basic proprietary fund financial statements can be found on pages 32 through 36 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38 through 64 of this report.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 66 through 99 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's net assets for governmental activities increased \$821,554 or 11.06% during the year ending September 30, 2009. This increase was in net assets invested in capital assets net of related debt of \$286,809, restricted net assets of \$189,943, and unrestricted net assets of \$344,802. Most of the increase in net assets invested in capital assets net of related debt is the net effect of two transactions. The City sold a parcel of land with improvements for \$500,001 and then purchased another parcel of land for park expansion for \$380,000. The restricted net assets increased due to increases in SPLOST proceeds and cemetery care funds. Unrestricted net assets are funds available to finance governmental operations. The City maintains a large amount of its net assets in cash to enable the City to have funds for emergencies and avoid short term borrowing.

Following is a summary of the City's Statement of Net Assets as found on pages 24 and 25 of this report.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Current and other assets	\$3,989,742	\$3,467,658	\$15,504,601	\$26,038,086	\$19,494,343	\$29,505,744
Capital assets	4,498,309	4,223,239	42,418,285	29,727,645	46,916,594	33,950,884
Total assets	8,488,051	7,690,897	57,922,886	55,765,731	66,410,937	63,456,628
Current liabilities	213,764	225,885	4,544,590	2,650,234	4,758,354	2,876,119
Noncurrent liabilities	23,049	35,328	37,450,936	38,480,446	37,473,985	38,515,774
Total liabilities	236,813	261,213	41,995,526	41,130,680	42,232,339	41,391,893
Net assets:						
Invested in capital assets, net of related debt	4,462,981	4,176,172	15,609,939	12,490,290	20,072,920	16,666,462
Restricted	468,257	278,314	-	-	468,257	278,314
Unrestricted	3,320,000	2,975,198	317,421	2,144,761	3,637,421	5,119,959
Total net assets	\$8,251,238	\$7,429,684	\$15,927,360	\$14,635,051	\$24,178,598	\$22,064,735

Net assets for business-type activities increased \$1,292,309 or 8.83%. Unrestricted net assets decreased by \$1,827,340 or 85.2%. These funds are available to finance operations. The amount invested in capital assets (e.g. land, infrastructure, buildings, equipment, and other), less any related debt outstanding that was needed to acquire or construct the assets increased by \$3,119,649, or 24.98%. The City uses these capital assets to provide services to the customers of the City; consequently, these net assets are not available for future spending. These net assets represent a capital investment in the business-type activities of the City. The increase in this net asset class relates to the continued investments made in constructing a new water treatment facility and the related infrastructure.

for approximately 88.19% of its governmental activities revenues.

Approximately 22.16% of the City's governmental activities revenues came from property taxes and approximately 66.03% came from sales and other taxes. Combined the City is dependent on taxes

Following is a summary of the City's Statement of Activities as found on page 26 of this report.

	Governmental		Business-Type		Total	
	Activities		Activities			
Revenues	2009	2008	2009	2008	2009	2008
Program revenues:						
Charges for services	\$ 328,185	\$ 318,667	\$ 3,410,670	\$ 3,713,489	\$ 3,738,855	\$ 4,032,156
Operating grants and contributions	24,747	6,366	-	-	24,747	6,366
Capital grants and contributions	906,645	31,500	965,685	997,723	1,872,330	1,029,223
General revenues:						
Property taxes	929,774	878,253	-	-	929,774	878,253
Sales taxes	723,690	832,447	-	-	723,690	832,447
Other taxes	1,117,572	1,125,219	-	-	1,117,572	1,125,219
Interest and investment earnings	50,981	102,272	29,226	78,261	80,207	180,533
Gain on sale of assets	67,352	294,980	12,521	6,685	79,873	301,665
Miscellaneous revenue	47,647	41,811	17,659	5,405	65,306	47,216
Total revenues	4,196,593	3,631,515	4,435,761	4,801,563	8,632,354	8,433,078
Expenses						
General government	1,000,735	1,034,756	-	-	1,000,735	1,034,756
Judicial	253,877	185,803	-	-	253,877	185,803
Public Safety	105,371	85,007	-	-	105,371	85,007
Public Works	821,886	788,450	-	-	821,886	788,450
Culture and Recreation	64,597	50,405	-	-	64,597	50,405
Housing and Development	508,066	664,948	-	-	508,066	664,948
Interest on long-term debt	1,938	2,117	-	-	1,938	2,117
Water and sewage	-	-	3,293,531	3,218,598	3,293,531	3,218,598
Solid Waste	-	-	468,490	504,539	468,490	504,539
Total expenses	2,756,470	2,811,486	3,762,021	3,723,137	6,518,491	6,534,623
Increase (decrease) in net assets						
before transfers	1,440,123	820,029	673,740	1,078,426	2,113,863	1,898,455
Transfers	(618,569)	(284,296)	618,569	284,296	-	-
Increase (decrease) in net assets	821,554	535,733	1,292,309	1,362,722	2,113,863	1,898,455
Net assets - beginning (original)	7,429,684	6,893,951	14,635,051	13,152,087	22,064,735	20,046,038
Prior period adjustment	-	-	-	120,242	-	120,242
Net assets - beginning (restated)	7,429,684	6,893,951	14,635,051	13,272,329	22,064,735	20,166,280
Net assets - ending	\$ 8,251,238	\$ 7,429,684	\$15,927,360	\$ 14,635,051	\$ 24,178,598	\$ 22,064,735

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows and outflows and the balance of resources available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved, undesignated fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the year, the City's governmental funds reported a combined ending fund balance of \$3,797,196 with \$3,450,467 reported as unreserved fund balance and the remaining amount of \$346,729 reserved for restricted assets and prepaid expenses.

The General Fund is the operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3,265,866. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures for fiscal year 2009. Unreserved fund balance represents 113.2% of total General Fund expenditures. The net change in the General Fund's fund balance for the year ended September 30, 2009 was an increase of \$334,864.

The SPLOST Fund is required by Georgia State law to account for the collection and expending of proceeds of a one percent Special Purpose Local Option Sales Tax. Of this one percent sales tax the City of Dahlonega receives 17.3%. These funds are limited to paying debt service on bonds issued to finance a water treatment facility. The sales tax generated \$500,270 in revenues and transfers of \$334,277 were made to fund debt service payments. The total fund balance for this fund at September 30, 2009 was \$165,993 which will

be used to fund future debt service payments.

Enterprise Funds

The Enterprise Funds are composed of the Water and Sewage Fund and the Solid Waste Fund. The net change in the total Enterprise Fund's net asset balance for the year ended September 30, 2009 was an increase before transfers of \$673,740 and after transfers \$1,292,309. The total net assets for the Enterprise Funds at the beginning of the fiscal year were \$14,635,051 and net assets at the end of the fiscal year were \$15,927,360.

BUDGETARY HIGHLIGHTS

The City revised the General Fund Budget at various times through the end of the fiscal year to reflect changes in estimated revenues and expenditures. Total amendments to the General Fund Budget increased revenues and other financing sources by \$250 and increased expenditures and other financing uses by \$380,350. The budget under run for total revenues was due to poor economic conditions.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

At September 30, 2009, the City reported \$46,916,594 in capital assets net of accumulated depreciation. This is an increase of \$13,675,202 or 41.1% over fiscal year 2008.

At September 30, 2009, the City reported long-term debt of \$38,618,512 net of unamortized bond discounts. This is a decrease of \$1,015,692 or 4.03% over fiscal year 2008. Additional information about the City's capital assets and long-term debt activity can be found in the notes to the financial statements.

In conclusion, the City of Dahlonega finished the year with an increase in fund balance and net assets. The property tax digest increased and tax millage rate

decreased from 3.959 mils to 3.950 mils. Other rate increases during fiscal year 2009 included the base charge for water service increased to \$19.50 per month and all tap fees increased by approximately 15%. Fiscal management has been sound while providing the services that the citizens expect and deserve.

This financial report is designed to provide a general overview of the City of Dahlonega's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

City of Dahlonega
Director of Finance
465 Riley Road
Dahlonega, Georgia 30533.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET ASSETS
September 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash	\$ 57,408	\$ 0	\$ 57,408	\$ 0
Equity in pooled cash	3,225,076	1,320,200	4,545,276	181,458
Restricted assets				
Cash	302,264	10,185,618	10,487,882	5,369
Equity in pooled cash	0	70,129	70,129	0
Certificates of deposit	0	35,000	35,000	0
Investments	0	2,239,622	2,239,622	0
Receivables (net)				
Accounts	672	484,755	485,427	0
Taxes	73,957	0	73,957	0
Fines	72,660	0	72,660	0
Intergovernmental	200,782	349,978	550,760	0
Inventories	5,926	84,009	89,935	0
Prepaid items	44,466	57,254	101,720	1,376
Internal balances	6,531	(6,531)	0	0
Total current assets	3,989,742	14,820,034	18,809,776	188,203
Noncurrent assets				
Debt issuance costs	0	648,186	648,186	0
Investment in joint venture	0	36,381	36,381	0
Capital assets				
Non-depreciable	2,207,123	22,151,167	24,358,290	0
Depreciable (net)	2,291,186	20,267,118	22,558,304	0
Total noncurrent assets	4,498,309	43,102,852	47,601,161	0
Total assets	8,488,051	57,922,886	66,410,937	188,203
LIABILITIES				
Current liabilities				
Payables				
Accounts	122,031	77,929	199,960	466
Intergovernmental	1,326	865	2,191	0
Interest	0	34,934	34,934	0
Unearned revenue	9,835	0	9,835	0
Accrued payroll liabilities	13,513	12,619	26,132	1,135
Compensated absences	54,780	68,856	123,636	0
Notes payable	0	585,528	585,528	0
Capital leases payable	12,279	31,720	43,999	0
Liabilities payable from restricted assets				
Payables				
Accounts	0	2,185,253	2,185,253	0
Retainages	0	845,614	845,614	0
Interest	0	116,143	116,143	0
Customer deposits payable	0	70,129	70,129	0
Revenue bonds payable	0	515,000	515,000	0
Total current liabilities	213,764	4,544,590	4,758,354	1,601

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET ASSETS
September 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Noncurrent liabilities				
Notes payable	\$ 0	\$ 11,528,855	\$ 11,528,855	\$ 0
Capital leases payable	23,049	53,155	76,204	0
Revenue bonds payable	0	25,868,926	25,868,926	0
Total noncurrent liabilities	23,049	37,450,936	37,473,985	0
Total liabilities	236,813	41,995,526	42,232,339	1,601
NET ASSETS				
Invested in capital assets, net of related debt	4,462,981	15,609,939	20,072,920	0
Restricted for:				
Public works	302,264	0	302,264	0
Capital outlay	165,993	0	165,993	0
Unrestricted	3,320,000	317,421	3,637,421	186,602
Total net assets	\$ 8,251,238	\$ 15,927,360	\$ 24,178,598	\$ 186,602

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA

STATEMENT OF ACTIVITIES

For the fiscal year ended September 30, 2009

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General Government	\$ 1,000,735	\$ 83,755	\$ 4,000	\$ 0	\$ (912,980)
Judicial	253,877	186,801	0	0	(67,076)
Public Safety	105,371	0	0	0	(105,371)
Public Works	821,886	29,900	20,000	906,645	134,659
Culture and Recreation	64,597	0	0	0	(64,597)
Housing and Development	508,066	27,729	747	0	(479,590)
Interest on long-term debt	1,938	0	0	0	(1,938)
Total governmental activities	<u>2,756,470</u>	<u>328,185</u>	<u>24,747</u>	<u>906,645</u>	<u>(1,496,893)</u>
Business-type activities					
Water and Sewage	3,293,531	2,878,205	0	965,685	550,359
Solid Waste	468,490	532,465	0	0	63,975
Total business-type activities	<u>3,762,021</u>	<u>3,410,670</u>	<u>0</u>	<u>965,685</u>	<u>614,334</u>
Total primary government	<u>6,518,491</u>	<u>3,738,855</u>	<u>24,747</u>	<u>1,872,330</u>	<u>(882,559)</u>
Component Unit					
Downtown Development Authority					
Housing and Development	135,110	81,826	5,573	0	(47,711)
Primary Government					
	Governmental Activities	Business-Type Activities	Total	Component Unit	
Change in net assets					
Net (expense) revenue	\$ (1,496,893)	\$ 614,334	\$ (882,559)	\$ (47,711)	
General revenues					
Taxes					
Property	929,774	0	929,774	0	
Sales	723,690	0	723,690	0	
Franchise	493,335	0	493,335	0	
Insurance premium	203,612	0	203,612	0	
Intangibles	8,306	0	8,306	0	
Alcoholic beverage	166,266	0	166,266	0	
Occupational	126,506	0	126,506	0	
Hotel/Motel	119,547	0	119,547	0	
Payments from City of Dahlonega	0	0	0	141,213	
Interest and investment earnings	50,981	29,226	80,207	161	
Gain on sale of assets	67,352	12,521	79,873	0	
Miscellaneous	47,647	17,659	65,306	4,496	
Transfers	(618,569)	618,569	0	0	
Total general revenues, special items, and transfers	<u>2,318,447</u>	<u>677,975</u>	<u>2,996,422</u>	<u>145,870</u>	
Change in net assets	821,554	1,292,309	2,113,863	98,159	
Net assets - beginning	<u>7,429,684</u>	<u>14,635,051</u>	<u>22,064,735</u>	<u>88,443</u>	
Net assets - ending	<u>\$ 8,251,238</u>	<u>\$ 15,927,360</u>	<u>\$ 24,178,598</u>	<u>\$ 186,602</u>	

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2009

	<u>General</u>	<u>SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
ASSETS				
Cash	\$ 5,800	\$ 51,608	\$ 0	\$ 57,408
Equity in pooled cash	3,193,075	0	32,001	3,225,076
Restricted assets				
Cash	302,264	0	0	302,264
Receivables (net)				
Accounts	672	0	0	672
Taxes	63,150	0	10,807	73,957
Fines	72,660	0	0	72,660
Intergovernmental	86,397	114,385	0	200,782
Inventory	5,927	0	0	5,927
Prepaid items	44,465	0	0	44,465
Due from other funds	6,531	0	0	6,531
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 3,780,941	\$ 165,993	\$ 42,808	\$ 3,989,742
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Payables				
Accounts	\$ 97,831	\$ 0	\$ 24,200	\$ 122,031
Intergovernmental	1,326	0	0	1,326
Accrued salaries and payroll expenses	13,513	0	0	13,513
Deferred revenue	55,676	0	0	55,676
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	168,346	0	24,200	192,546
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances				
Reserved for restricted assets	302,264	0	0	302,264
Reserved for prepaid items	44,465	0	0	44,465
Unreserved, undesignated	3,265,866	165,993	0	3,431,859
Special Revenue Funds	0	0	18,608	18,608
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	3,612,595	165,993	18,608	3,797,196
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 3,780,941	\$ 165,993	\$ 42,808	\$ 3,989,742
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
September 30, 2009

Total fund balance - total governmental funds	\$	3,797,196
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of \$5,896,202, net of accumulated depreciation of (\$1,397,893), are not financial resources and, therefore, are not reported in the funds.		4,498,309
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These include deferred property taxes of \$45,841.		45,841
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are capital leases of (\$35,328) and compensated absences of (\$54,780).		<u>(90,108)</u>
Net assets of governmental activities	\$	<u><u>8,251,238</u></u>

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2009

	General	SPLOST	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	\$ 2,631,265	\$ 0	\$ 119,547	\$ 2,750,812
Licenses and permits	111,484	0	0	111,484
Fines, fees and forfeitures	186,801	0	0	186,801
Charges for services	29,900	0	0	29,900
Intergovernmental	0	500,270	34,000	534,270
Interest	50,981	0	0	50,981
Contributions	747	0	0	747
Other	47,647	0	0	47,647
Total revenues	3,058,825	500,270	153,547	3,712,642
EXPENDITURES				
Current				
General Government	1,341,867	0	4,328	1,346,195
Judicial	256,045	0	0	256,045
Public Safety	105,371	0	0	105,371
Public Works	728,919	0	63,171	792,090
Culture and Recreation	54,167	0	0	54,167
Housing and Development	398,963	0	119,547	518,510
Total expenditures	2,885,332	0	187,046	3,072,378
Excess (deficiency) of revenues over (under) expenditures	173,493	500,270	(33,499)	640,264
Other financing sources (uses)				
Transfers in (out)	(333,161)	(334,277)	48,869	(618,569)
Proceeds from sale of assets	494,532	0	0	494,532
Total other financing sources (uses)	161,371	(334,277)	48,869	(124,037)
Net change in fund balances	334,864	165,993	15,370	516,227
Fund balances, October 1	3,277,731	0	3,238	3,280,969
Fund balances, September 30	\$ 3,612,595	\$ 165,993	\$ 18,608	\$ 3,797,196

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2009

Net change in fund balances - total governmental funds \$ 516,227

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$454,884 exceed depreciation of (\$149,009) in the current period. 305,875

Donations of capital assets from individuals of \$396,375 increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 396,375

In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net assets differs from the change in fund balance by the cost of the assets sold of (\$433,990), net of related accumulated depreciation of \$6,810. (427,180)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred revenue. 20,224

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net change of (\$2,665) in compensated absences. (1,706)

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt payments of \$11,739 exceeded proceeds of \$0. 11,739

