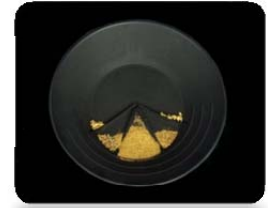


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014



DAHLONEGA

GEORGIA, USA



Explore and Enjoy Our Heritage

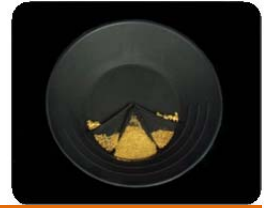
MAIN STREET



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, 2014

SUBMITTED BY:

FINANCE DEPARTMENT





DAHLONEGA

L G H F EST. 1833

FIRST MAJOR U.S. GOLD RUSH

INTRODUCTORY SECTION



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INTRODUCTORY SECTION

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Dahlonega
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO



ELECTED AND APPOINTED OFFICIALS

September 30, 2014

ELECTED OFFICIALS

Mayor..... Gary McCullough
 Council Member – Post 1.....Roman Gaddis
 Council Member – Post 2... Michael Clemons
 Council Member – Post 3.....Mitchell Ridley
 Council Member – Post 4.....Bruce Hoffman
 Council Member – Post 5.....Sam Norton
 Council Member – Post 6.....Terry Peters
 Municipal Judge.....Hammond Law

APPOINTED OFFICIALS

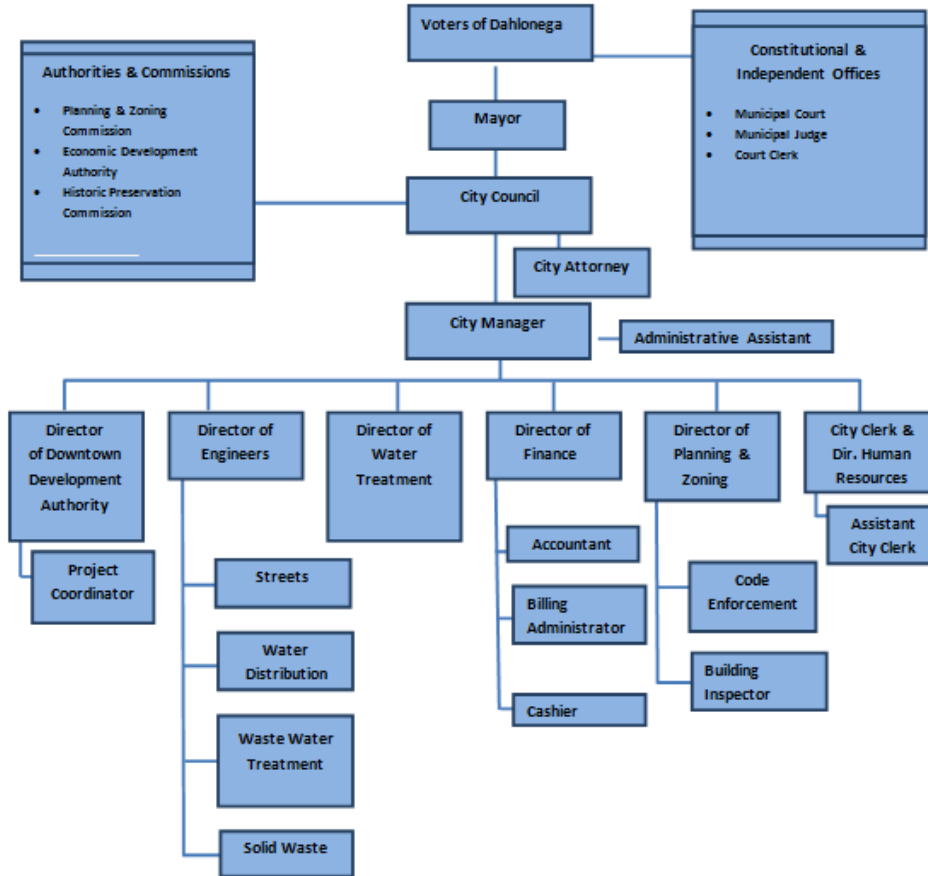
Assistant City Manager.....Lou Stewart
 City Attorney.....Doug Parks
 City Clerk.....Angela Wirth
 Public Works Director..... Mark Buchanan
 Water Plant Superintendent.....John Jarrard
 Planning Director.....Patricia Head
 Downtown Development Authority
 Director.....Joel Cordle



CITY OF DAHLONEGA ORGANIZATION CHART

September 30, 2014

City of Dahlonega Organizational Chart





February 9, 2015

**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, 2014 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 sixth 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 2014. The audit issued an unmodified opinion for the 2014 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

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 6,049. 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 Coin 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 over 15,000 undergraduate and graduate students.