Change in net assets of governmental activities \$ 821,554

CITY OF DAHLONEGA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2009

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes	\$ 2,653,800	\$ 2,653,800	\$ 2,631,265	\$ (22,535)
Licenses and permits	126,000	126,000	111,484	(14,516)
Fines, fees and forfeitures	180,000	180,000	186,801	6,801
Charges for services	58,280	58,280	29,900	(28,380)
Interest	60,000	60,000	50,981	(9,019)
Contributions	500	750	747	(3)
Other	39,310	39,310	47,647	8,337
Total revenues	3,117,890	3,118,140	3,058,825	(59,315)
EXPENDITURES				
Current				
General Government				
Legislative	163,291	178,999	167,689	11,310
Executive	188,445	192,153	182,061	10,092
Elections	0	4,200	3,707	493
General Administration	722,142	1,119,524	988,410	131,114
Judicial				
Municipal Court	197,986	271,470	256,045	15,425
Public Safety				
Law Enforcement	0	105,500	105,371	129
Public Works				
Paved Street	712,100	681,561	603,455	78,106
Shop Department	65,571	67,729	67,735	(6)
Cemetery	72,737	66,145	57,729	8,416
Culture and Recreation				
Parks	30,040	54,475	54,167	308
Housing and Development				
Inspections	344,467	232,167	207,925	24,242
Better Home Towns	55,000	55,000	50,575	4,425
Downtown Development Authority	140,463	140,463	140,463	0
Total expenditures	2,692,242	3,169,386	2,885,332	284,054
Excess (deficiency) of revenues over (under) expenditures	425,648	(51,246)	173,493	224,739
Other financing sources (uses)				
Transfers in (out)				
Transfers out	(308,796)	(333,796)	(333,161)	635
Proceeds from sales of assets	66,000	66,000	494,532	428,532
Contingency	(182,852)	(61,058)	0	61,058
Total other financing sources (uses)	(425,648)	(328,854)	161,371	490,225
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(380,100)	334,864	714,964
Fund balances, October 1	0	380,100	3,277,731	2,897,631
Fund balances, September 30	\$ 0	\$ 0	\$ 3,612,595	\$ 3,612,595

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2009

	<u>Water and Sewage</u>	<u>Solid Waste</u>	<u>Totals</u>
ASSETS			
Current assets			
Equity in pooled cash	\$ 1,001,671	\$ 318,529	\$ 1,320,200
Restricted assets			
Cash	10,185,618	0	10,185,618
Equity in pooled cash	70,129	0	70,129
Certificates of deposit	35,000	0	35,000
Investments	2,239,622	0	2,239,622
Receivables (net)			
Accounts	405,610	79,145	484,755
Intergovernmental	349,978	0	349,978
Inventory	84,009	0	84,009
Prepaid items	43,647	13,607	57,254
Due from other funds	210,457	0	210,457
Total current assets	<u>14,625,741</u>	<u>411,281</u>	<u>15,037,022</u>
Noncurrent assets			
Capital assets			
Non-depreciable	22,151,167	0	22,151,167
Depreciable (net)	20,016,387	250,731	20,267,118
Other assets			
Debt issuance costs	648,186	0	648,186
Investment in joint venture	36,381	0	36,381
Total noncurrent assets	<u>42,852,121</u>	<u>250,731</u>	<u>43,102,852</u>
Total assets	<u>57,477,862</u>	<u>662,012</u>	<u>58,139,874</u>
LIABILITIES			
Current liabilities			
Payables			
Accounts	63,883	14,046	77,929
Intergovernmental	865	0	865
Interest	34,934	0	34,934
Accrued salaries and payroll expenses	10,100	2,519	12,619
Compensated absences	64,426	4,430	68,856
Due to other funds	4,013	212,975	216,988
Notes payable	585,528	0	585,528
Capital leases payable	31,720	0	31,720
Liabilities payable from restricted assets:			
Payables			
Accounts	2,185,253	0	2,185,253
Retainages	845,614	0	845,614
Interest	116,143	0	116,143
Customer deposits payable	70,129	0	70,129
Revenue bonds payable	515,000	0	515,000
Total current liabilities	<u>4,527,608</u>	<u>233,970</u>	<u>4,761,578</u>
Noncurrent liabilities			
Notes payable	11,528,855	0	11,528,855
Capital leases payable	53,155	0	53,155
Revenue bonds payable	25,868,926	0	25,868,926
Total noncurrent liabilities	<u>37,450,936</u>	<u>0</u>	<u>37,450,936</u>
Total liabilities	<u>41,978,544</u>	<u>233,970</u>	<u>42,212,514</u>

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2009

	Water and Sewage	Solid Waste	Totals
NET ASSETS			
Invested in capital assets, net of related debt	\$ 15,359,208	\$ 250,731	\$ 15,609,939
Unrestricted	140,110	177,311	317,421
Total net assets	\$ 15,499,318	\$ 428,042	\$ 15,927,360

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2009

	Water and Sewage	Solid Waste	Totals
OPERATING REVENUES			
Charges for sales and services	\$ 2,876,115	\$ 532,465	\$ 3,408,580
Other	16,769	2,980	19,749
Total operating revenues	2,892,884	535,445	3,428,329
OPERATING EXPENSES			
Costs of sales and services	731,371	148,369	879,740
Personal services	1,059,454	296,491	1,355,945
Depreciation	863,065	23,630	886,695
Total operating expenses	2,653,890	468,490	3,122,380
Operating income (loss)	238,994	66,955	305,949
Non-operating revenues (expenses)			
Interest revenue	29,226	0	29,226
Interest expense	(439,790)	0	(439,790)
Gain (loss) on sale of assets	(199,851)	12,521	(187,330)
Total non-operating revenues (expenses)	(610,415)	12,521	(597,894)
Income (loss) before capital contributions and transfers	(371,421)	79,476	(291,945)
Capital contributions			
Capital contributions	280,367	0	280,367
Intergovernmental	685,318	0	685,318
Total capital contributions	965,685	0	965,685
Income (loss) before transfers	594,264	79,476	673,740
Transfers in (out)			
Transfers in	618,569	0	618,569
Change in net assets	1,212,833	79,476	1,292,309
Net assets, October 1	14,286,485	348,566	14,635,051
Net assets, September 30	\$ 15,499,318	\$ 428,042	\$ 15,927,360

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2009

	Water and Sewage	Solid Waste	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 2,847,368	\$ 522,232	\$ 3,369,600
Payments to suppliers	(808,807)	(153,172)	(961,979)
Payments to employees	(1,052,942)	(297,976)	(1,350,918)
Other receipts	16,769	2,980	19,749
Net cash provided (used) by operating activities	1,002,388	74,064	1,076,452
Cash flows from non-capital financing activities:			
Receipts from other funds	284,292	7,476	291,768
Payments to other funds	(4,373)	0	(4,373)
Net cash provided (used) by non-capital financing activities	279,919	7,476	287,395
Cash flows from capital and related financing activities:			
Receipts from other governments	557,951	0	557,951
Receipts from sale of capital assets	0	19,534	19,534
Receipts from other funds	337,751	0	337,751
Payments to other funds	0	0	0
Payments for acquisitions of capital assets	(11,268,647)	(14,455)	(11,283,102)
Issuance of revenue bonds	0	0	0
Principal payments - revenue bonds	(525,000)	0	(525,000)
Debt issue costs	0	0	0
Issuance of promissory notes	62,157	0	62,157
Principal payments - promissory notes	(550,709)	0	(550,709)
Payment of capital leases	(30,333)	0	(30,333)
Interest paid	(1,857,624)	0	(1,857,624)
Net cash provided (used) by capital and related financing activities	(13,274,454)	5,079	(13,269,375)
Cash flows from investing activities:			
Proceeds from certificates of deposit	110,000	0	110,000
Purchases of certificates of deposit	(35,000)	0	(35,000)
Proceeds from sale of investments	13,548,013	0	13,548,013
Purchases of investments	(13,386,984)	0	(13,386,984)
Interest received	384,257	0	384,257
Net cash provided (used) by investing activities	620,286	0	620,286
Net increase (decrease) in cash and cash equivalents	(11,371,861)	86,619	(11,285,242)
Cash and cash equivalents, October 1	22,629,279	231,910	22,861,189
Cash and cash equivalents, September 30	\$ 11,257,418	\$ 318,529	\$ 11,575,947

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2009

	<u>Water and Sewage</u>	<u>Solid Waste</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash cash provided (used) by operating activities:			
Operating income (loss)	\$ 238,994	\$ 66,955	\$ 305,949
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	863,065	23,630	886,695
(Increase) decrease in accounts receivable	(32,468)	(10,233)	(42,701)
(Increase) decrease in inventory	30,539	0	30,539
(Increase) decrease in prepaid items	(20,145)	(6,132)	(26,277)
Increase (decrease) in accounts payable	(88,695)	1,329	(87,366)
Increase (decrease) in intergovernmental payable	865	0	865
Increase (decrease) in payroll liabilities	6,512	(1,485)	5,027
Increase (decrease) in deposits payable	3,721	0	3,721
Total adjustments	<u>763,394</u>	<u>7,109</u>	<u>770,503</u>
Net cash provided (used) by operating activities	<u>\$ 1,002,388</u>	<u>\$ 74,064</u>	<u>\$ 1,076,452</u>
Cash and cash equivalents reconciliation:			
Equity in pooled cash	\$ 1,001,671	\$ 318,529	\$ 1,320,200
Restricted assets			
Cash	10,185,618	0	10,185,618
Equity in pooled cash	70,129	0	70,129
Total cash and cash equivalents	<u>\$ 11,257,418</u>	<u>\$ 318,529</u>	<u>\$ 11,575,947</u>

Noncash capital and related financing activities:

Contributions of capital assets from individuals totaled \$280,367 for the fiscal year ended September 30, 2009.

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS



1. DESCRIPTION OF GOVERNMENT UNIT

The City of Dahlonega incorporated under the laws of the State of Georgia in 1833. The City operates under a council/mayor form of government and provides the following services: public safety, street and sanitation, culture and recreation, public improvements and general and administrative services. In addition, the City operates a public utility (water and sewage) for the incorporated and immediate surrounding areas.

The City is governed by an elected seven-member council.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the City of Dahlonega, Georgia, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the City are discussed below.

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Dahlonega, Georgia (the primary government) and material component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of the following component unit have been included as a discretely presented component unit.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity, continued

City of Dahlonega Downtown Development Authority

The City of Dahlonega Downtown Development Authority was established as a legally separate entity, which operates pursuant to the Official Code of Georgia Annotated. The Authority consists of seven members appointed by the City Council, an executive director and three ex-officio members. The Downtown Development Authority provides for the vitalization of the downtown area of the City of Dahlonega. In many respects, the Authority functions similar to a City department through regular participation in department director meetings, budget approval, accounting, payroll, etc.

The City of Dahlonega Downtown Development Authority is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Annual Financial Report in the sections labeled "Component Unit" (See Exhibit F). The City of Dahlonega Downtown Development Authority has a September 30th year-end. Individual financial statements may be obtained by contacting the City of Dahlonega Downtown Development Authority, 465 Riley Road, Dahlonega, GA 30533.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-wide and Fund Financial Statements, continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type activities for the City.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

These statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Accordingly, all the City's assets and liabilities, including capital assets, as well as current year infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The types of transaction reported as program revenues for the City are reported in three categories: 1) charges for services to customers who directly benefit from goods, services or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational needs requirements of a particular function and 3) capital grants and contributions that are restricted to meeting the capital needs requirements of a particular function.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated. Governmental activities that normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for the major governmental fund and non-major funds aggregated. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. The City considers property taxes as available in the period for which they were levied if they are collected within 60 days subsequent to year-end. A 60-day availability period is also used for revenue recognition for all other governmental fund revenue.

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

Water and Sewage Fund - This fund is used to account for activities connected with the development, operation and maintenance of water and sewage services in the City of Dahlonega.

Solid Waste Fund - This fund is used to account for activities connected with the collection and disposal of residential, commercial, industrial and institutional solid waste in the City of Dahlonega.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds – This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Capital Projects Funds – This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax.

Component Units

The City of Dahlonega Downtown Development Authority is accounted for using a current financial resources measurement focus and uses the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e. when they both become measurable and available).

GASB Statement No. 34 eliminates the presentation of the General Fixed Asset Account Group and the General Long-Term Debt Account Group, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Assets.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in the governmental and business-type activities and enterprise fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. 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.

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

E. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for the General Fund, Special Revenue Funds, and Enterprise Funds. Annual operating budgets are adopted each fiscal year through approval by the Council. Each year about the middle of July, the City Manager submits a proposed budget to the City Council for their review. Prior to adoption, a public hearing is held to receive comment from the citizenry on the proposed budget. This hearing is publicized in the local newspaper one week before the hearing, and the budget document is made available for public inspection during this week. After the public hearing, the budget is then revised by the City Council and the first reading of the proposed budget is made.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting, continued

At the next City Council meeting, the second reading of the proposed budget is made and the City Council votes to adopt the proposed budget. The annual operating budget is adopted no later than September 30 for the following year.

The annual budget for the General Fund and Special Revenue Funds are prepared in accordance with the basis of accounting utilized by that fund. The budget for the Enterprise Funds is adopted under a basis consistent with GAAP, except that depreciation, certain capital expenses, non-operating income and expense items are not considered. All unencumbered budget appropriations, except project budgets, lapse at the end of each year.

The legal level of budgetary control is the departmental level. Any increases in total appropriations of a department require approval and amendment of the budget by the City Council. Except as indicated on the major fund budgetary comparison statement, budget amounts included in this report are as amended as of September 30, 2009.

F. Cash and Investments

Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital project investments is included in the investment accounts.

G. Intergovernmental Receivables

Receivables for state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

H. Inventories

Inventories of all funds are valued at cost on the first-in, first-out method.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2009, are recorded as prepaid items.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life	Capitalization
	in Years	Threshold
Buildings	50	\$ 2,000
Distribution systems	40	\$ 2,000
Infrastructure	30	\$ 2,000
Building improvements	20	\$ 2,000
Machinery and equipment	10	\$ 2,000
Vehicles	2-15	\$ 2,000
Furniture and fixtures	3-15	\$ 2,000
Land improvements	15	\$ 2,000



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets, continued

All land will be valued and capitalized. The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

K. Restricted Assets

Restricted assets of the Enterprise Funds represent certain resources set aside for the repayment of revenue bonds because their use is limited by applicable bond covenants.

L. Compensation for Future Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and compensation benefits. These will be paid to the employees upon separation from City service. Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide and proprietary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Long-Term Obligations, continued

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

N. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

O. Reservations and Designations of Fund Balances

Reservations represent the portions of fund balances which are not appropriable for expenditure or have been segregated for specific future uses by legal mandate. Designations represent the portions of fund balance for which the government has made tentative plans.

3. DEPOSIT AND INVESTMENT RISK

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.



3. DEPOSIT AND INVESTMENT RISK (CONTINUED)

Investment Policies

The City's financial policies authorize investment in any securities approved by the State of Georgia for local governments. Authorized investments include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. The City has no investment policy that would further limit its investment choices. The City places no limits on the amount the City may invest in any one issuer of equity or debt securities. Investments are reported at fair market value.

Credit Risk

At September 30, 2009, the City's investments in securities were as follows:

Investment	Fair Value	Average Maturity (in years)
Freddie Mac Discount Notes	\$ 2,239,622	< 1

These notes are not rated on a security/cusip basis. However, Freddie Mac direct debt is rated AAA by Standard and Poor's.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk

The City has no formal policy on the amount the City may invest in any one issuer.

Foreign currency risk

The City has no investments denominated in a foreign currency.



4. ACCOUNTS RECEIVABLE

Net accounts receivable at September 30, 2009 consist of the following:

Major Funds	
General Fund	\$ 672
Enterprise Funds	
Water and Sewage	415,508
Less: Allowances for Uncollectibles	(9,898)
Solid Waste	81,019
Less: Allowances for Uncollectibles	<u>(1,874)</u>
 Total Primary Government	 <u><u>\$ 485,427</u></u>

5. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at September 30, 2009 consist of the following:

Major Funds	
General Fund	
United States Army	\$ 3,108
Lumpkin County Board of Commissioners	389
State of Georgia Department of Revenue	<u>82,900</u>
	\$ 86,397
 SPLOST Capital Projects Fund	
Lumpkin County Board of Commissioners	114,385
 Water and Sewage Enterprise Fund	
Lumpkin County Board of Commissioners	66
Georgia Department of Community Affairs	88,083
Tennessee Valley Authority	<u>261,829</u>
	<u>349,978</u>
 Total Primary Government	 <u><u>\$ 550,760</u></u>

6. PROPERTY TAXES

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for digest year 2008, based upon the assessments of January 1, 2008, were levied on September 2, 2008, billed on October 20, 2008, and due on December 20, 2008. Taxes were delinquent and subject to liens on December 23, 2008.



7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of interfund receivables and payables as of September 30, 2009 is as follows:

	Due from:		
	Major Funds		
	Water and Sewage	Solid Waste	Total
Due to:			
Major Funds			
General	\$ 4,013	\$ 2,518	\$ 6,531
Water and Sewage	0	210,457	210,457
Total	\$ 4,013	\$ 212,975	\$ 216,988

The balance reported as Due to/Due from represent loans between the borrow fund and the lender fund. Excepted as noted below, the balances result mainly from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between the funds are made. All other balances are also expected to be repaid within one year. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

A summary of interfund transfers as of September 30, 2009 is as follows:

	Transfers out:		
	Major Funds		
	General	SPLCOST	Total
Transfers in:			
Major Funds			
Water and Sewage	\$ 284,292	\$ 334,277	\$ 618,569
Nonmajor Funds			
Governmental	48,869	0	48,869
Total	\$ 333,161	\$ 334,277	\$ 667,438

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) move capital assets and the related accumulated depreciation between funds. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.



CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

8. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended September 30, 2009 was as follows:

	Balance 9/30/2008	Increases	Decreases	Balance 9/30/2009
Governmental activities				
Non-depreciable assets				
Land	\$ 2,253,641	\$ 380,662	\$ (427,180)	\$ 2,207,123
Depreciable assets				
Buildings and improvements	1,842,133	0	0	1,842,133
Equipment	630,446	24,645	(6,810)	648,281
Infrastructure	752,713	445,952	0	1,198,665
Total depreciable assets	<u>3,225,292</u>	<u>470,597</u>	<u>(6,810)</u>	<u>3,689,079</u>
Accumulated depreciation				
Buildings and improvements	(760,622)	(46,091)	0	(806,713)
Equipment	(350,324)	(45,871)	6,810	(389,385)
Infrastructure	(144,748)	(57,047)	0	(201,795)
Total accumulated depreciation	<u>(1,255,694)</u>	<u>(149,009)</u>	<u>6,810</u>	<u>(1,397,893)</u>
Total depreciable assets, net	<u>1,969,598</u>	<u>321,588</u>	<u>0</u>	<u>2,291,186</u>
Governmental activities capital assets, net	<u>\$ 4,223,239</u>	<u>\$ 702,250</u>	<u>\$ (427,180)</u>	<u>\$ 4,498,309</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 3,261,944	\$ 40,243	\$ 0	\$ 3,302,187
Construction in progress	5,375,433	14,099,514	(625,967)	18,848,980
Total non-depreciable assets	<u>8,637,377</u>	<u>14,139,757</u>	<u>(625,967)</u>	<u>22,151,167</u>
Depreciable assets				
Buildings	2,479,980	0	0	2,479,980
Improvements	3,861,806	0	(96,000)	3,765,806
Equipment and vehicles	5,640,397	142,925	(196,355)	5,586,967
Water and sewer infrastructure	17,027,840	836,974	(259,610)	17,605,204
Total depreciable assets	<u>29,010,023</u>	<u>979,899</u>	<u>(551,965)</u>	<u>29,437,957</u>
Accumulated depreciation				
Buildings	(1,029,919)	(61,211)	0	(1,091,130)
Improvements	(1,070,911)	(92,570)	5,760	(1,157,721)
Equipment and vehicles	(2,937,781)	(256,228)	188,417	(3,005,592)
Water and sewer infrastructure	(3,590,636)	(476,686)	150,926	(3,916,396)
Total accumulated depreciation	<u>(8,629,247)</u>	<u>(886,695)</u>	<u>345,103</u>	<u>(9,170,839)</u>
Total depreciable assets, net	<u>20,380,776</u>	<u>93,204</u>	<u>(206,862)</u>	<u>20,267,118</u>
Business-type activities capital assets, net	<u>\$ 29,018,153</u>	<u>\$ 14,232,961</u>	<u>\$ (832,829)</u>	<u>\$ 42,418,285</u>



8. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 48,879
Public Works	87,293
Culture and Recreation	10,430
Housing and Development	<u>2,407</u>
Total depreciation expense for governmental activities	<u><u>\$ 149,009</u></u>

Business-type activities

Water and Sewer	\$ 863,065
Solid Waste	<u>23,630</u>
Total depreciation expense for business-type activities	<u><u>\$ 886,695</u></u>

9. CAPITAL AND OPERATING LEASE AGREEMENTS

The City has entered into agreements for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these leases at September 30, 2009 are \$35,328 and \$84,875 for governmental and business-type activities, respectively.



9. CAPITAL AND OPERATING LEASE AGREEMENTS (CONTINUED)

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of September 30, 2009:

Year Ending September 30,	Governmental activities	Business-type activities
2010	\$ 13,677	\$ 34,930
2011	13,677	34,930
2012	10,806	17,557
2013	0	2,738
Total minimum lease payments	38,160	90,155
Less amounts representing interest	(2,832)	(5,280)
Present value of minimum lease payments	<u>\$ 35,328</u>	<u>\$ 84,875</u>

Total assets leased under capital leases are \$61,102 and \$157,091 for governmental and business-type activities, respectively, and are classified as equipment and vehicles.

The City's lease agreements, other than such agreements described above, are relatively minor commitments (generally for office machines) and are in compliance with state law.

10. LONG-TERM DEBT

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, while revenue bonds are issued for the construction and expansion of proprietary activities. General obligation bonds are direct obligations and pledge the full faith, credit and taxing powers of the City while revenue bonds pledge the revenues of the proprietary activity for repayment of the bond issues.



10. LONG-TERM DEBT (CONTINUED)

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at September 30, 2009:

- \$27,470,000 - 2008 Water and Sewage Revenue Bonds – Series A & B series bonds due in annual principal payments on September 1 with semi-annual interest payments (4.25% - 5.56%) due on March 1 and September 1. The bonds are used for expansion of the Water and Sewage system in the City of Dahlonega, Georgia. In 2008, a 1% Special Purpose Local Option Sales Tax (SPLOST) was approved by the voters. The City’s portion of the tax is to be used to repay a portion of the bond debt.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending September 30,	Principal	Interest	Total
2010	\$ 515,000	\$ 1,393,718	\$ 1,908,718
2011	285,000	1,371,831	1,656,831
2012	380,000	1,359,044	1,739,044
2013	475,000	1,340,044	1,815,044
2014	580,000	1,316,294	1,896,294
2015 - 2019	1,605,000	6,323,738	7,928,738
2020 - 2024	3,680,000	5,819,538	9,499,538
2025 - 2029	5,185,000	4,710,650	9,895,650
2030 - 2034	8,105,000	3,036,763	11,141,763
2035 - 2037	6,020,000	674,025	6,694,025
Totals	<u>\$ 26,830,000</u>	<u>\$ 27,345,645</u>	<u>\$ 54,175,645</u>



10. LONG-TERM DEBT (CONTINUED)

Notes Payable

The City has entered into 8 borrowings with the Georgia Environmental Facilities Authority for expansion of the City's water and sewage system. At September 30, 2009 the original amounts of these borrowings were \$9,339,251, with a total outstanding balance of \$5,820,107. Monthly installments of principal and interest are due through January 1, 2030; interest at 3.75% to 5.56%.

Additionally, the City has entered into an agreement with the Georgia Environmental Facilities Authority for land and construction of a reservoir, in the original amount of \$6,472,028. At September 30, 2009, the balance of this note is \$6,294,276. Monthly installments of principal and interest are due through June 1, 2045; interest at 3.00%. The payments for this note payable are currently funded through transfers from the General Fund.

Annual debt service requirements to maturity for notes payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2010	\$ 585,528	\$ 426,851	\$ 1,012,379
2011	614,952	408,987	1,023,939
2012	640,507	383,432	1,023,939
2013	667,669	356,270	1,023,939
2014	695,525	328,414	1,023,939
2015 - 2019	3,109,864	1,212,414	4,322,278
2020 - 2024	1,227,648	793,059	2,020,707
2025 - 2029	995,202	620,950	1,616,152
2030 - 2034	967,918	466,183	1,434,101
2035 - 2039	1,109,814	311,664	1,421,478
2040 - 2044	1,289,179	132,299	1,421,478
2045	210,577	2,645	213,222
Totals	\$ 12,114,383	\$ 5,443,168	\$ 17,557,551



10. LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for the year ended September 30, 2009:

	<u>Balance</u> <u>9/30/2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/2009</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities					
Capital lease obligations	\$ 47,067	\$ 0	\$ 11,739	\$ 35,328	\$ 12,279
Compensated absences	53,074	54,780	53,074	54,780	54,780
Total governmental activities	<u>\$ 100,141</u>	<u>\$ 54,780</u>	<u>\$ 64,813</u>	<u>\$ 90,108</u>	<u>\$ 67,059</u>
Business-type activities					
Notes payable	\$ 12,581,247	\$ 83,845	\$ 550,709	\$ 12,114,383	\$ 585,528
Revenue bonds	27,355,000	0	525,000	26,830,000	515,000
Unamortized bond discount	(464,318)	0	(18,244)	(446,074)	0
Capital lease obligations	115,208	0	30,333	84,875	31,720
Compensated absences	62,095	68,856	62,095	68,856	68,856
Total business-type activities	<u>\$ 39,649,232</u>	<u>\$ 152,701</u>	<u>\$ 1,149,893</u>	<u>\$ 38,652,040</u>	<u>\$ 1,201,104</u>

Revenue bond issue costs and discounts/premiums are amortized over the life of the related debt using the straight-line method. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund.

11. RESERVED EQUITY BALANCES

General Fund - Amounts of \$44,465 and \$302,264 have been reserved for prepaid items and the City cemetery, respectively since these amounts are not legally available for appropriation.

Downtown Development Authority Component Unit - An amount of \$5,369 has been reserved for restricted assets since this amount is restricted for the use of Dahlonega 2000, Inc.



12. PENSION PLAN

Plan Description

The City of Dahlonega is a participating member in the Georgia Municipal Employees Benefit System (GMEBS), a defined benefit plan ("Plan"), which is a service of Georgia Municipal Association (GMA). GMEBS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipalities in Georgia. The City elected to participate in GMEBS as of May 1, 1973, as a result of City Ordinance and a contract between the City and GMA. The Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan. See Note 2 – Summary of Significant Accounting Policies for reporting of investments.

All City employees who work a minimum of twenty hours per week are eligible to participate in the Plan after completing one year of service. Mayor and Council are eligible immediately. Benefits vest after five years of service. Participants become eligible to retire with unreduced benefits at age 65 with five years of service. Mayor and Council are not subject to the five-year minimum service.

GMA issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Georgia Municipal Association at 21 Pryor Street, SW, Atlanta, Georgia 30303.

Vested employees who have reached the age of 65 and have completed five years of credited service are eligible to receive a monthly benefit, payable for life. The benefit is equal to 2.25% of the employee's average salary for the five highest years of employment multiplied by the years of credited service. The plan also provides benefits in the event of death or disability. These benefits provisions were established by an adoption agreement executed by the City Council.



12. PENSION PLAN (CONTINUED)

Plan Description, continued

Vested employees who have reached age 55 with at least five years of credited service are eligible to receive an early retirement benefit, payable monthly for life, reduced on an actuarial equivalent basis. Death benefits and optional forms of retirement income on an actuarial equivalent basis are also available.

Current Membership is as follows:

Retirees and beneficiaries currently receiving benefits	19
Terminated vested participants entitled to but not yet receiving benefits	9
Active participants	45
Total number of participants	<u>73</u>

Funding Policy

The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The current rate is 25.08% of annual covered payroll. The Plan is a noncontributory participant plan. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of GASB Statement No. 27. 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 1982 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. These amortization periods, if applicable, are closed for this plan year. The remaining amortization period at May 1, 2009 varies for the bases. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.



12. PENSION PLAN (CONTINUED)

Annual Pension Cost

For fiscal year 2009, the City’s annual pension cost of \$380,869 was equal to the City’s recommended and actual contributions. The required contribution was \$321,541. The recommended contribution (projected to May 1, 2010) was computed as part of an actuarial valuation as of May 1, 2009. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 8 percent per year compounded annually, (b) projected salary increases of 5.5 percent per year compounded annually (5.0 percent and 0.5 percent attributable to inflation and merit, respectively), (c) no post-retirement benefit increases.

Historical Trend Information

Historical trend information for Annual Pension Cost and funding progress is as follows:

Pension Cost Information			
Funding Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2004	\$ 114,363	100%	\$ 0
9/30/2005	142,191	100%	0
9/30/2006	154,451	100%	0
9/30/2007	189,671	100%	0
9/30/2008	282,269	100%	0
9/30/2009	380,869	100%	0



12. PENSION PLAN (CONTINUED)

Historical Trend Information, continued

Schedule of Funding Progress

Actuarial Valuation Date May 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Funded) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2004	\$ 1,814,650	\$ 2,156,848	342,198	84.13%	\$ 927,482	36.90%
2005	1,950,606	2,416,393	465,787	80.72%	1,063,230	43.81%
2006	2,117,298	2,504,340	387,042	84.55%	1,147,037	33.74%
2007	2,312,173	2,838,688	526,515	81.45%	1,314,660	40.05%
2008	2,524,647	3,483,911	959,264	72.47%	1,472,806	65.13%
2009	1,875,376	3,740,153	1,864,777	50.14%	1,518,853	122.78%

The actuarial value of assets is calculated as the roll forward of prior year's actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses) during 10 prior years.

13. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(3). The City is required to spend an amount equal to the amount by which the total taxes collected under the Code section exceed the taxes which would be collected at a rate of 3 percent for the purpose of promoting tourism, conventions, and trade shows. A summary of the transactions for the year ending September 30, 2009 follows:

Lodging Tax Receipts	\$119,547	
Disbursements to the Dahlonega - Lumpkin County Chamber of Commerce	\$119,547	100% of tax receipts



14. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Development Center and is required to pay annual dues thereto. During its fiscal year ended September 30, 2009, the City paid \$5,283 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from Georgia Mountains Regional Development Center, PO Box 1720, Gainesville, GA 30503.

On March 6, 1998, the City of Dahlonega, Georgia (City), Lumpkin County (County) and the Lumpkin County Water and Sewage Authority (Authority) formed a joint authority to construct a reservoir. The City and County have signed an agreement to each own 54% and 46% undivided interest in the reservoir assets, respectively. The responsibility of constructing the reservoir and liability for the debt was divided between the City (47.59%), the County (52.41%) and the Authority (0%). A Georgia Environmental Facilities Authority note for which the City and County will be responsible for based on the preceding debt percentages originally funded the project. The City has been paying principal and interest payments based on their percentage of 47.59% during fiscal year 2009.

15. RELATED ORGANIZATIONS

The Housing Authority of the City of Dahlonega is considered a related organization to the City of Dahlonega. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Dahlonega. Separate financial statements may be obtained from Housing Authority of the City of Dahlonega, 90 Thompson Circle, Dahlonega, GA 30553.



16. RISK MANAGEMENT

Material estimates have been made by management about the life of depreciated fixed assets. Management has used a conservative approach on these estimates.

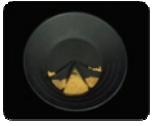
The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also obligated to allow the pool's 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 the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At September 30, 2009, the City has no losses that are probable or estimable and accordingly has not recognized any liability.



17. COMMITMENTS AND CONTINGENCIES

Commitments

The City has active construction projects as of September 30, 2009. At year end, the City's commitments with contractors are as follows:

Project	Amount Spent to Date	Remaining Commitment
Water Treatment Plant (Contract A)	\$ 13,168,992	\$ 5,501,689
Sewer Capacity Upgrades	690,563	104,000
Total	<u>\$ 13,859,555</u>	<u>\$ 5,605,689</u>

Contingencies

The City is a defendant in a lawsuit. Management intends to contest the open case vigorously. The City's legal counsel has stated that the outcome of this lawsuit is not presently determinable; however, there is sufficient liability insurance to cover any potential award against the City.

COMBINING STATEMENTS

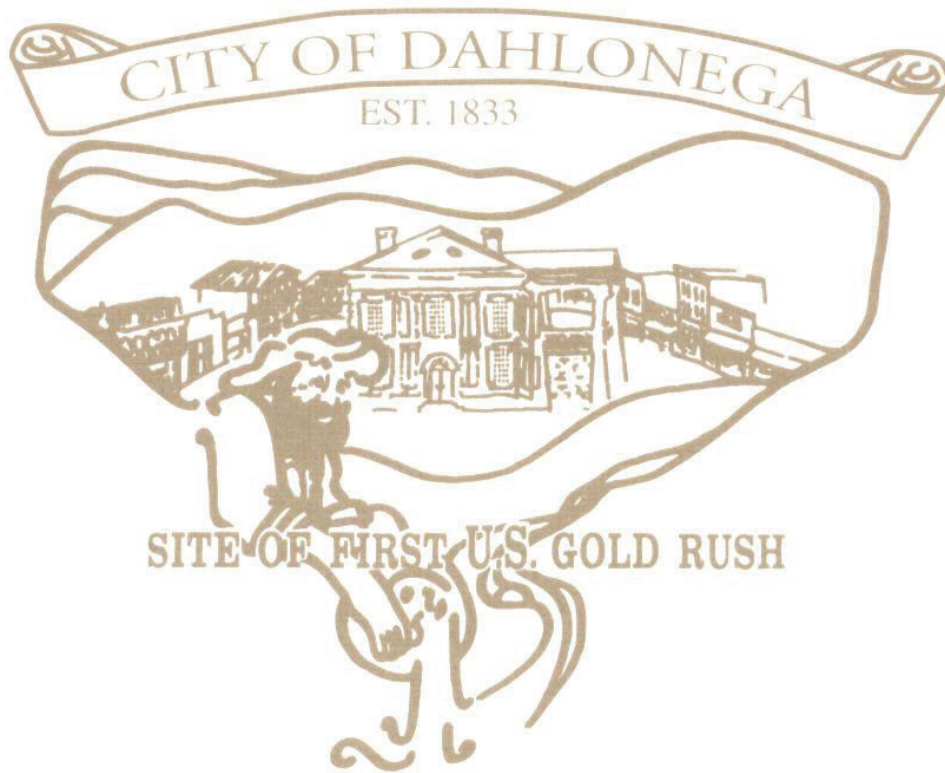
NONMAJOR GOVERNMENTAL FUNDS

CITY OF DAHLONEGA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

	Special Revenue		Total Nonmajor Governmental Funds
	Multiple Grant	Hotel/Motel Tax	
ASSETS			
Current assets			
Equity in pooled cash	\$ 21,128	\$ 10,873	\$ 32,001
Taxes receivable	0	10,807	10,807
Total assets	\$ 21,128	\$ 21,680	\$ 42,808
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 2,520	\$ 21,680	\$ 24,200
Fund balances			
Unreserved, undesignated	18,608	0	18,608
Total liabilities and fund balances	\$ 21,128	\$ 21,680	\$ 42,808

CITY OF DAHLONEGA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2009

	Special Revenue		Total Nonmajor Governmental Funds
	Multiple Grant	Hotel/Motel Tax	
REVENUES			
Taxes	\$ 0	\$ 119,547	\$ 119,547
Intergovernmental	34,000	0	34,000
Total revenues	<u>34,000</u>	<u>119,547</u>	<u>153,547</u>
EXPENDITURES			
Current			
General Government	4,328	0	4,328
Public Works	63,171	0	63,171
Housing and Development	0	119,547	119,547
Total expenditures	<u>67,499</u>	<u>119,547</u>	<u>187,046</u>
Excess (deficiency) of revenues over (under) expenditures	(33,499)	0	(33,499)
Other financing sources			
Transfers in	48,869	0	48,869
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	15,370	0	15,370
Fund balances, October 1	3,238	0	3,238
Fund balances, September 30	<u>\$ 18,608</u>	<u>\$ 0</u>	<u>\$ 18,608</u>



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GENERAL FUND

THE GENERAL OPERATING FUND OF THE CITY IS USED TO ACCOUNT FOR ALL FINANCIAL RESOURCES EXCEPT THOSE REQUIRED TO BE ACCOUNTED FOR IN ANOTHER FUND.