The City of Dahlonega has been honored with being designated a Preserve America Community. It is one of thirty seven 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 City was also designated as a National Main Street Community as well as an Appalachian Trail Community and a Tree Community.



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 Department develop this document which is submitted to the mayor and City Council for adoption. The City includes all governmental funds (General, SPLOST, Multiple Grant, Hotel/Motel Tax, & Streetscape), enterprise funds (Water/Sewage & Solid Waste), and component units (Dahlonega Downtown Development Authority) 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 several years, through ongoing efforts of the Convention and Visitors Bureau, the tourism industry in Dahlonega has grown. With historic interests, outdoor recreational activities, five local wineries and vineyards, and two tasting rooms, 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 over 15,000 resident and commuter students.

In 2014 Dahlonega has had tentative signs of recovery from the downturned economy but unemployment continues to be slightly elevated at 7.3%. The manufacturing sector has rehired some of the previous years' layoffs but is not at full capacity to date.

	Unemployment (Lumpkin Co.)	Building Permits (City)
2014	7.3%	156
2013	8.3%	175
2012	8.3%	47
2011	10.3%	47
2010	9.9%	47
2009	11.5%	69
2008	7.0%	77

Building permits remained steady during 2014. The housing and banking crisis had led to a continued slowing of much development within the City, but recovery appears to be prevalent as developers are finishing projects and starting new ones.

Dahlonega's tourism industry continues to show steady growth and improvement.

LONG-TERM FINANCIAL PLANNING

Unassigned fund balance in the General Fund is \$2,309,948 or 69 percent of the 2014 annual revenue budget. The City maintains these funds to provide cash flow throughout the year and as a buffer against unforeseen events. Subsequent to year end the City assigned \$1.2 million of its fund balance to upcoming downtown streetscape projects.

The Water and Sewage fund issued revenue bonds during 2008 to construct a new water treatment facility. This facility was completed in June of 2010. This plant replaced the City's only water treatment plant which was approaching the end of its useful life. The new plant can produce up to

six million gallons of potable water daily and can be expanded to ten million gallons daily in the future. This new plant will provide 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 on an ongoing basis.

MAJOR INITIATIVES

The City has temporarily suspended the planning stage for a new city hall building. A site has been chosen and land purchased. \$650,000 of fund balance has been assigned for this purpose. The Council hopes to move forward with this project when funds are available and economic factors are in the City's favor.

The City continues the planning and design for the downtown streetscape projects with planned construction to begin in FY 2015. The City has recently been awarded \$5.1 million from Federal Highway for the continuance of the downtown streetscape initiatives.

AWARDS AND ACKNOWLEDGEMENTS

The City has submitted its last five Comprehensive Annual Financial Reports to the Governmental Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting award program. The City was awarded the Certificate of Achievement for Excellence in Financial Reporting each of the five years.

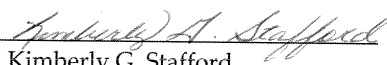
In order to be awarded a Certificate of Achievement the government has to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements. The City has made a commitment to the citizens to develop and cultivate a professional organization and this is one of many steps in achieving that goal.

A Certificate of Achievement is valid for a period of only one year. 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 third 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 providing the resources to deliver needed quality services and for improving the quality of life for Dahlongega's citizens.

Respectfully,

City of Dahlongega
Department of Finance

By: 
Kimberly G. Stafford

FINANCIAL SECTION





Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 18 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dahlonega, Georgia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, the statistical section, and the schedule of projects financed with special purpose local option sales tax are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Dahlonega, Georgia's basic financial statements for the year ended September 30, 2013, which are not presented with the accompanying financial statements. In our report dated February 19, 2014, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dahlonega, Georgia's basic financial statements as a whole. The individual fund financial statements and schedules related to the 2013 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and schedules related to the 2013 financial statements are the responsibility of management and were derived from and are related directly to the underlying accounting and other records used to prepare the 2013 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2015, on our consideration of the City of Dahlonega, Georgia internal control over financial reporting and on 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 the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dahlonega, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
February 9, 2015



FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2014

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, 2014. 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 \$23,042,410. Of this, \$6,800,165 (29.51%) represents unrestricted net position which may be used to meet the City's ongoing obligations.
- At the close of the fiscal year, the net position of the City's governmental activities was \$9,713,813. This represents an increase of \$539,057 (5.88%) over the prior year net position balance for governmental activities.
- At the close of the fiscal year, the net position of the City's business-type activities was \$13,328,597. This represents a decrease of \$429,835 (3.12%) under the prior year net position 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 \$4,094,140, an increase of \$459,052 from the prior year. At the close of the fiscal year, the General Fund's unassigned fund balance, which is

available for spending at the City's discretion, is \$2,309,948 or 56.42% of the governmental funds' combined ending fund balance.

- The General Fund had revenues of \$3,460,186 for the current fiscal year. Of this amount \$1,011,833 (29.24%) was from property taxes and \$745,133 (21.53%) was from sales taxes.

Debt Obligations

- The City did not have any long-term debt obligations from the governmental activities during fiscal year 2014.
- Long-term debt obligations from the business-type activities decreased \$1,258,314 (3.67%) from \$34,343,686 at September 30, 2013, to \$33,085,372 at September 30, 2014.

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 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 Position - presents information on all of the City's assets and liabilities, with the difference between the two reported as net position.

Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 28 through 30 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 principle 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 Position and the Statement of Activities) and governmental funds are provided following the governmental fund financial statements.

The City has two major and three non-major governmental funds. The City's major governmental funds are the General Fund and 2014 SPLOST Fund. The City's non-major governmental funds are the Multiple Grant Fund, Hotel/Motel Tax Fund, SPLOST Fund, and the Streetscape 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 Sewage Fund and Solid Waste Fund.

The basic proprietary fund financial statements can be found on pages 36 through 39 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 42 through 72 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 74 through 111 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's net position for governmental activities increased \$539,057, or 5.88%, during the year ending September 30, 2014. Net investment in capital assets increased \$55,539, restricted net position decreased \$206,724, and unrestricted net position increased \$690,242. Unrestricted net position is available to finance governmental operations. The City maintains a large amount of its net position in cash to enable the City to have funds for emergencies and avoid short term borrowing.

Approximately 24.33% of the City's governmental activities revenues came from property taxes and approximately 47.13% came from sales and other taxes. Combined the City is dependent on taxes for approximately 71.46% of its governmental activities revenues.

Following is a summary of the City's Statement of Net Position as found on pages 28 and 29 of this report.