CITY OF DAHLONEGA, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
September 30, 2009 and 2008

	2009	2008
ASSETS		
Cash	\$ 5,800	\$ 5,537
Equity in pooled cash	3,193,075	2,874,643
Receivables (net)		
Accounts	672	0
Taxes	63,150	28,404
Fines	72,660	64,924
Intergovernmental	86,397	131,934
Inventory	5,927	24,533
Prepaid items	44,465	38,265
Due from other funds	6,531	0
Restricted assets		
Cash	302,264	278,314
Total assets	\$ 3,780,941	\$ 3,446,554
 LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 97,831	\$ 120,633
Intergovernmental	1,326	0
Accrued salaries and payroll expenses	13,513	12,439
Due to other funds	0	585
Deferred revenue	55,676	35,166
Total liabilities	168,346	168,823
Fund balances		
Reserved for restricted assets	302,264	278,314
Reserved for prepaid items	44,465	38,265
Unreserved, undesignated	3,265,866	2,961,152
Total fund balances	3,612,595	3,277,731
Total liabilities and fund balances	\$ 3,780,941	\$ 3,446,554

CITY OF DAHLONEGA, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
REVENUES		
Taxes	\$ 2,631,265	\$ 2,695,303
Licenses and permits	111,484	137,327
Fines, fees and forfeitures	186,801	135,489
Charges for services	29,900	45,851
Intergovernmental	0	890
Interest	50,981	102,272
Contributions	747	1,126
Other	47,647	41,811
	<hr/>	<hr/>
Total revenues	3,058,825	3,160,069
	<hr/>	<hr/>
EXPENDITURES		
Current		
General Government	1,341,867	1,011,348
Judicial	256,045	185,931
Public Safety	105,371	85,007
Public Works	728,919	768,804
Culture and Recreation	54,167	132,780
Housing and Development	398,963	532,840
	<hr/>	<hr/>
Total expenditures	2,885,332	2,716,710
	<hr/>	<hr/>
Excess of revenues over expenditures	173,493	443,359
	<hr/>	<hr/>
Other financing sources (uses)		
Transfers in (out)		
Multiple Grant Special Revenue Fund	(48,869)	0
Water and Sewage Enterprise Fund	(284,292)	(284,296)
Proceeds from sale of assets	494,532	294,980
Issuance of capital leases	0	48,114
	<hr/>	<hr/>
Total other financing sources (uses)	161,371	58,798
	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	334,864	502,157
	<hr/>	<hr/>
Fund balances, October 1	3,277,731	2,775,574
	<hr/>	<hr/>
Fund balances, September 30	<u>\$ 3,612,595</u>	<u>\$ 3,277,731</u>

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES

BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2009

(With comparative actual amounts for the fiscal year ended September 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	\$ 914,700	\$ 884,655	\$ (30,045)	\$ 838,960
Real estate transfer tax	15,000	8,306	(6,694)	28,148
Motor vehicle tax	20,000	22,007	2,007	24,330
Cost, penalties, and interest	3,500	2,888	(612)	3,564
Total general property taxes	953,200	917,856	(35,344)	895,002
Local option sales tax	830,000	723,690	(106,310)	832,447
Franchise tax	400,200	493,335	93,135	488,607
Insurance premium tax	198,000	203,612	5,612	198,849
Alcoholic beverage excise tax	149,000	166,266	17,266	156,736
Occupational tax	123,400	126,506	3,106	123,662
Total taxes	2,653,800	2,631,265	(22,535)	2,695,303
Licenses and Permits				
Alcohol licenses	74,000	83,755	9,755	66,905
Building permits	52,000	27,729	(24,271)	70,422
Total licenses and permits	126,000	111,484	(14,516)	137,327
Fines, fees and forfeitures	180,000	186,801	6,801	135,489
Charges for Services				
Cemetery	58,250	29,900	(28,350)	45,800
Other	30	0	(30)	51
Total charges for services	58,280	29,900	(28,380)	45,851
Intergovernmental	0	0	0	890
Interest	60,000	50,981	(9,019)	102,272
Contributions	750	747	(3)	1,126
Other	39,310	47,647	8,337	41,811
Total revenues	\$ 3,118,140	\$ 3,058,825	\$ (59,315)	\$ 3,160,069

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2009

(With comparative actual amounts for the fiscal year ended September 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
General Government				
Legislative				
Personal services	\$ 130,473	\$ 122,899	\$ 7,574	\$ 123,662
Contract services	46,226	42,721	3,505	39,458
Supplies and materials	500	2,069	(1,569)	480
Capital outlay	1,800	0	1,800	0
Total Legislative	178,999	167,689	11,310	163,600
Executive				
Personal services	154,804	149,510	5,294	147,620
Contract services	36,849	31,931	4,918	38,820
Supplies and materials	500	620	(120)	1,854
Capital outlay	0	0	0	2,215
Total Executive	192,153	182,061	10,092	190,509
Elections				
Contract services	3,625	3,128	497	39,458
Supplies and materials	575	579	(4)	480
Total Elections	4,200	3,707	493	39,938
General Administration				
Personal services	323,455	312,681	10,774	236,585
Contract services	345,163	238,536	106,627	351,180
Supplies and materials	43,200	42,018	1,182	39,354
Capital outlay	403,900	391,351	12,549	26,296
Debt service	3,806	3,824	(18)	3,824
Total General Administration	1,119,524	988,410	131,114	657,239
Total General Government	1,494,876	1,341,867	153,009	1,051,286
Judicial				
Municipal Court				
Personal services	67,708	65,663	2,045	62,916
Contract services	139,912	130,522	9,390	76,468
Supplies and materials	1,400	151	1,249	995
Capital outlay	2,650	2,569	81	0
Payments to other agencies	59,800	57,140	2,660	45,552
Total Judicial	271,470	256,045	15,425	185,931
Public Safety				
Law Enforcement				
Contract services	104,800	104,623	177	85,007
Supplies and materials	700	748	(48)	0
Total Public Safety	105,500	105,371	129	85,007

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2009

(With comparative actual amounts for the fiscal year ended September 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
Public Works				
Paved Street				
Personal services	\$ 520,843	\$ 462,294	\$ 58,549	\$ 433,865
Contract services	58,328	42,406	15,922	70,612
Supplies and materials	71,000	72,222	(1,222)	72,890
Capital outlay	21,500	16,680	4,820	44,676
Debt service	9,890	9,853	37	9,874
Total Paved Street	681,561	603,455	78,106	631,917
Shop Department				
Personal services	51,505	53,865	(2,360)	49,858
Contract services	3,074	2,815	259	2,147
Supplies and materials	13,150	11,055	2,095	10,550
Total Shop Department	67,729	67,735	(6)	62,555
Cemetery				
Personal services	53,929	48,662	5,267	57,098
Contract services	3,996	3,308	688	3,026
Supplies and materials	8,220	5,759	2,461	7,311
Capital outlay	0	0	0	6,897
Total Cemetery	66,145	57,729	8,416	74,332
Total Public Works	815,435	728,919	86,516	768,804
Culture and Recreation				
Parks				
Personal services	9,000	8,864	136	20,945
Contract services	35,325	36,390	(1,065)	15,297
Supplies and materials	10,150	8,913	1,237	5,752
Capital outlay	0	0	0	90,786
Total Culture and Recreation	54,475	54,167	308	132,780
Housing and Development				
Building Inspections				
Personal services	155,268	142,131	13,137	177,006
Contract services	62,199	48,648	13,551	101,160
Supplies and materials	7,500	5,983	1,517	4,492
Capital outlay	7,200	11,163	(3,963)	2,093
Total Building Inspections	232,167	207,925	24,242	284,751
Better Home Towns				
Contract services	53,500	48,521	4,979	53,966
Supplies and materials	1,500	2,054	(554)	0
Total Better Home Towns	55,000	50,575	4,425	53,966

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

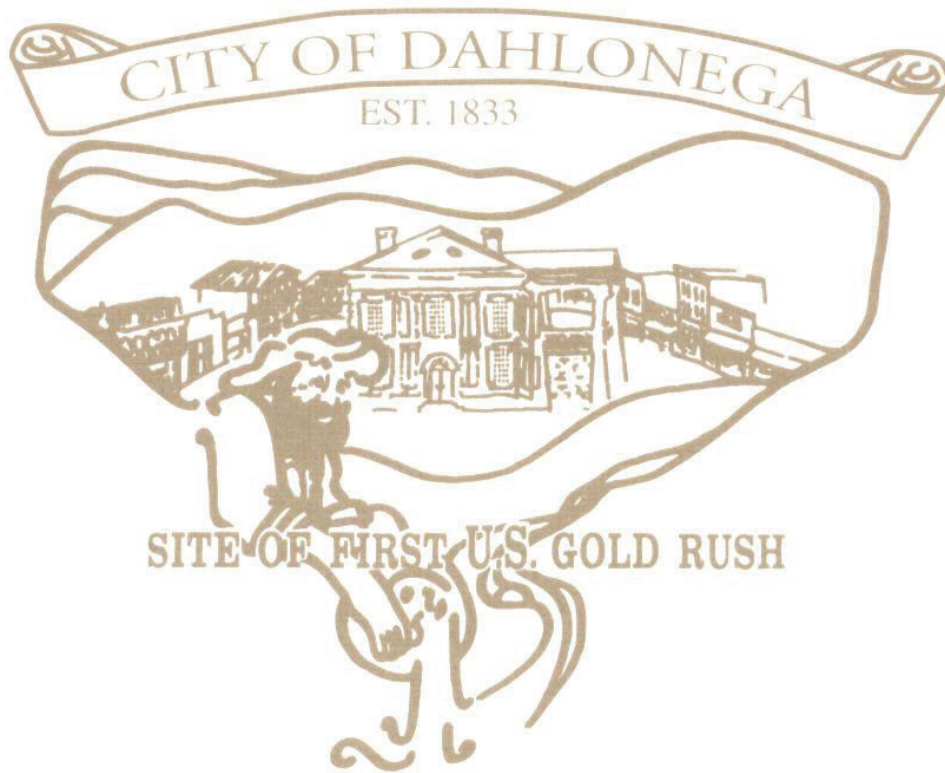
SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2009

(With comparative actual amounts for the fiscal year ended September 30, 2008)

	<u>2009</u>			<u>2008</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Housing and Development (continued)				
Downtown Development Authority				
Payment to others	\$ 140,463	\$ 140,463	\$ 0	\$ 194,123
Total Housing and Development	<u>427,630</u>	<u>398,963</u>	<u>28,667</u>	<u>532,840</u>
Total expenditures	<u>\$ 3,169,386</u>	<u>\$ 2,885,332</u>	<u>\$ 284,054</u>	<u>\$ 2,756,648</u>



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SPECIAL REVENUE FUNDS

SPECIAL REVENUE FUNDS ARE USED TO ACCOUNT FOR THE PROCEEDS OF SPECIFIC REVENUE SOURCES THAT ARE LEGALLY OR DONOR RESTRICTED TO EXPENDITURE FOR SPECIFIED PURPOSES.

Multiple Grant Fund

This fund is used to account for the grant revenues and expenditures for various government purposes.

Hotel/Motel Tax Fund

This fund is used to collect Hotel/Motel taxes which are used to support trade and tourism in the City of Dahlonega.

CITY OF DAHLONEGA, GEORGIA
MULTIPLE GRANT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Equity in pooled cash	\$ 21,128	\$ 10,752
Due from other funds	0	539
Total assets	\$ 21,128	\$ 11,291
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 2,520	\$ 553
Deferred revenue	0	7,500
Total liabilities	2,520	8,053
Fund balances		
Unreserved, undesignated	18,608	3,238
Total liabilities and fund balances	\$ 21,128	\$ 11,291

CITY OF DAHLONEGA, GEORGIA
MULTIPLE GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2009

(With comparative actual amounts for the fiscal year ended September 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 193,600	\$ 34,000	\$ (159,600)	\$ 10,850
Total revenues	<u>193,600</u>	<u>34,000</u>	<u>(159,600)</u>	<u>10,850</u>
EXPENDITURES				
Current				
General Government	6,000	4,328	1,672	0
Public Works	237,100	63,171	173,929	0
Culture and Recreation	0	0	0	2,698
Housing and Development	0	0	0	1,350
Total expenditures	<u>243,100</u>	<u>67,499</u>	<u>175,601</u>	<u>4,048</u>
Excess (deficiency) of revenues over (under) expenditures	(49,500)	(33,499)	16,001	6,802
Other financing sources				
Transfers in General Fund	49,500	48,869	(631)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	0	15,370	15,370	6,802
Fund balances, October 1	0	3,238	3,238	(3,564)
Fund balances, September 30	<u>\$ 0</u>	<u>\$ 18,608</u>	<u>\$ 18,608</u>	<u>\$ 3,238</u>

CITY OF DAHLONEGA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30, 2009 and 2008

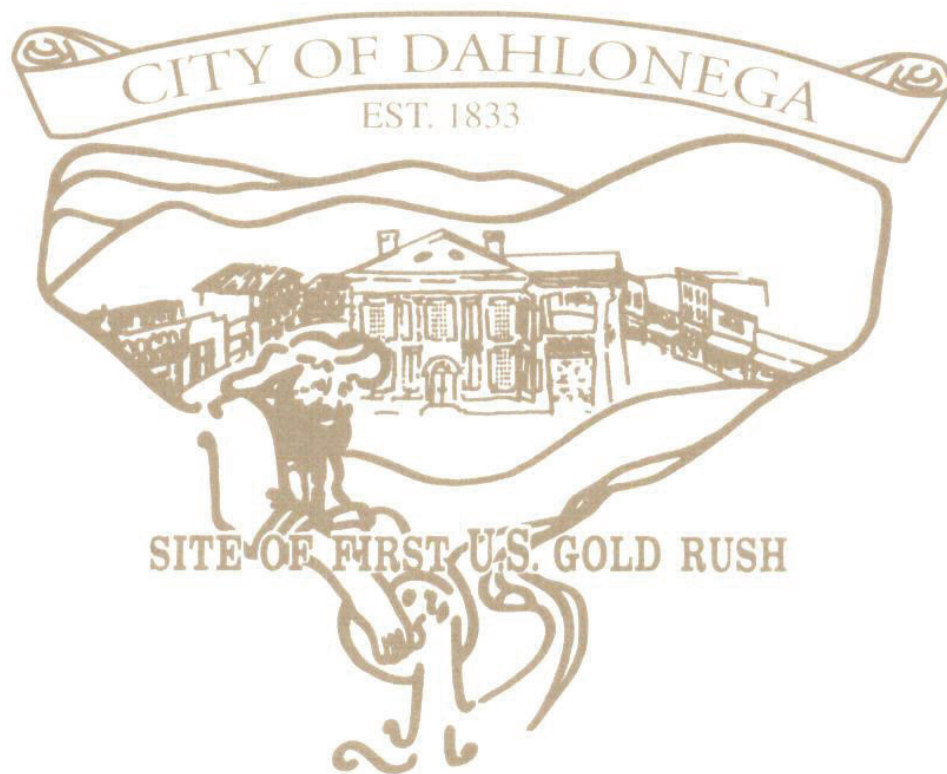
	2009	2008
ASSETS		
Current assets		
Equity in pooled cash	\$ 10,873	\$ 0
Taxes receivable	10,807	10,398
Total assets	\$ 21,680	\$ 10,398
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 21,680	\$ 10,398

CITY OF DAHLONEGA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2009

(With comparative actual amounts for the fiscal year ended September 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/Motel taxes	\$ 126,000	\$ 119,547	\$ (6,453)	\$ 129,217
Total revenues	<u>126,000</u>	<u>119,547</u>	<u>(6,453)</u>	<u>129,217</u>
EXPENDITURES				
Current				
Housing and Development				
Tourism				
Chamber of Commerce	126,000	119,547	6,453	129,217
Total expenditures	<u>126,000</u>	<u>119,547</u>	<u>6,453</u>	<u>129,217</u>
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Fund balances, October 1	0	0	0	0
Fund balances, September 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>



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CAPITAL PROJECTS FUND

CAPITAL PROJECTS FUNDS ARE USED TO ACCOUNT FOR FINANCIAL RESOURCES TO BE USED FOR THE ACQUISITION OR CONSTRUCTION OF SPECIFICALLY PLANNED PROJECTS (OTHER THAN THOSE FINANCED BY THE PROPRIETARY OR FIDUCIARY FUNDS).

Special Purpose Local Option Sales Tax Fund

This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax.

CITY OF DAHLONEGA, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
BALANCE SHEET
September 30, 2009

ASSETS

Cash	\$ 51,608
Intergovernmental receivable	<u>114,385</u>
Total assets	<u><u>\$ 165,993</u></u>

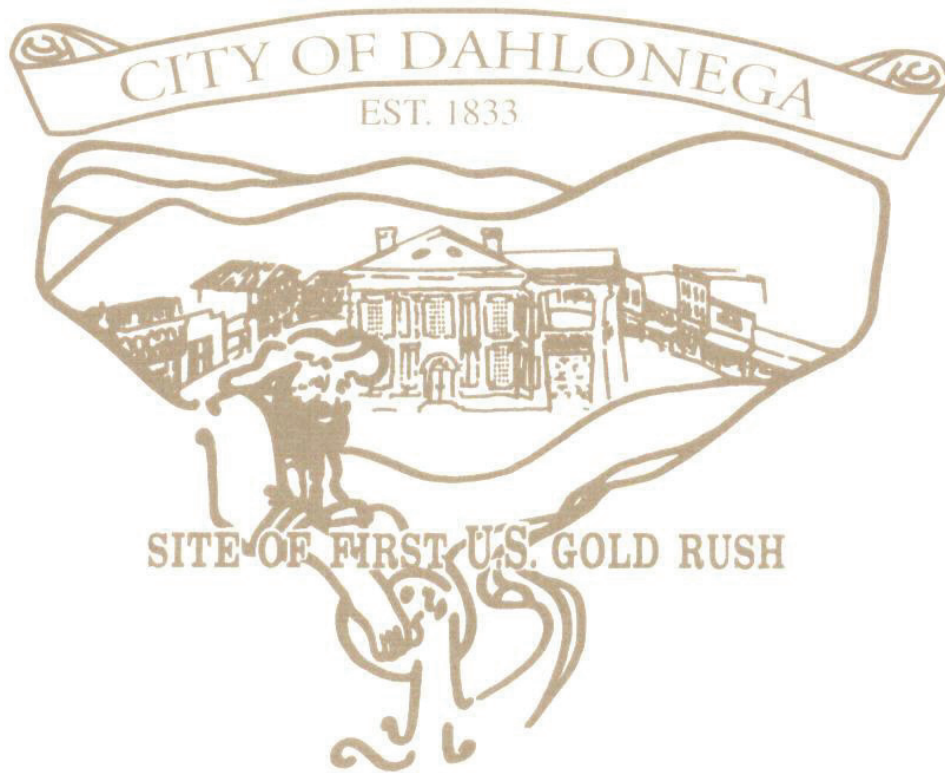
LIABILITIES AND FUND BALANCES

Fund balances	
Unreserved, undesignated	<u><u>\$ 165,993</u></u>

CITY OF DAHLONEGA, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For the fiscal year ended September 30, 2009

REVENUES

Intergovernmental	<u>\$ 500,270</u>
Total revenues	500,270
Other financing uses	
Transfers out	
Water and Sewage Enterprise Fund	<u>(334,277)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	165,993
Fund balances, October 1	<u>0</u>
Fund balances, September 30	<u><u>\$ 165,993</u></u>



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ENTERPRISE FUNDS

ENTERPRISE FUNDS ARE USED TO ACCOUNT FOR OPERATIONS THAT ARE FINANCED AND OPERATED IN A MANNER SIMILAR TO PRIVATE BUSINESS ENTERPRISES. THE FUNDS ARE SELF-SUPPORTING IN NATURE WHERE THE COSTS, INCLUDING DEPRECIATION, OF PROVIDING GOODS OR SERVICES TO THE GENERAL PUBLIC ON A CONTINUING BASIS ARE FINANCED OR RECOVERED PRIMARILY THROUGH USER CHARGES.

Water and Sewage Fund

This fund is used to account for activities connected with the development, operation and maintenance of water and sewer services in the City of Dahlonega.

Solid Waste Fund

This fund is used to account for activities connected with the collection and disposal of residential, commercial, industrial, and institutional solid waste in the City of Dahlonega.

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
September 30, 2009 and 2008

ASSETS	2009	2008
Current assets		
Equity in pooled cash	\$ 1,001,671	\$ 1,848,886
Certificates of deposit	0	8,592
Receivables		
Accounts (net)	405,610	373,142
Intergovernmental	349,978	110,530
Inventory	84,009	114,548
Prepaid items	43,647	23,502
Due from other funds	210,457	206,084
	2,095,372	2,685,284
Total current assets		
Restricted assets		
Debt Redemption		
Cash	650,402	1,273,193
Certificates of deposit	35,000	35,000
Investments	2,239,622	2,278,881
Intergovernmental receivable	0	89,861
Construction Fund		
Cash	9,535,216	19,507,200
Customer Deposits		
Equity in pooled cash	70,129	0
Certificates of deposit	0	66,408
	12,530,369	23,250,543
Total restricted assets		
Capital assets		
Land	3,302,187	3,261,944
Improvements	3,754,223	3,850,223
Buildings	2,224,915	2,224,915
Water and sewer lines and towers	17,605,204	17,027,839
Machinery and equipment	5,218,914	5,108,168
Construction in progress	18,848,980	5,375,433
Accumulated depreciation	(8,786,869)	(8,097,288)
	42,167,554	28,751,234
Total capital assets (net of accumulated depreciation)		
Other assets		
Debt issuance costs, net	648,186	674,697
Investment in joint venture	36,381	34,795
	684,567	709,492
Total other assets		
Total assets	57,477,862	55,396,553

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
September 30, 2009 and 2008

	2009	2008
LIABILITIES		
Current liabilities		
Payables		
Accounts	\$ 63,883	\$ 361,633
Intergovernmental	865	0
Retainages	0	12,240
Interest	34,934	36,736
Accrued salaries and payroll expenses	10,100	9,943
Compensated absences	64,426	58,071
Due to other funds	4,013	539
Notes payable	585,528	551,358
Capital leases payable	31,720	30,333
	795,469	1,060,853
Total current liabilities		
Current liabilities payable from restricted assets		
Payables		
Accounts	2,185,253	639,972
Retainages	845,614	219,386
Interest	116,143	118,003
Customer deposits payable	70,129	66,408
Revenue bonds payable	515,000	525,000
	3,732,139	1,568,769
Total liabilities payable from restricted assets		
Long-term liabilities		
Notes payable	11,528,855	12,029,889
Capital leases payable	53,155	84,875
Revenue bonds payable	25,868,926	26,365,682
	37,450,936	38,480,446
Total long-term liabilities		
Total liabilities	41,978,544	41,110,068
NET ASSETS		
Invested in capital assets, net of related debt	15,359,208	12,223,371
Unrestricted	140,110	2,063,114
	15,499,318	14,286,485
Total net assets	\$ 15,499,318	\$ 14,286,485

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

For the fiscal years ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Charges for sales and services		
Water sales	\$ 1,692,365	\$ 1,652,946
Sewer charges	1,063,870	1,162,079
Tap fees	119,880	402,813
Other	16,769	6,856
	<u>2,892,884</u>	<u>3,224,694</u>
OPERATING EXPENSES		
Cost of sales and services	731,371	863,551
Personal services	1,059,454	1,001,103
Depreciation	863,065	878,863
	<u>2,653,890</u>	<u>2,743,517</u>
Operating income (loss)	<u>238,994</u>	<u>481,177</u>
Non-operating revenues (expenses)		
Interest revenue	29,226	78,261
Interest expense	(439,790)	(475,081)
Gain (loss) on sale of assets	(199,851)	6,685
	<u>(610,415)</u>	<u>(390,135)</u>
Net income (loss) before capital contributions and transfers	<u>(371,421)</u>	<u>91,042</u>
Capital contributions		
Capital contributions	280,367	594,845
Intergovernmental	685,318	402,878
	<u>965,685</u>	<u>997,723</u>
Net income (loss) before transfers	<u>594,264</u>	<u>1,088,765</u>
Transfers in (out)		
General Fund	284,292	284,296
SPLOST Capital Projects Fund	334,277	0
	<u>618,569</u>	<u>284,296</u>
Change in net assets	1,212,833	1,373,061
Net assets, October 1	<u>14,286,485</u>	<u>12,913,424</u>
Net assets, September 30	<u><u>\$ 15,499,318</u></u>	<u><u>\$ 14,286,485</u></u>

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Receipts from customers	\$ 2,847,368	\$ 3,256,203
Payments to suppliers	(808,807)	(772,002)
Payments to employees	(1,052,942)	(1,005,391)
Other receipts	16,769	6,856
	<u>1,002,388</u>	<u>1,485,666</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	284,292	284,296
Payments to other funds	(4,373)	(326)
	<u>279,919</u>	<u>283,970</u>
Cash flows from capital and related financing activities:		
Receipts from other governments	557,951	209,468
Receipts from sale of capital assets	0	8,242
Receipts from other funds	337,751	0
Payments to other funds	0	(1,053,975)
Acquisitions of capital assets	(11,268,647)	(2,812,782)
Issuance of revenue bonds	0	27,005,682
Principal payments - revenue bonds	(525,000)	(180,000)
Debt issue costs	0	(674,697)
Issuance of promissory notes	62,157	398,574
Principal payments - promissory notes	(550,709)	(538,953)
Payment of capital leases	(30,333)	(27,330)
Interest paid	(1,857,624)	(1,138,970)
	<u>(13,274,454)</u>	<u>21,195,259</u>
Cash flows from investing activities:		
Proceeds from certificates of deposit	110,000	75,000
Purchases of certificates of deposit	(35,000)	(110,000)
Proceeds from sale of investments	13,548,013	0
Purchases of investments	(13,386,984)	(2,230,644)
Interest received	384,257	482,411
	<u>620,286</u>	<u>(1,783,233)</u>
Net increase (decrease) in cash and cash equivalents	(11,371,861)	21,181,662
Cash and cash equivalents, October 1	<u>22,629,279</u>	<u>1,447,617</u>
Cash and cash equivalents, September 30	<u><u>\$ 11,257,418</u></u>	<u><u>\$ 22,629,279</u></u>

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2009 and 2008

	2009	2008
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 238,994	\$ 481,177
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	863,065	878,863
(Increase) decrease in accounts receivable	(32,468)	32,390
(Increase) decrease in inventory	30,539	869
(Increase) decrease in prepaid items	(20,145)	953
Increase (decrease) in accounts payable	(88,695)	89,727
Increase (decrease) in intergovernmental payable	865	0
Increase (decrease) in payroll liabilities	6,512	(4,288)
Increase (decrease) in deposits payable	3,721	5,975
Total adjustments	763,394	1,004,489
Net cash provided (used) by operating activities	\$ 1,002,388	\$ 1,485,666
Cash and cash equivalents reconciliation:		
Equity in pooled cash	\$ 1,001,671	\$ 1,848,886
Debt Redemption		
Cash	650,402	1,273,193
Construction Fund		
Cash	9,535,216	19,507,200
Customer Deposits		
Equity in pooled in cash	70,129	0
Total cash and cash equivalents	\$ 11,257,418	\$ 22,629,279

Noncash capital and related financing activities:

Contributions of capital assets from individuals totaled \$280,367 and \$594,845 for the fiscal years ended September 30, 2009 and 2008, respectively.

Acquisition of capital assets through capital leases totaled \$79,641 for the fiscal year ended September 30, 2008.

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
September 30, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Equity in pooled cash	\$ 318,529	\$ 231,910
Accounts receivable (net)	79,145	68,912
Prepaid items	13,607	7,475
Due from other funds	0	375
Total current assets	411,281	308,672
Capital assets		
Improvements	11,583	11,583
Buildings	255,066	255,066
Machinery and equipment	368,052	532,231
Accumulated depreciation	(383,970)	(531,961)
Total capital assets (net of accumulated depreciation)	250,731	266,919
Total assets	662,012	575,591
LIABILITIES		
Accounts payable	14,046	12,717
Accrued salaries and payroll expenses	2,519	4,410
Compensated absences	4,430	4,024
Due to other funds	212,975	205,874
Total liabilities	233,970	227,025
NET ASSETS		
Invested in capital assets	250,731	266,919
Unrestricted	177,311	81,647
Total net assets	\$ 428,042	\$ 348,566

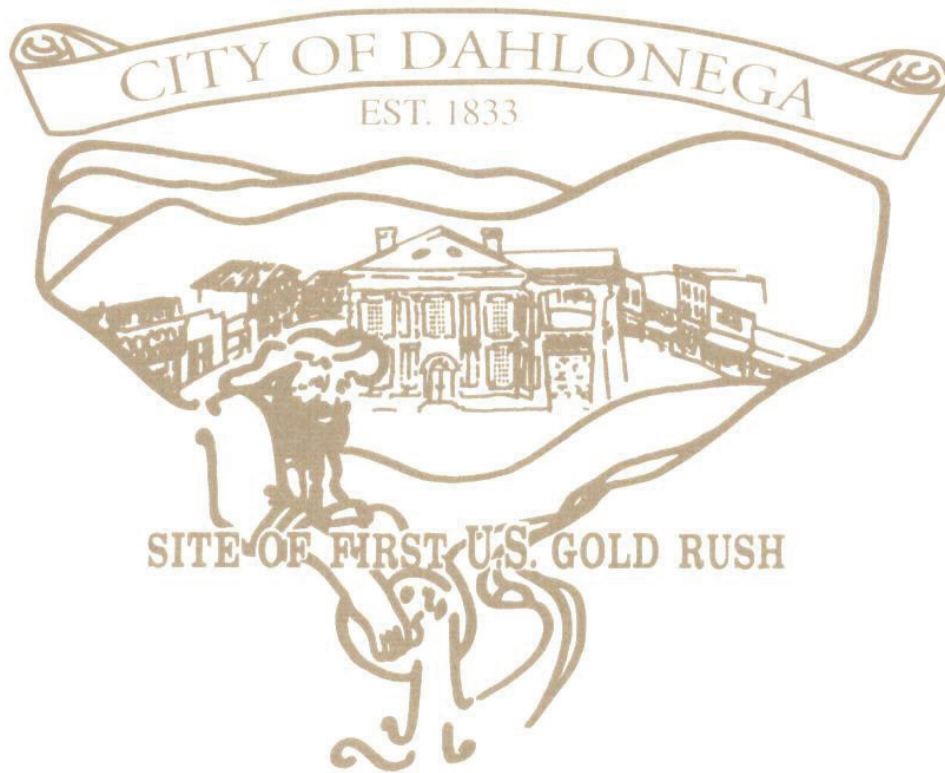
CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

For the fiscal years ended September 30, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Charges for sales and services	\$ 532,465	\$ 494,200
Other	2,980	0
	535,445	494,200
OPERATING EXPENSES		
Cost of sales and services	148,369	166,123
Personal services	296,491	298,322
Depreciation	23,630	36,651
	468,490	501,096
Operating income (loss)	66,955	(6,896)
Non-operating revenues (expenses)		
Gain (loss) on sale of assets	12,521	(3,443)
	79,476	(10,339)
Change in net assets	79,476	(10,339)
Net assets, October 1	348,566	358,905
Net assets, September 30	\$ 428,042	\$ 348,566

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Receipts from customers	\$ 522,232	\$ 492,159
Payments to suppliers	(153,172)	(150,457)
Payments to employees	(297,976)	(294,750)
Other receipts	2,980	0
	<hr/>	<hr/>
Net cash provided (used) by operating activities	74,064	46,952
	<hr/>	<hr/>
Cash flows from non-capital financing activities:		
Receipts from other funds	7,476	116
Payments to other funds	0	(375)
	<hr/>	<hr/>
Net cash provided (used) by non-capital financing activities	7,476	(259)
	<hr/>	<hr/>
Cash flows from capital and related financing activities:		
Acquisitions of capital assets	(14,455)	(11,582)
Proceeds from sale of capital assets	19,534	0
	<hr/>	<hr/>
Net cash provided (used) by capital and related financing activities	5,079	(11,582)
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	86,619	35,111
Cash and cash equivalents, October 1	231,910	196,799
	<hr/>	<hr/>
Cash and cash equivalents, September 30	<u>\$ 318,529</u>	<u>\$ 231,910</u>
	<hr/>	<hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 66,955	\$ (6,896)
	<hr/>	<hr/>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	23,630	36,651
(Increase) decrease in accounts receivable	(10,233)	(2,041)
(Increase) decrease in inventory	0	5,017
(Increase) decrease in prepaid items	(6,132)	766
Increase (decrease) in accounts payable	1,329	9,883
Increase (decrease) in payroll liabilities	(1,485)	3,572
	<hr/>	<hr/>
Total adjustments	7,109	53,848
	<hr/>	<hr/>
Net cash provided (used) by operating activities	<u>\$ 74,064</u>	<u>\$ 46,952</u>
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COMPONENT UNIT

Downtown Development Authority

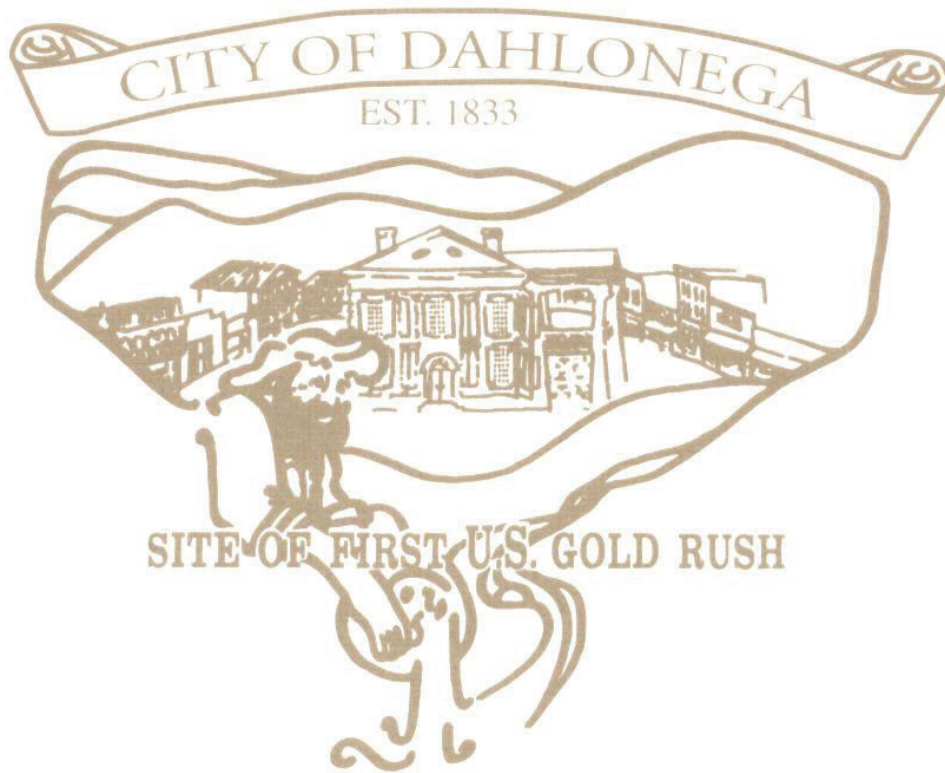
This component unit is used to account for governmental revenues and contributions reserved for City Business Development.