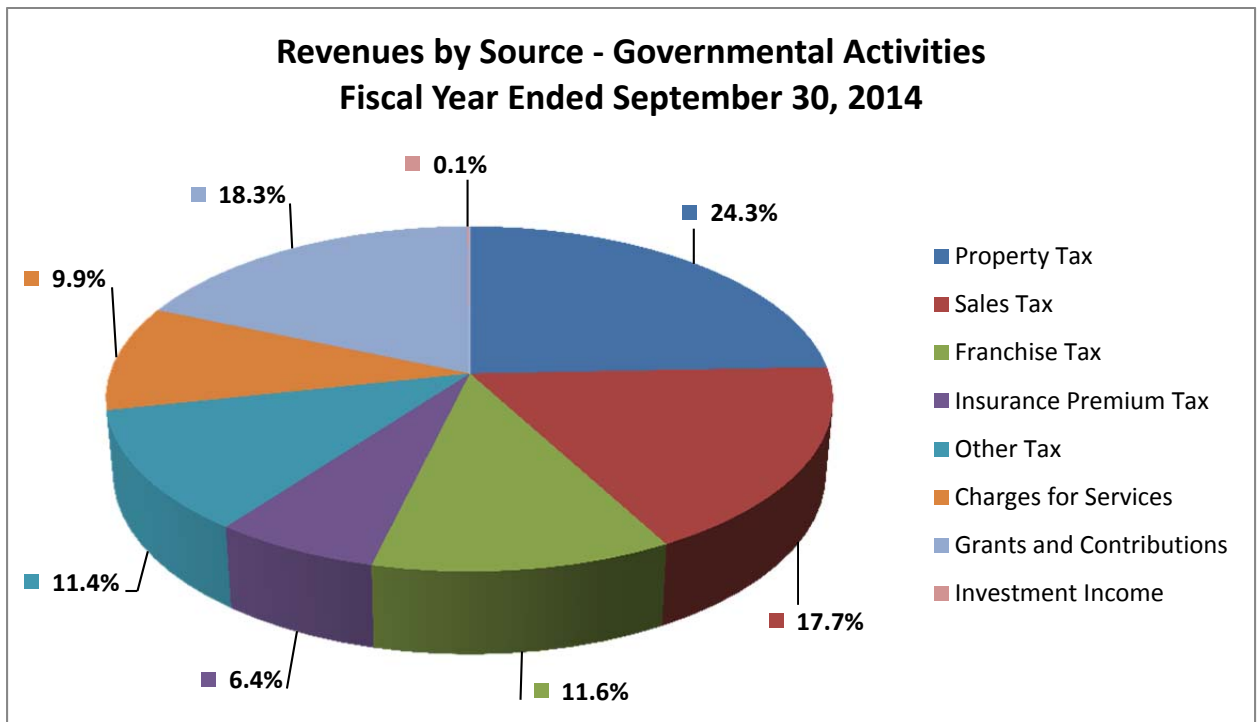
	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Current assets	\$ 5,108,593	\$ 5,490,033	\$ 5,763,573	\$ 6,000,061	\$ 10,872,166	\$ 11,490,094
Capital assets	5,598,272	4,488,191	43,746,394	45,119,124	49,344,666	49,607,315
Total assets	<u>10,706,865</u>	<u>9,978,224</u>	<u>49,509,967</u>	<u>51,119,185</u>	<u>60,216,832</u>	<u>61,097,409</u>
Current liabilities	262,647	938,790	1,507,352	1,424,938	1,769,999	2,363,728
Noncurrent liabilities	7,141	10,738	34,340,246	35,470,069	34,347,387	35,480,807
Total liabilities	<u>269,788</u>	<u>949,528</u>	<u>35,847,598</u>	<u>36,895,007</u>	<u>36,117,386</u>	<u>37,844,535</u>
Deferred inflows of resources	723,264	795,188	0	0	723,264	795,188
Net investment in capital assets	5,138,468	4,477,984	11,091,994	11,446,338	16,230,462	15,924,322
Restricted	516,149	1,061,542	194,395	22,823	710,544	1,084,365
Unrestricted	3,333,580	3,489,170	2,946,946	3,351,427	6,280,526	6,840,597
Total net position	<u>\$ 8,988,197</u>	<u>\$ 9,028,696</u>	<u>\$ 14,233,335</u>	<u>\$ 14,820,588</u>	<u>\$ 23,221,532</u>	<u>\$ 23,849,284</u>

Net position for business-type activities decreased \$429,835, or 3.12%. Restricted net position decreased by \$64,216, or 31.96%. Unrestricted net position decreased by \$51,041, or 1.70%. 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 decreased by \$314,578, or 2.98%. The City uses these capital assets to provide services to the customers of the City; consequently, this net position is not available for future spending. This net position represents a capital investment in the business-type activities of the City. The decrease in this net position class is the effect of continued depreciation of the City's capital assets.