CITY OF DAHLONEGA, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
September 30, 2009 and 2008

	2009	2008
ASSETS		
Equity in pooled cash	\$ 181,458	\$ 82,198
Prepaid items	1,376	0
Restricted assets		
Cash	5,369	11,475
Total assets	\$ 188,203	\$ 93,673
 LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable	\$ 466	\$ 3,092
Accrued salaries and payroll liabilities	1,135	2,138
Total liabilities	1,601	5,230
 Fund balances		
Reserved for restricted assets	5,369	11,475
Unreserved, undesignated	181,233	76,968
Total fund balances	186,602	88,443
Total liabilities and fund balances	\$ 188,203	\$ 93,673

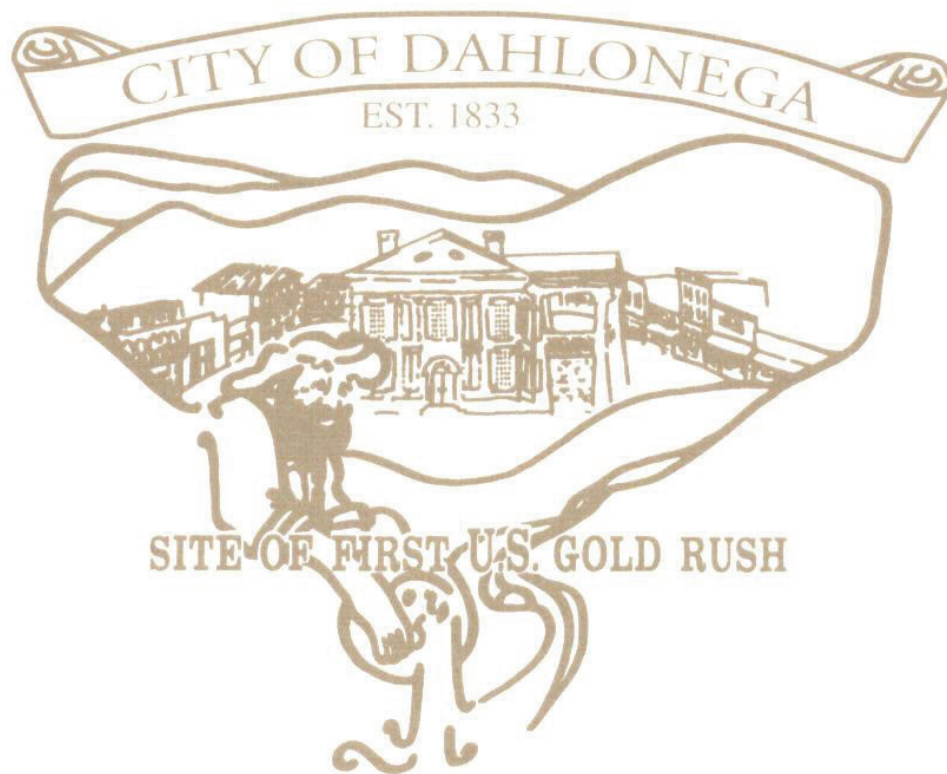
CITY OF DAHLONEGA, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended September 30, 2009
(With comparative actual amounts for the fiscal year ended September 30, 2008)

	2009			2008
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 140,463	\$ 141,213	\$ 750	\$ 194,123
Charges for services	0	81,826	81,826	0
Interest	0	161	161	18
Contributions	0	5,573	5,573	6,807
Other	0	4,496	4,496	0
Total revenues	<u>140,463</u>	<u>233,269</u>	<u>92,806</u>	<u>200,948</u>
EXPENDITURES				
Current				
Housing and Development				
Personal services	71,163	83,180	(12,017)	67,759
Contract services	45,400	42,479	2,921	141,549
Supplies and materials	900	9,451	(8,551)	6,380
Total expenditures	<u>117,463</u>	<u>135,110</u>	<u>(17,647)</u>	<u>215,688</u>
Excess of revenues over (under) expenditures	23,000	98,159	75,159	(14,740)
Fund balances, October 1	<u>(23,000)</u>	<u>88,443</u>	<u>111,443</u>	<u>103,183</u>
Fund balances, September 30	<u>\$ 0</u>	<u>\$ 186,602</u>	<u>\$ 186,602</u>	<u>\$ 88,443</u>



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STATISTICAL SECTION



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This part of the City of Dahlonega’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information reveals about the City’s overall financial health.

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Financial Trends.....104 - 117

These tables/schedules contain trend information designed to assist the reader in understanding how the City has performed from a financial perspective over time.

Revenue Capacity.....118 - 125

These tables/schedules contain information that may assist the reader in assessing the viability of the City’s most significant revenue sources.

Debt Capacity.....126 - 131

These tables/schedules present information designed to assist the reader in analyzing the affordability of the City’s current levels of outstanding debt, and the City’s ability to issue additional debt in the future.

Demographic and Economic Information.....132 - 134

These tables/schedules offer demographic, economic and statistical information intended to assist the reader in understanding the environment in which the City’s financial activities take place.

Operating Information.....135 - 137

These tables/schedules contain service and infrastructure data to assist the reader in understanding how the information in the City’s financial report relates to the services the government provides and the activities it performs.

Source: Unless otherwise noted, the information in these tables is derived from the annual financial report for the relevant year.

CITY OF DAHLONEGA, GEORGIA
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year	
	2004	2005
Governmental activities		
Invested in capital assets, net of related debt	\$ 2,688,115	\$ 2,600,180
Restricted	0	0
Unrestricted	1,865,610	2,501,358
Total governmental activities net assets	<u>\$ 4,553,725</u>	<u>\$ 5,101,538</u>
Business-type activities		
Invested in capital assets, net of related debt	\$ 7,723,909	\$ 8,372,856
Restricted	76,201	74,647
Unrestricted	1,078,421	1,258,345
Total business-type activities net assets	<u>\$ 8,878,531</u>	<u>\$ 9,705,848</u>
Primary government		
Invested in capital assets, net of related debt	\$ 10,412,024	\$ 10,973,036
Restricted	76,201	74,647
Unrestricted	2,944,031	3,759,703
Total primary government net assets	<u>\$ 13,432,256</u>	<u>\$ 14,807,386</u>

Note: Comparative information prior to fiscal year 2004 is not available.

Fiscal Year

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 3,414,970	\$ 4,158,131	\$ 4,176,172	\$ 4,462,981
0	278,314	278,314	468,257
2,762,158	2,457,506	2,975,198	3,320,000
<u>\$ 6,177,128</u>	<u>\$ 6,893,951</u>	<u>\$ 7,429,684</u>	<u>\$ 8,251,238</u>
\$ 9,230,170	\$ 12,188,032	\$ 12,490,290	\$ 15,609,939
74,330	86,896	0	0
1,775,920	877,159	2,144,761	317,421
<u>\$ 11,080,420</u>	<u>\$ 13,152,087</u>	<u>\$ 14,635,051</u>	<u>\$ 15,927,360</u>
\$ 12,645,140	\$ 16,346,163	\$ 16,666,462	\$ 20,072,920
74,330	365,210	278,314	468,257
4,538,078	3,334,665	5,119,959	3,637,421
<u>\$ 17,257,548</u>	<u>\$ 20,046,038</u>	<u>\$ 22,064,735</u>	<u>\$ 24,178,598</u>

CITY OF DAHLONEGA, GEORGIA
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Expenses	Fiscal Year	
	2004	2005
Governmental activities:		
General Government	\$ 646,958	\$ 757,377
Judicial	99,057	119,779
Public Safety	0	0
Public Works	462,201	494,936
Culture and Recreation	141,645	178,544
Housing and Development	211,670	167,031
Interest on long-term debt	0	0
Total governmental activities expenses	<u>1,561,531</u>	<u>1,717,667</u>
Business-type activities:		
Water and Sewage	2,288,348	2,580,141
Solid Waste	391,923	384,201
Total business-type activities expenses	<u>2,680,271</u>	<u>2,964,342</u>
Total primary government expenses	<u>\$ 4,241,802</u>	<u>\$ 4,682,009</u>
Program Revenues		
Governmental activities:		
Charges for services:		
General Government	\$ 25,766	\$ 42,372
Judicial	121,248	107,473
Public Works	0	0
Culture and Recreation	41,042	31,526
Housing and Development	86,866	110,768
Operating grants and contributions	7,925	565
Capital grants and contributions	49,605	0
Total governmental activities program revenues	<u>332,452</u>	<u>292,704</u>
Business-Type activities:		
Charges for services:		
Water and Sewage	2,348,629	3,073,112
Solid Waste	416,033	437,437
Capital grants and contributions	0	0
Total business-type activities program revenues	<u>2,764,662</u>	<u>3,510,549</u>
Total primary government program revenues	<u>\$ 3,097,114</u>	<u>\$ 3,803,253</u>

Note: Comparative information prior to fiscal year 2004 is not available.

Fiscal Year			
2006	2007	2008	2009
\$ 770,403	\$ 853,427	\$ 1,034,756	\$ 1,000,735
178,877	208,731	185,803	253,877
3,705	0	85,007	105,371
624,272	684,195	788,450	821,886
183,599	83,646	50,405	64,597
250,683	534,461	664,948	508,066
0	5,770	2,117	1,938
<u>2,011,539</u>	<u>2,370,230</u>	<u>2,811,486</u>	<u>2,756,470</u>
2,959,190	3,017,628	3,218,598	3,293,531
418,636	472,945	504,539	468,490
<u>3,377,826</u>	<u>3,490,573</u>	<u>3,723,137</u>	<u>3,762,021</u>
<u>\$ 5,389,365</u>	<u>\$ 5,860,803</u>	<u>\$ 6,534,623</u>	<u>\$ 6,518,491</u>
\$ 64,627	\$ 56,644	\$ 66,905	\$ 83,755
151,238	171,700	135,489	186,801
0	52,940	45,800	29,900
94,772	0	0	0
62,600	129,677	70,473	27,729
1,069	18,959	6,366	24,747
280,349	0	31,500	906,645
<u>654,655</u>	<u>429,920</u>	<u>356,533</u>	<u>1,259,577</u>
2,805,964	3,368,076	3,219,289	2,878,205
452,698	476,076	494,200	532,465
0	1,389,610	997,723	965,685
<u>3,258,662</u>	<u>5,233,762</u>	<u>4,711,212</u>	<u>4,376,355</u>
<u>\$ 3,913,317</u>	<u>\$ 5,663,682</u>	<u>\$ 5,067,745</u>	<u>\$ 5,635,932</u>

CITY OF DAHLONEGA, GEORGIA
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year	
	2004	2005
Net (expense)/revenue		
Governmental activities	\$ (1,229,079)	\$ (1,424,963)
Business-type activities	84,391	546,207
Total primary government net (expense)/revenue	<u>(1,144,688)</u>	<u>(878,756)</u>
General revenues and other changes in net assets		
Governmental activities:		
Taxes		
Property	440,247	454,066
Local option sales	714,983	708,370
Franchise	352,622	369,402
Insurance premium	156,271	169,355
Intangibles	12,685	12,081
Alcoholic beverages	118,244	149,611
Occupational	108,363	108,937
Hotel/Motel	83,218	87,929
Investment earnings	40,797	63,025
Gain on sale of assets	3,965	0
Miscellaneous	0	0
Transfers	(336,530)	(150,000)
Total governmental activities	<u>1,694,865</u>	<u>1,972,776</u>
Business-type activities		
Investment earnings	20,429	42,585
Grants and contributions not restricted to specific programs	465,520	88,525
Gain on sale of assets	0	0
Miscellaneous	0	0
Transfers	336,530	150,000
Total business-type activities	<u>822,479</u>	<u>281,110</u>
Total primary government	<u>2,517,344</u>	<u>2,253,886</u>
Change in net assets		
Governmental activities	465,786	547,813
Business-type activities	906,870	827,317
Total primary government	<u>1,372,656</u>	<u>1,375,130</u>
Net assets - beginning		
Governmental activities	4,087,939	4,553,725
Business-type activities	7,971,661	8,878,531
Total primary government	<u>12,059,600</u>	<u>13,432,256</u>
Prior period adjustment		
Governmental activities	0	0
Business-type activities	0	0
Total primary government	<u>0</u>	<u>0</u>
Net assets - ending		
Governmental activities	4,553,725	5,101,538
Business-type activities	8,878,531	9,705,848
Total primary government	<u>\$ 13,432,256</u>	<u>\$ 14,807,386</u>

Note: Comparative information prior to fiscal year 2004 is not available.

Fiscal Year			
2006	2007	2008	2009
\$ (1,356,884)	\$ (1,940,310)	\$ (2,454,953)	\$ (1,496,893)
(119,164)	1,743,189	988,075	614,334
<u>(1,476,048)</u>	<u>(197,121)</u>	<u>(1,466,878)</u>	<u>(882,559)</u>
646,490	839,600	878,253	929,774
899,995	837,951	832,447	723,690
437,200	454,128	488,607	493,335
182,204	190,631	198,849	203,612
16,951	23,432	28,148	8,306
140,133	147,210	156,736	166,266
112,213	117,176	123,662	126,506
107,244	115,031	129,217	119,547
123,885	121,675	102,272	50,981
0	0	294,980	67,352
0	10,510	41,811	47,647
<u>(233,841)</u>	<u>(215,647)</u>	<u>(284,296)</u>	<u>(618,569)</u>
<u>2,432,474</u>	<u>2,641,697</u>	<u>2,990,686</u>	<u>2,318,447</u>
57,244	70,758	78,261	29,226
1,056,641	0	0	0
0	1,123	6,685	12,521
1,175	0	5,405	17,659
<u>233,841</u>	<u>215,647</u>	<u>284,296</u>	<u>618,569</u>
<u>1,348,901</u>	<u>287,528</u>	<u>374,647</u>	<u>677,975</u>
<u>3,781,375</u>	<u>2,929,225</u>	<u>3,365,333</u>	<u>2,996,422</u>
1,075,590	701,387	535,733	821,554
<u>1,229,737</u>	<u>2,030,717</u>	<u>1,362,722</u>	<u>1,292,309</u>
<u>2,305,327</u>	<u>2,732,104</u>	<u>1,898,455</u>	<u>2,113,863</u>
5,101,538	6,177,128	6,893,951	7,429,684
<u>9,705,848</u>	<u>11,080,420</u>	<u>13,152,087</u>	<u>14,635,051</u>
<u>14,807,386</u>	<u>17,257,548</u>	<u>20,046,038</u>	<u>22,064,735</u>
0	15,436	0	0
<u>144,835</u>	<u>40,950</u>	<u>120,242</u>	<u>0</u>
<u>144,835</u>	<u>56,386</u>	<u>120,242</u>	<u>0</u>
6,177,128	6,893,951	7,429,684	8,251,238
<u>11,080,420</u>	<u>13,152,087</u>	<u>14,635,051</u>	<u>15,927,360</u>
<u>\$ 17,257,548</u>	<u>\$ 20,046,038</u>	<u>\$ 22,064,735</u>	<u>\$ 24,178,598</u>

CITY OF DAHLONEGA, GEORGIA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Intangible Tax</u>	<u>Franchise Tax</u>	<u>Occupational Tax</u>
2004	\$ 440,247	\$ 12,685	\$ 352,622	\$ 108,363
2005	454,066	12,081	369,402	108,937
2006	646,490	16,951	437,200	112,213
2007	839,600	23,432	454,128	117,176
2008	878,253	28,148	488,607	123,662
2009	929,774	8,306	493,335	126,506
Change 2004 - 2009	111.19%	-34.52%	39.90%	16.74%

Note: Comparative information prior to fiscal year 2004 is not available.

<u>Insurance Premium Tax</u>	<u>Alcoholic Beverages Tax</u>	<u>Hotel/Motel Tax</u>	<u>Local Option Sales Tax</u>	<u>Total</u>
\$ 156,271	\$ 118,244	\$ 83,218	\$ 714,983	\$ 1,986,633
169,355	149,611	87,929	708,370	2,059,751
182,204	140,133	107,244	899,995	2,542,430
190,631	147,210	115,031	837,951	2,725,159
198,849	156,736	129,217	832,447	2,835,919
203,612	166,266	119,547	723,690	2,771,036
30.29%	40.61%	43.66%	1.22%	39.48%

CITY OF DAHLONEGA, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2000	2001	2002	2003
General fund				
Reserved	\$ 12,569	\$ 15,304	\$ 23,294	\$ 28,352
Unreserved	263,332	941,248	1,189,505	1,434,183
Total general fund	<u>275,901</u>	<u>956,552</u>	<u>1,212,799</u>	<u>1,462,535</u>
All other governmental funds				
Unreserved, reported in:				
Special revenue funds	0	0	4,647 ⁽¹⁾	12,500
Capital project funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total all other governmental funds	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,647</u>	<u>\$ 12,500</u>

Note (1): The City created the first Special Revenue Fund, Multiple Grant Fund.

Note (2): The City began reserving amounts for cemetery care.

Note (3): The City created the first Capital Projects Fund, Special Purpose Local Option Sales Tax.

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 26,647	\$ 32,466	\$ 35,104	\$ 315,793 ⁽²⁾	\$ 316,579	\$ 346,729
1,872,188	2,432,607	2,360,698	2,459,781	2,961,152	3,265,866
<u>1,898,835</u>	<u>2,465,073</u>	<u>2,395,802</u>	<u>2,775,574</u>	<u>3,277,731</u>	<u>3,612,595</u>
1,611	94,917	3,579	(3,564)	3,238	18,608
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>165,993</u> ⁽³⁾
<u><u>\$ 1,611</u></u>	<u><u>\$ 94,917</u></u>	<u><u>\$ 3,579</u></u>	<u><u>\$ (3,564)</u></u>	<u><u>\$ 3,238</u></u>	<u><u>\$ 184,601</u></u>

CITY OF DAHLONEGA, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year	
	2004	2005
Revenues		
Taxes	\$ 1,961,456	\$ 2,050,164
Licenses and permits	110,159	151,726
Fines, fees and forfeitures	121,248	107,473
Charges for services	19,129	15,740
Intergovernmental	73,723	15,717
Interest	40,797	63,025
Contributions	0	0
Other	24,386	17,200
Total revenues	<u>2,350,898</u>	<u>2,421,045</u>
Expenditures		
General Government	565,667	707,006
Judicial	98,574	119,474
Public Safety	0	0
Public Works	419,872	447,046
Culture and Recreation	149,007	153,738
Housing and Development	195,353	213,307
Debt Service		
Principal	0	0
Interest	0	0
Capital Outlay	164,449	18,930
Total expenditures	<u>1,592,922</u>	<u>1,659,501</u>
Excess of revenues over (under) expenditures	<u>757,976</u>	<u>761,544</u>
Other financing sources (uses)		
Transfers in	16,231	112,000
Transfers out	(352,761)	(214,000)
Issuance of capital leases	0	0
Sales of capital assets	3,965	0
Total other financing sources (uses)	<u>(332,565)</u>	<u>(102,000)</u>
Net change in fund balances	425,411	659,544
Fund balance, October 1 (original)	1,475,035	1,900,446
Prior period adjustments	<u>0</u>	<u>0</u>
Fund balance , September 30	<u>1,900,446</u>	<u>2,559,990</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%

Note: Comparative information prior to fiscal year 2004 is not available.

Fiscal Year							
	2006	2007	2008	2009			
\$	2,517,103	\$	2,721,488	\$	2,824,520	\$	2,750,812
	126,486	186,291	137,327	111,484			
	151,238	171,700	135,489	186,801			
	71,190	52,970	45,851	29,900			
	299,616	18,827	11,740	534,270			
	123,885	121,675	102,272	50,981			
	0	132	1,126	747			
	24,323	10,510	41,811	47,647			
	<u>3,313,841</u>	<u>3,283,593</u>	<u>3,300,136</u>	<u>3,712,642</u>			
	670,224	812,830	979,013	951,020			
	178,877	208,740	185,931	253,476			
	0	0	85,007	105,371			
	573,580	635,331	707,357	732,435			
	160,024	75,841	44,692	54,167			
	326,323	534,060	661,314	507,347			
	0	2,454	11,581	11,739			
	0	8,395	2,117	1,938			
	1,336,212	446,090	172,963	454,884			
	<u>3,245,240</u>	<u>2,723,741</u>	<u>2,849,975</u>	<u>3,072,378</u>			
	<u>68,601</u>	<u>559,852</u>	<u>450,161</u>	<u>640,264</u>			
	139,772	2,000	0	48,869			
	(373,613)	(217,647)	(284,296)	(667,438)			
	0	12,988	48,114	0			
	4,631	0	294,980	494,532			
	<u>(229,210)</u>	<u>(202,659)</u>	<u>58,798</u>	<u>(124,037)</u>			
	(160,609)	357,193	508,959	516,227			
	2,559,990	2,399,381	2,772,010	3,280,969			
	0	15,436	0	0			
	<u>2,399,381</u>	<u>2,772,010</u>	<u>3,280,969</u>	<u>3,797,196</u>			
	0.00%	0.48%	0.51%	0.52%			

CITY OF DAHLONEGA, GEORGIA
GOVERNMENTAL FUNDS TAX REVENUES BY SOURCE
LAST SIX FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Intangibles Tax	Franchise Tax	Occupational Tax
2004	\$ 431,263	\$ 12,685	\$ 352,622	\$ 108,363
2005	459,631	12,081	369,402	108,937
2006	639,352	16,951	437,200	112,213
2007	812,855	23,432	454,128	117,176
2008	895,002	28,148	488,607	123,662
2009	917,856	8,306	493,335	126,506
Change 2004 - 2009	112.83%	-34.52%	39.90%	16.74%

Note: Comparative information prior to fiscal year 2004 is not available.

<u>Insurance Premium Tax</u>	<u>Alcoholic Beverages Tax</u>	<u>Hotel/Motel Tax</u>	<u>Local Option Sales Tax</u>	<u>Total</u>
\$ 156,271	\$ 118,244	\$ 83,218	\$ 714,983	\$ 1,977,650
169,355	149,611	87,929	708,370	2,065,316
182,204	140,133	107,244	899,995	2,535,292
190,631	147,210	115,031	837,951	2,698,414
198,849	156,736	129,217	832,447	2,852,668
203,612	166,266	119,547	723,690	2,759,118
30.29%	40.61%	43.65%	1.22%	39.52%

CITY OF DAHLONEGA, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Personal Property				Exemption Adjustments
	Real Property	Motor Vehicles	Mobile Homes	Heavy Equipment	
2000	80,187,660	2,714,766	425,316	0	(2,082,795)
2001	87,857,700	2,971,784	401,777	0	(1,896,760)
2002	96,641,574	3,030,670	393,488	0	(2,001,642)
2003 (1)	137,665,207	3,196,860	487,989	0	(1,856,336)
2004	143,662,554	3,441,780	382,201	0	(1,606,240)
2005	153,850,631	3,863,360	578,594	0	(2,403,839)
2006	172,218,674	4,114,840	539,731	0	(2,450,446)
2007	191,169,276	4,479,710	416,297	15,385	(2,759,674)
2008 (1)	223,443,124	4,070,310	409,680	0	(2,542,905)
2009	236,400,584	5,429,330	447,042	0	(3,359,688)

Source: Georgia Department of Revenue, Property Tax Division

Note: Property in the City is assessed annually. The City assesses property at approximately 40 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Taxes are per \$1,000 of assessed value.

Note (1): There was a property revaluation in 2003 and 2008 that substantially increased real property values.

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
81,244,947	4.00	203,112,368	40%
89,334,501	3.99	223,336,253	40%
98,064,090	3.88	245,160,225	40%
139,493,720	2.93	348,734,300	40%
145,880,295	2.90	364,700,738	40%
155,888,746	2.87	389,721,865	40%
174,422,799	3.62	436,056,998	40%
193,320,994	4.37	483,302,485	40%
225,380,209	3.96	563,450,523	40%
238,917,268	3.95	597,293,170	40%

CITY OF DAHLONEGA, GEORGIA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Tax Year	Fiscal Year	Overlapping Rates		
		City of Dahlonega	Lumpkin County Board of Education	State of Georgia
		Operating Millage	Operating Millage	
1999	2000	4.000	16.000	0.250
2000	2001	3.986	16.000	0.250
2001	2002	3.883	16.750	0.250
2002	2003	2.931	13.250	0.250
2003	2004	2.900	13.250	0.250
2004	2005	2.867	14.250	0.250
2005	2006	3.620	14.190	0.250
2006	2007	4.370	14.190	0.250
2007	2008	3.959	11.860	0.250
2008	2009	3.950	11.840	0.250

Source: Lumpkin County Tax Commissioners Office.

Note 1: Property tax rate is per \$1,000 assessed value.

Note 2: The City of Dahlonega taxes on 40% of assessed value.

Overlapping Rates

Lumpkin County				Total Direct & Overlapping Rates
Operating Millage (Unincorporated)	Operating Millage (Incorporated)	Special Assesment	Total County Millage	
9.750	11.020	0	20.770	41.020
11.590	12.740	0	24.330	44.566
11.995	13.150	0	25.145	46.028
7.483	8.360	0	15.843	32.274
7.308	8.275	0	15.583	31.983
7.277	8.275	0	15.552	32.919
8.052	9.068	0.411	17.531	35.591
8.346	9.385	0.226	17.957	36.767
6.912	7.724	0.187	14.823	30.892
6.893	7.707	0.178	14.778	30.818

CITY OF DAHLONEGA, GEORGIA
PRINCIPAL TAXPAYERS
September 30, 2009

Taxpayer	Fiscal Year					
	2009			2006		
	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ⁽¹⁾	Rank	Percentage of Total Taxable Assessed Value
Koyo Bearings USA (formally Timken USA Corp.)	\$ 9,554,125	1	4.00%	\$ 10,627,229	1	6.09%
Green, Sherman & Roberta	8,849,164	2	3.70%	6,858,267	2	3.93%
Milson Group	4,014,231	3	1.68%			
Dahlonega Group LLC	3,718,498	4	1.56%			
Chestatee Holding Co. LLC	3,619,041	5	1.51%			
Georgia Power Company	2,877,177	6	1.20%	1,599,824	10	0.92%
Birch River Chesatee Co. LLC	2,716,524	7	1.14%			
Windstream Standard Inc.	2,573,088	8	1.08%	3,593,834	5	2.06%
Southern Health Corp of Dahlonega Inc	2,511,774	9	1.05%	2,135,008	6	1.22%
Wal-Mart Stores East Inc.	2,436,050	10	1.02%	6,105,495	3	3.50%
Alladdin Manufacturing Corp.				3,621,645	4	2.08%
Bank of Dahlonega, BB&T				1,645,215	7	0.94%
Clark, E. L. etal				1,619,721	8	0.93%
Greenbriar of Dahlonega Shopping Center				1,606,194	9	0.92%
Total	\$ 42,869,672		17.94%	\$ 39,412,432		17.07%

Source: 2008 and 2005 Lumpkin County Tax Commissioner's Digest - Dahlonega District.

Note: Comparative information prior to fiscal year 2006 is not available.

Note (1): Assessed valuation for principal taxpayers includes real property, personal property and utilities taxes, but does not include motor vehicle taxes. Selection is based on the taxpayers with the largest assessed valuation.

CITY OF DAHLONEGA, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	408,856	392,381	95.97%	14,095	406,476	99.42%
2004	423,053	409,479	96.79%	10,397	419,876	99.25%
2005	446,933	439,029	98.23%	4,976	444,004	99.34%
2006	631,411	615,133	97.42%	12,580	627,714	99.41%
2007	844,813	837,121	99.09%	8,867	845,988	100.14% *
2008	892,280	873,974	97.95%	12,126	886,101	99.31%
2009	943,723	891,905	94.51%	0	891,905	94.51%

Source: Lumpkin County Tax Commissioner's Digest - Dahlonega District.

Note: Comparative information prior to fiscal year 2003 is not available.

Note (*): Collected taxes not on the digest

CITY OF DAHLONEGA, GEORGIA
LOCAL OPTION SALES TAX DISTRIBUTION COMMODITY REPORT
LUMPKIN COUNTY
LAST THREE CALENDAR YEARS

Commodity	2009			2008			2007		
	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total
General	\$ 632,180	1	21.49%	\$ 742,197	1	22.73%	\$ 772,755	3	22.14%
Food	476,912	2	16.21%	573,889	3	17.58%	715,107	1	20.49%
Automotive	355,432	3	12.08%	590,324	2	18.08%	509,795	2	14.60%
Utilities	300,415	4	10.21%	350,997	4	10.75%	313,995	6	8.99%
Miscellaneous									
Services	265,123	5	9.01%	284,601	5	8.72%	158,846	7	4.55%
Manufacturers	241,531	6	8.21%	236,363	6	7.24%	277,504	9	7.95%
Other Retail	229,255	7	7.79%						
Home	164,990	8	5.61%	131,107	9	4.02%	136,036	8	3.90%
Wholesale	82,060	9	2.79%						
Lumber	69,546	10	2.36%	185,651	7	5.69%	390,883	4	11.20%
Miscellaneous	56,113		1.91%	153,864	8	4.71%	199,886	5	5.73%
Accomodations	29,790		1.01%						
Construction	32,685		1.11%						
Apparel	5,620		0.19%	15,818	10	0.48%	16,062	10	0.46%
Total	\$ 2,941,650		100%	\$ 3,264,811		100%	\$ 3,490,868		100%

Source: Information provided by Georgia Department of Revenue - Local Government Services.

Note 1: Data is not available for City of Dahlonega; Lumpkin County totals are reported on this schedule.

Note 2: Comparative information prior to calendar year 2007 is not available.

Note 3: The Georgia Department of Revenue added new commodity codes during 2009.

CITY OF DAHLONEGA, GEORGIA
WATER & SEWAGE UTILITY TEN LARGEST SYSTEM CUSTOMERS
SEPTEMBER 30, 2009

Customer	Type of Business	Total Water Billings	Total Sewer Billings	Total Billings	Percentage of System Revenues
North Georgia College & State University	Senior Military College	\$ 202,597	\$ 189,207	\$ 391,804	14.22%
Koyo Bearings USA (formally Timken USA Corp.)	Manufacturer - Automobile Parts	103,022	108,384	211,405	7.67%
Lumpkin County Board of Education	Local Government	34,898	25,487	60,384	2.19%
Chestatee Medical Center	Hospital	28,533	23,763	52,296	1.90%
Lumpkin County Board of Commissioners	Local Government	25,150	21,829	46,979	1.70%
Gold City Nursing Home	Nursing Home	13,803	11,818	25,620	0.93%
Camp Glisson	Not for Profit - Religious	13,303	11,363	24,665	0.89%
Gold City Personal Care Home	Assisted Living Home	11,845	11,224	23,069	0.84%
Tyson's	Manufacturer - Poultry Processor	11,051	11,860	22,910	0.83%
Holiday Inn Express	Hospitality - Hotel	9,098	8,753	17,851	0.65%
Total		<u>\$ 453,300</u>	<u>\$ 423,685</u>	<u>\$ 876,985</u>	<u>31.82%</u>
Total Water and Sewage sales:		<u><u>\$ 2,756,235</u></u>			

Note: This information is included to comply with continuing disclosure requirements of 2008 Water and Sewerage bond issue.

CITY OF DAHLONEGA, GEORGIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Governmental Activities		Business-Type Activities		
	General	Capital	Water	Notes	Capital
	Obligation Bonds	Leases	& Sewer Bonds	Payable	Leases
2004	0	0	225,000	7,061,120	0
2005	0	0	175,000	6,313,789	0
2006	0	0	120,000	13,181,845	0
2007	0	10,534	60,433	12,823,146	62,897
2008	0	47,067	26,890,682	12,581,247	115,208
2009	0	35,328	26,383,926	12,114,383	84,875

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Note (1): Comparative information prior to fiscal year 2004 is not available.

Note (2): See the Schedule of Demographic and Economic Statistics on pages 132 and 133 for personal income and population data.

Total Primary Government	Percentage of Personal Income	Per Capita⁽²⁾
7,286,120	7.43%	1,760
6,488,789	6.01%	1,522
13,301,845	11.48%	2,993
12,957,010	10.37%	2,843
39,634,204	30.78%	8,522
38,618,512	28.85%	8,098

CITY OF DAHLONEGA, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Available</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Lumpkin County Board of Commissioners	16,254,492	100%	<u>16,254,492</u>
Subtotal, overlapping debt			<u>16,254,492</u>
City of Dahlonega direct debt			<u>38,618,512</u>
Total direct and overlapping debt			<u><u>\$ 54,873,004</u></u>

Source: Debt outstanding data provided by Lumpkin County Finance Office.

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

CITY OF DAHLONEGA, GEORGIA
PLEDGED-REVENUE COVERAGE
WATER & SEWAGE FUND
LAST TEN FISCAL YEARS

Public Utilities Revenue Bonds						
Fiscal Year	Operating Revenue ⁽¹⁾	Less:	Net	Debt Service		Coverage
		Operating Expenses ⁽²⁾	Available Revenue	Principal	Interest	
2000	\$ 1,623,259	\$ 1,232,816	\$ 390,443	\$ 233,637	\$ 281,825	0.76
2001	1,840,320	1,160,686	679,634	295,858	303,380	1.13
2002	2,131,103	1,215,658	915,445	344,509	300,599	1.42
2003	1,955,869	1,271,124	684,745	375,761	369,401	0.92
2004	2,360,189	1,253,472	1,106,717	406,619	350,865	1.46
2005	3,115,122	1,549,567	1,565,555	415,836	311,765	2.15
2006	2,863,208	1,628,650	1,234,558	436,461	447,343	1.40
2007	3,438,834	1,709,249	1,729,585	572,598	487,986	1.63
2008	3,761,146	1,864,654	1,896,492	738,045	933,272	1.13
2009	3,401,029	1,790,825	1,610,204	1,087,798	1,856,012	0.55

Note (1): Total operating revenue including interest.