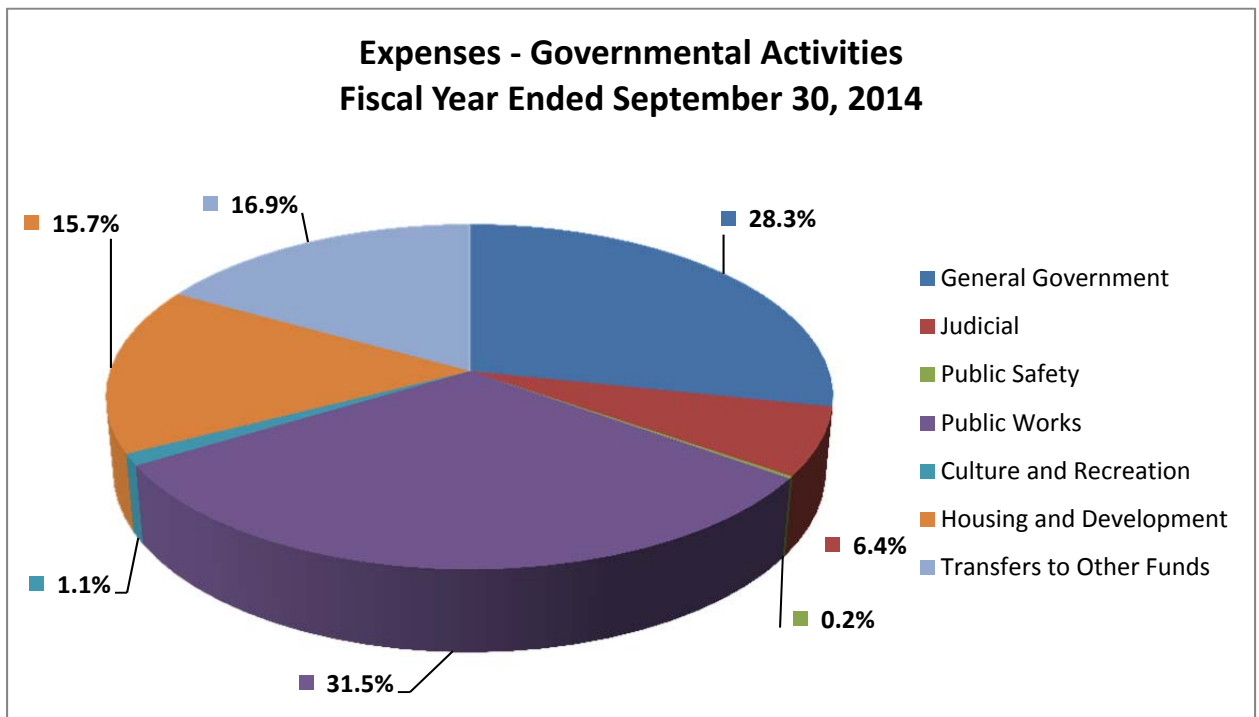
Following is a summary of the City's Statement of Activities as found on page 30 of this report.

Revenues	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	\$ 415,815	\$ 384,775	\$ 5,080,520	\$ 4,464,006	\$ 5,496,335	\$ 4,848,781
Operating grants and contributions	21,739	48,858	0	0	21,739	48,858
Capital grants and contributions	750,691	968,085	604	0	751,295	968,085
General revenues:						
Property taxes	1,025,084	919,297	0	0	1,025,084	919,297
Sales taxes	745,133	732,042	0	0	745,133	732,042
Other taxes	1,240,803	1,220,734	0	0	1,240,803	1,220,734
Interest and investment earnings	5,202	10,243	105,522	112,426	110,724	122,669
Miscellaneous revenue	9,569	17,088	3,166	1,279	12,735	18,367
Total revenues	4,214,036	4,301,122	5,189,812	4,577,711	9,403,848	8,878,833
Expenses						
General government	1,038,602	1,325,328	0	0	1,038,602	1,325,328
Judicial	235,365	226,361	0	0	235,365	226,361
Public Safety	7,420	14,336	0	0	7,420	14,336
Public Works	1,157,314	1,205,726	0	0	1,157,314	1,205,726
Culture and Recreation	39,822	33,482	0	0	39,822	33,482
Housing and Development	577,068	485,038	0	0	577,068	485,038
Water and Sewage	0	0	5,338,885	5,251,093	5,338,885	5,251,093
Solid Waste	0	0	657,150	480,443	657,150	480,443
Total expenses	3,055,591	3,290,271	5,996,035	5,731,536	9,051,626	9,021,807
Increase (decrease) in net position before transfers	1,158,445	1,010,851	(806,223)	(1,153,825)	352,222	(142,974)
Transfers	(619,388)	(824,292)	619,388	824,292	0	0
Increase (decrease) in net position	539,057	186,559	(186,835)	(329,533)	352,222	(142,974)
Net position - beginning (original)	9,174,756	8,988,197	13,758,432	14,233,335	22,933,188	23,221,532
Prior period adjustments	0	0	(243,000)	(145,370)	(243,000)	(145,370)
Net position - beginning (restated)	9,174,756	8,988,197	13,515,432	14,087,965	22,690,188	23,076,162
Net position - ending	\$ 9,713,813	\$ 9,174,756	\$ 13,328,597	\$ 13,758,432	\$ 23,042,410	\$ 22,933,188

The following chart illustrates revenues of the governmental activities for the fiscal year:



The following chart illustrates the expenses of the governmental activities for the fiscal year:



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, unassigned 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 \$4,094,140, with \$66,009 reported as nonspendable, \$252,358 reported as restricted, \$1,465,825 reported as assigned, and the remaining amount of \$2,309,948 reported as unassigned.

The General Fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,309,948. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures for fiscal year 2014. Unassigned fund balance represents 80.9% of total General Fund expenditures. The net change in the General Fund's fund balance for the year ended September 30, 2014 was an increase of \$170,486. The increase, in part, is due to actual revenues exceeding budget projections and some delayed capital projects.

The 2014 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%. The 2014 SPLOST fund generated revenues of \$247,057 and the fund balance at September 30, 2014 was \$247,161 as the City is

accumulating 2014 SPLOST fund balance to begin the improvements at the Wastewater Treatment Plant beginning in FY 2015.

Enterprise Funds

The Enterprise Funds are comprised of the Water and Sewage Fund and the Solid Waste Fund. The net change in the total Enterprise Funds' net position balance for the year ended September 30, 2014 was a decrease before transfers of \$806,223 and after transfers a decrease of \$186,835. Interest expense related to 2008 bond issue remains a large expense for the Water and Sewage Fund. The total net position for the Enterprise Funds at the beginning of the fiscal year was \$13,758,432 and net position at the end of the fiscal year was \$13,328,597.

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 approximately \$256,000 and increased expenditures and other financing uses by approximately \$388,418. The final budget reflected an anticipated \$504,790 use of prior fund balance with actual fund balance increasing by \$170,486.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

At September 30, 2014, the City reported \$46,100,574 in capital assets net of accumulated depreciation. This is a decrease of \$1,522,226 or 3.2% under fiscal year 2013.

Additional information on the City's capital assets can be found in Note 8 in the Notes to the Financial Statements beginning on page 61 of this report.

At September 30, 2014, the City reported long-term debt of \$33,085,372 net of unamortized bond discounts. This is a decrease of \$1,258,314 or 3.7% under fiscal year 2013. Additional information about the City's long-term debt activity can be found in Note 10 in the Notes to the Financial Statements beginning on page 63.

In conclusion, the City of Dahlonega finished the year with an increase in fund balance and an increase in net position. The property tax digest decreased while the property tax millage rate remained unchanged at 4.739. 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 POSITION
September 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,909,140	\$ 2,069,388	\$ 5,978,528	\$ 110,618
Restricted assets				
Cash and cash equivalents	5,197	990,682	995,879	12,315
Investments	0	2,239,411	2,239,411	0
Receivables (net)				
Accounts	2,052	585,025	587,077	0
Taxes	918,139	0	918,139	0
Fines	63,418	0	63,418	0
Intergovernmental	148,887	0	148,887	100
Inventory	14,044	146,220	160,264	0
Prepaid items	51,965	458,745	510,710	6,699
Internal balances	(4,249)	4,249	0	0
	<u>5,108,593</u>	<u>6,493,720</u>	<u>11,602,313</u>	<u>129,732</u>
Total current assets				
Noncurrent assets				
Capital assets				
Non-depreciable	2,206,762	3,333,139	5,539,901	0
Depreciable (net)	3,391,510	37,169,163	40,560,673	0
	<u>5,598,272</u>	<u>40,502,302</u>	<u>46,100,574</u>	<u>0</u>
Total noncurrent assets				
Total assets	<u>10,706,865</u>	<u>46,996,022</u>	<u>57,702,887</u>	<u>129,732</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current liabilities				
Payables				
Accounts	112,856	79,649	192,505	16
Intergovernmental	5,539	3,753	9,292	0
Interest	0	25,910	25,910	0
Accrued payroll liabilities	18,210	18,974	37,184	2,638
Compensated absences	26,864	49,698	76,562	3,139
Unearned revenue	99,178	135,450	234,628	0
Notes payable	0	724,859	724,859	0
Liabilities payable from restricted assets				
Interest payable	0	107,758	107,758	0
Customer deposits payable	0	147,650	147,650	0
Revenue bonds payable	0	685,000	685,000	0
	<u>262,647</u>	<u>1,978,701</u>	<u>2,241,348</u>	<u>5,793</u>
Total current liabilities				