Note (2): Total operating expenses exclusive of depreciation.

CITY OF DAHLONEGA, GEORGIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year			
	2000	2001	2002	2003
Debt Limit	\$ 8,124,495	\$ 8,933,450	\$ 9,806,409	\$ 13,949,372
Total net debt applicable to limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin	<u>\$ 8,124,495</u>	<u>\$ 8,933,450</u>	<u>\$ 9,806,409</u>	<u>\$ 13,949,372</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Note (1): Under state finance law, the City of Dahlonega's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 14,588,030	\$ 15,588,875	\$ 17,442,280	\$ 19,332,099	\$ 22,538,021	\$ 23,891,727
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u><u>\$ 14,588,030</u></u>	<u><u>\$ 15,588,875</u></u>	<u><u>\$ 17,442,280</u></u>	<u><u>\$ 19,332,099</u></u>	<u><u>\$ 22,538,021</u></u>	<u><u>\$ 23,891,727</u></u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2009

Total Assessed value	\$ 238,917,268
Debt limit (10% of total assessed value) ⁽¹⁾	23,891,727
Debt applicable to limit:	
General obligation bonds	0
Less: Amount set aside for repayment of general obligation debt	<u>0</u>
Total net debt applicable to limit	<u>0</u>
Legal debt margin	<u><u>\$ 23,891,727</u></u>

CITY OF DAHLONEGA, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Lumpkin County Population^(a)	City of Dahlonega Population^(a)	Estimated City of Dahlonega Personal Income (amounts expressed in thousands)^(a)
2000	21,164	3,638	\$ 79,821
2001	21,914	3,767	83,403
2002	22,638	3,891	84,657
2003	23,542	4,047	87,588
2004	24,090	4,141	98,079
2005	24,801	4,263	107,905
2006	25,855	4,444	115,905
2007	26,511	4,557	124,988
2008	27,056	4,651	128,753
2009	27,743	4,769	133,873

Source (a): Information was obtained from Woods & Poole Economics Data Pamphlet

Source (b): Information was obtained from Lumpkin County Board of Education.

Source (c): Information was obtained from Georgia Department of Labor.

	City of Dahlonega Per Capita Personal Income^(a)	Lumpkin County Public School Enrollment^(b)	Lumpkin County Unemployment Rate^(c)
\$	21,941	3,163	2.9%
	22,141	3,232	3.3%
	21,755	3,413	4.1%
	21,644	3,497	3.9%
	23,685	3,520	4.2%
	25,311	3,675	4.7%
	26,079	3,721	4.1%
	27,427	3,344	4.2%
	27,684	3,732	7.0%
	28,072	3,822	11.5%

CITY OF DAHLONEGA, GEORGIA
PRINCIPAL EMPLOYERS/LUMPKIN COUNTY
CURRENT YEAR AND THREE YEARS AGO

<u>Employer</u>	<u>2009</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
North Georgia College & State University	758	1	6.95%	697	1	6.41%
Lumpkin County Board of Education	578	2	5.30%	615	2	5.66%
Lumpkin County Board of Commissioners	262	3	2.40%	286	4	2.63%
Wal-Mart Super Center	218	4	2.00%	265	5	2.44%
Koyo Bearings USA (formally Timken USA Corp.)	175	5	1.61%	251	6	2.31%
Chestatee Regional Hospital	140	6	1.28%	223	7	2.05%
RefigiWear, Inc.	90	7	0.83%	110	8	1.01%
Home Depot	85	8	0.78%	92	9	0.85%
The Louve Shop	80	9	0.73%			
Poly Portables	80	10	0.73%			
Mohawk Industries				350	3	3.22%
Hidden Lake Academy				83	10	0.76%
Total	<u>2,466</u>		<u>22.58%</u>	<u>2,972</u>		<u>27.34%</u>

Source: 2009 employer data was based on a article from The Dahlonega Nugget and a phone survey. 2006 employer data was obtained from Lumpkin County Board of Commissioners.

Note 1: Percentage of employment data in 2006 and 2009 was based on estimated annual average employment of 10,870 & 10,920, respectively, which was obtained from Woods & Poole 2010 Economic Data Pamphlet.

Note 2: Comparative information prior to fiscal year 2006 is not available.

CITY OF DAHLONEGA, GEORGIA
FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST FIVE FISCAL YEARS

Function	Full-time Employees as of September 30,				
	2005	2006	2007	2008	2009
Primary government					
General Government	4	5	6	7	7
Judicial	1	1	1	1	1
Public Works	8	10	11	11	10
Culture and Recreation	1	1	0	0	0
Housing and Development	3	3	3	2	2
Water and Sewer	17	15	15	17	15
Solid Waste	6	6	6	6	5
Total primary government	<u>40</u>	<u>41</u>	<u>42</u>	<u>44</u>	<u>40</u>
Component unit					
Housing and Development Dahlonega Downtown Development Authority	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total employees	<u><u>40</u></u>	<u><u>42</u></u>	<u><u>43</u></u>	<u><u>45</u></u>	<u><u>41</u></u>

Note: Comparative information prior to fiscal year 2005 is not available.

CITY OF DAHLONEGA, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TWO FISCAL YEARS

Function	Fiscal Year	
	2008	2009
General Government		
Number of accounts payable checks issued	3,105	3,011
Number of payroll checks issued	2,634	2,567
Highways and streets		
Miles of right-of-way maintained	37.8	37.8
Sanitation		
Refuse collected (tons)	3,083	3,253
Recyclables collected (tons)	97	91
Water System (MGD -Millions of Gallons per Day)		
Number of service connections	2,066	2,102
Daily average consumption in gallons	0.910	0.898
Sewer System (MGD -Millions of Gallons per Day)		
Number of service connections	1,344	1,402
Daily average treatment in gallons	0.482	0.488

Source: Various City Departments.

Note 1: Indicators are not available for the general government function.

Note 2: Comparative information prior to fiscal year 2008 is not available.

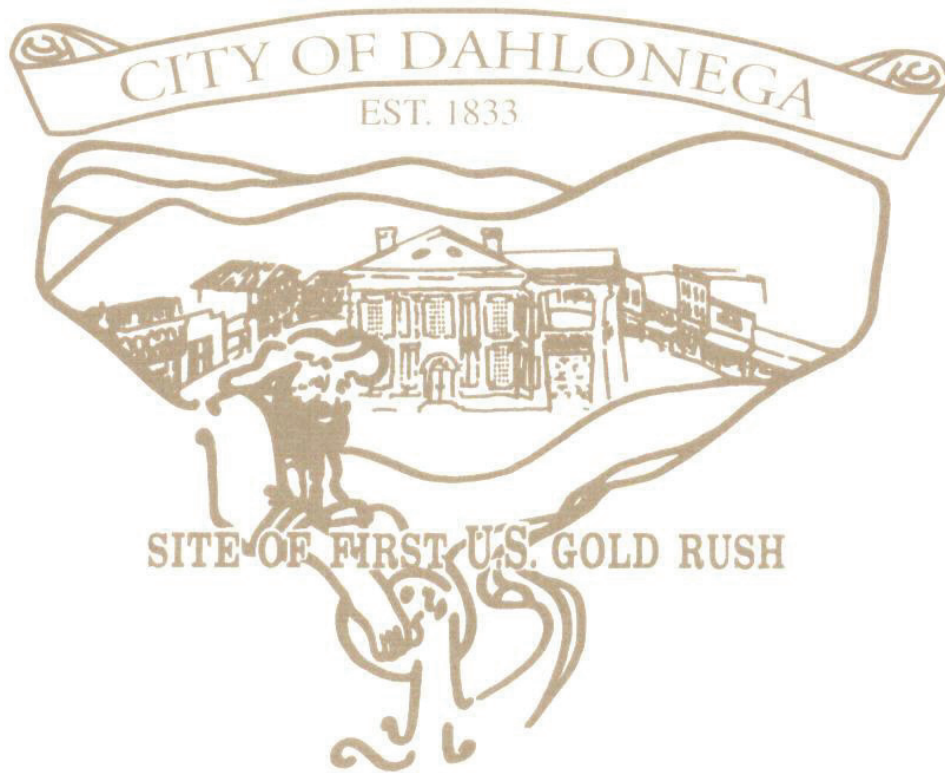
CITY OF DAHLONEGA, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TWO FISCAL YEARS

Function	Fiscal Year	
	2008	2009
Highways and streets		
Miles of streets	37.8	37.8
Culture and Recreation		
Parks	3	3
Park acreage	3.58	3.58
Water and Sewerage System (MGD - Millions of Gallons per Day)		
Water System:		
Number of miles of water mains	56	58
Number of fire hydrants	433	433
Number of water treatment plants	1	1
Number of wells	2	2
Maximum daily capacity of treatment plants in gallons	1.5 MGD	1.5 MGD
Sewer System:		
Miles of sanitary sewers	40	42
Number of wastewater treatment plants	1	1
Maximum daily capacity of treatment plant in gallons	1.1 MGD	1.1 MGD
Solid Waste		
Collection Trucks	4	4

Source: Various City Departments.

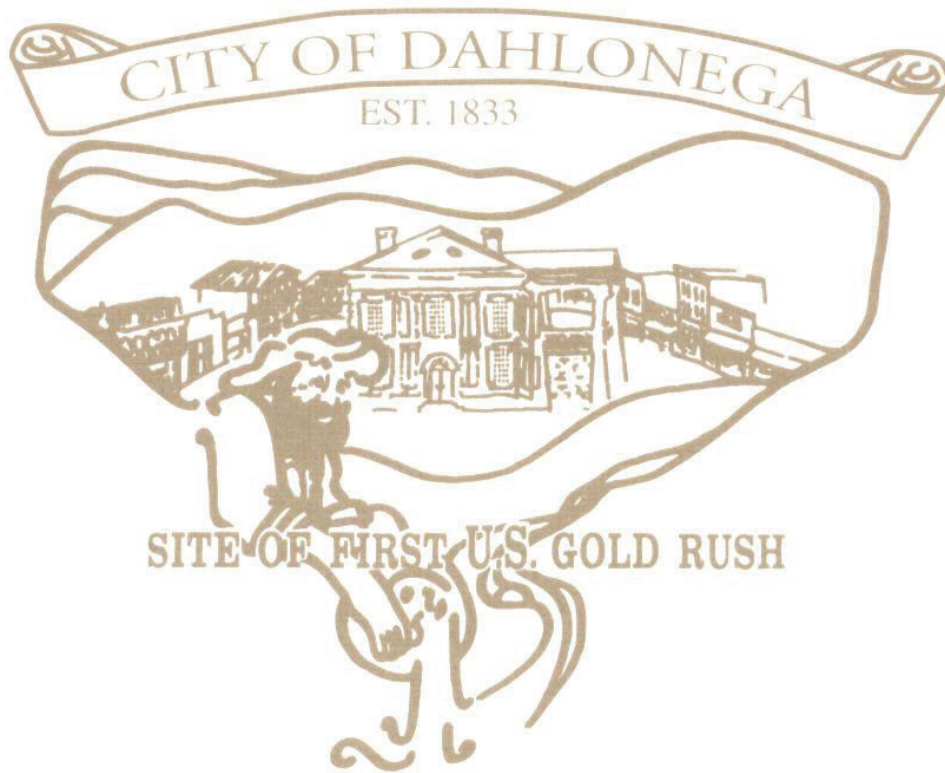
Note 1: No capital asset indicators are available for the general government function.

Note 2: Comparative information prior to fiscal year 2008 is not available.



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OTHER REPORTING SECTION



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**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*.**

Honorable Mayor and
Members of the City Council
City of Dahlonega, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of and for the fiscal year ended September 30, 2009, which collectively comprise the City of Dahlonega, Georgia's basic financial statements, and have issued our report thereon dated January 26, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Dahlonega, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Dahlonega, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Dahlonega, Georgia's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Dahlonega, Georgia's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dahlonega, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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*:

We noted certain other matters involving the internal control over financial reporting that we have reported to management of the City of Dahlonega, Georgia in a separate letter dated January 26, 2010.

This report is intended solely for the information and use of the City Council, management, and others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rushton & Company

Certified Public Accountants

Gainesville, Georgia
January 26, 2010

**Report on Compliance with Requirements Applicable to Each Major
Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133**

Honorable Mayor and
Members of the City Council
City of Dahlonega, Georgia

Compliance

We have audited the compliance of the City of Dahlonega, Georgia with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The City of Dahlonega, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Dahlonega, Georgia's management. Our responsibility is to express an opinion on the City of Dahlonega, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Dahlonega, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Dahlonega, Georgia's compliance with those requirements.

In our opinion, the City of Dahlonega, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control over Compliance

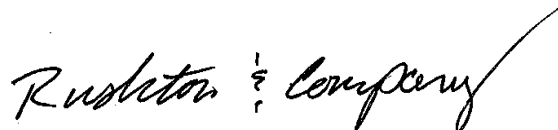
The management of the City of Dahlonega, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Dahlonega, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Dahlonega, Georgia's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Dahlonega, Georgia's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City of Dahlonega, Georgia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City of Dahlonega, Georgia's, internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Rushton & Company". The signature is written in a cursive style with a large, sweeping flourish at the end.

Certified Public Accountants

Gainesville, Georgia
January 26, 2010

CITY OF DAHLONEGA, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended September 30, 2009

<u>Federal Grant/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Through Number</u>	<u>Expenditures</u>
<u>Department of Agriculture</u>			
Passed through the Georgia Forestry Commission Cooperative Forestry Assistance	10.664	08:05	\$ 20,000
<u>Department of Housing and Urban Development</u>			
Passed through the Georgia Department of Community Affairs Community Development Block Grant	14.228	06q-x-093-2-3279	258,166
<u>Appalachian Regional Commission</u>			
Passed through the Georgia Department of Community Affairs Appalachian Area Development	23.002	078-x-093-2-3391	170,764
Passed through the Tennessee Valley Authority Appalachian Area Development	23.002	00078469	261,829
Total Appalachian Regional Commission			432,593
Total Federal Awards			\$ 710,759

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

CITY OF DAHLONEGA, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2009

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards is a summary of the expenditures relating to the City's federal award programs. The schedule is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF DAHLONEGA, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended September 30, 2009

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	None reported

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No
Identification of major programs:	
23.002 Appalachian Area Development	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

CITY OF DAHLONEGA, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended September 30, 2009

2. Financial Statement Findings

A. Material Noncompliance

None reported.

B. Significant Deficiencies

None reported.

C. Prior Year Audit Findings Follow-Ups

None reported.

3. Federal Award Findings and Questioned Costs

A. Material Noncompliance

None reported.

B. Significant Deficiencies

None reported.

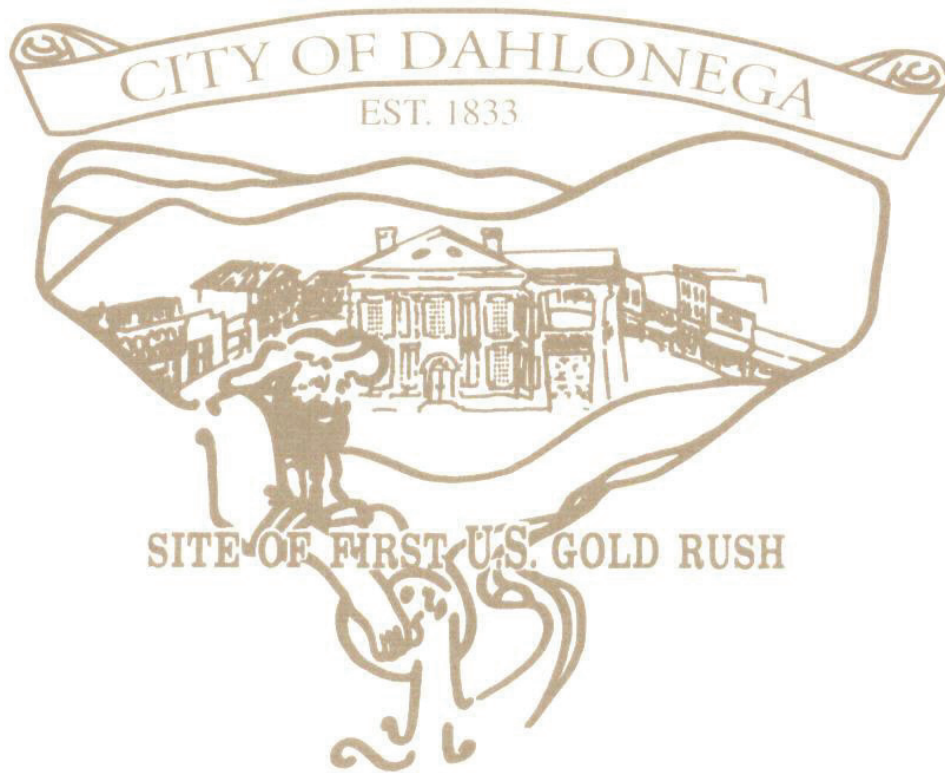
C. Prior Year Audit Findings Follow-Ups

None reported.

CITY OF DAHLONEGA, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended September 30, 2009

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<u>2008 Referendum</u>					
Water Treatment Facilities					
Debt Service	\$ 4,359,600	\$ 4,359,600	\$ 100,202	\$ 521,491	\$ 621,693

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.



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