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET POSITION
September 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Noncurrent liabilities				
Compensated absences	\$ 7,141	\$ 13,211	\$ 20,352	\$ 834
Notes payable	0	8,124,067	8,124,067	0
Revenue bonds payable	0	23,551,446	23,551,446	0
Total noncurrent liabilities	7,141	31,688,724	31,695,865	834
Total liabilities	269,788	33,667,425	33,937,213	6,627
Deferred inflows of resources				
Unavailable revenue - property taxes	723,264	0	723,264	0
NET POSITION				
Net investment in capital assets	5,598,272	10,254,910	15,853,182	0
Restricted for:				
Service awards for citizens	5,197	0	5,197	0
Dahlonega 2000 operations	0	0	0	12,315
Capital outlay	247,161	0	247,161	0
Debt service	0	136,705	136,705	0
Unrestricted	3,863,183	2,936,982	6,800,165	110,790
Total net position	\$ 9,713,813	\$ 13,328,597	\$ 23,042,410	\$ 123,105

CITY OF DAHLONEGA, GEORGIA

STATEMENT OF ACTIVITIES

For the fiscal year ended September 30, 2014

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General Government	\$ 1,038,602	\$ 108,752	\$ 0	\$ 0	\$ (929,850)
Judicial	235,365	178,888	0	0	(56,477)
Public Safety	7,420	0	0	0	(7,420)
Public Works	1,157,314	47,680	21,739	750,691	(337,204)
Culture and Recreation	39,822	0	0	0	(39,822)
Housing and Development	577,068	80,495	0	0	(496,573)
Total governmental activities	3,055,591	415,815	21,739	750,691	(1,867,346)
Business-type activities					
Water and Sewage	5,338,885	4,503,335	0	604	(834,946)
Solid Waste	657,150	577,185	0	0	(79,965)
Total business-type activities	5,996,035	5,080,520	0	604	(914,911)
Total primary government	9,051,626	5,496,335	21,739	751,295	(2,782,257)
Component Unit					
Downtown Development Authority					
Housing and Development	207,035	0	9,093	0	(197,942)
Primary Government					
	Governmental Activities	Business-Type Activities	Total	Component Unit	
Change in net position					
Net (expense) revenue	\$ (1,867,346)	\$ (914,911)	\$ (2,782,257)	\$ (197,942)	
General revenues					
Taxes					
Property	1,025,084	0	1,025,084	0	
Sales	745,133	0	745,133	0	
Franchise	490,264	0	490,264	0	
Insurance premium	270,403	0	270,403	0	
Intangibles	11,312	0	11,312	0	
Alcoholic beverage	171,576	0	171,576	0	
Occupational	116,749	0	116,749	0	
Hotel/Motel	176,394	0	176,394	0	
Other	4,105	0	4,105	0	
Payments from City of Dahlonega	0	0	0	191,150	
Investment income (loss)	5,202	105,522	110,724	(33,703)	
Miscellaneous	9,569	3,166	12,735	250	
Transfers	(619,388)	619,388	0	0	
Total general revenues and transfers	2,406,403	728,076	3,134,479	157,697	
Change in net position	539,057	(186,835)	352,222	(40,245)	
Net position - beginning (original)	9,174,756	13,758,432	22,933,188	163,350	
Prior period adjustments	0	(243,000)	(243,000)	0	
Net position - beginning (restated)	9,174,756	13,515,432	22,690,188	163,350	
Net position - ending	\$ 9,713,813	\$ 13,328,597	\$ 23,042,410	\$ 123,105	

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2014

	<u>General</u>	<u>2014 SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 3,352,319	\$ 159,292	\$ 397,529	\$ 3,909,140
Restricted cash and cash equivalents	5,197	0	0	5,197
Receivables (net)				
Accounts	2,052	0	0	2,052
Taxes	897,264	0	20,875	918,139
Fines	63,418	0	0	63,418
Intergovernmental	1,618	87,869	59,400	148,887
Inventory	14,044	0	0	14,044
Prepaid items	51,965	0	0	51,965
Total assets	\$ 4,387,877	\$ 247,161	\$ 477,804	\$ 5,112,842
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Payables				
Accounts	\$ 71,506	\$ 0	\$ 41,350	\$ 112,856
Intergovernmental	5,539	0	0	5,539
Accrued salaries and payroll expenses	18,210	0	0	18,210
Due to other funds	4,249	0	0	4,249
Unearned revenue	99,178	0	0	99,178
Total liabilities	198,682	0	41,350	240,032
Deferred inflows of resources				
Unavailable revenue - property taxes	778,670	0	0	778,670
Fund balances				
Nonspendable:				
Inventory	14,044	0	0	14,044
Prepaid items	51,965	0	0	51,965
Restricted for:				
Service awards for citizens	5,197	0	0	5,197
Capital outlay	0	247,161	0	247,161
Assigned to:				
Capital outlay	100,000	0	404,369	504,369
City Hall construction	650,000	0	0	650,000
Subsequent year's budget	279,371	0	32,085	311,456
Unassigned	2,309,948	0	0	2,309,948
Total fund balances	3,410,525	247,161	436,454	4,094,140
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,387,877	\$ 247,161	\$ 477,804	\$ 5,112,842

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2014

Total fund balance - total governmental funds	\$	4,094,140
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of \$8,372,647, net of accumulated depreciation of (\$2,774,375), are not financial resources and, therefore, are not reported in the funds.		5,598,272
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These include unavailable deferred property taxes of \$55,406.		55,406
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are compensated absences of (\$34,005).		<u>(34,005)</u>
Net position of governmental activities	\$	<u><u>9,713,813</u></u>

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2014

	General	2014 SPLOST	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	\$ 2,810,063	\$ 0	\$ 176,394	\$ 2,986,457
Licenses and permits	189,247	0	0	189,247
Fines, fees and forfeitures	178,888	0	0	178,888
Charges for services	47,680	0	0	47,680
Intergovernmental	219,537	247,057	305,715	772,309
Interest	5,202	104	17	5,323
Other	9,569	0	0	9,569
Total revenues	3,460,186	247,161	482,126	4,189,473
EXPENDITURES				
Current				
General Government	1,001,130	0	4,931	1,006,061
Judicial	235,365	0	0	235,365
Public Safety	7,420	0	0	7,420
Public Works	1,180,582	0	0	1,180,582
Culture and Recreation	29,123	0	0	29,123
Housing and Development	402,688	0	176,394	579,082
Capital outlay	0	0	74,300	74,300
Total expenditures	2,856,308	0	255,625	3,111,933
Excess (deficiency) of revenues over (under) expenditures	603,878	247,161	226,501	1,077,540
Other financing sources (uses)				
Transfers in	0	0	150,000	150,000
Transfers out	(434,292)	0	(335,096)	(769,388)
Proceeds from sale of capital assets	900	0	0	900
Total other financing sources (uses)	(433,392)	0	(185,096)	(618,488)
Net change in fund balances	170,486	247,161	41,405	459,052
Fund balances, October 1	3,240,039	0	395,049	3,635,088
Fund balances, September 30	\$ 3,410,525	\$ 247,161	\$ 436,454	\$ 4,094,140

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, 2014

Net change in fund balances - total governmental funds \$ 459,052

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 \$445,535 exceed depreciation of (\$389,996) in the current period. 55,539

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. 24,563

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 (\$97) in compensated absences. (97)

Change in net position of governmental activities \$ 539,057

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, 2014

	Budget		Actual	Variance with
	Original	Final		Final
				Budget
REVENUES				
Taxes	\$ 2,736,000	\$ 2,736,000	\$ 2,810,063	\$ 74,063
Licenses and permits	115,250	174,250	189,247	14,997
Fines, fees and forfeitures	185,000	185,000	178,888	(6,112)
Charges for services	27,700	27,700	47,680	19,980
Intergovernmental	18,600	215,600	219,537	3,937
Interest	10,000	10,000	5,202	(4,798)
Other	4,450	4,450	9,569	5,119
Total revenues	<u>3,097,000</u>	<u>3,353,000</u>	<u>3,460,186</u>	<u>107,186</u>
EXPENDITURES				
Current				
General Government				
Legislative	167,250	167,250	155,706	11,544
Executive	203,150	227,723	198,680	29,043
Elections	5,240	5,240	4,682	558
General Administration	635,650	671,650	642,062	29,588
Judicial				
Municipal Court	214,410	237,710	235,365	2,345
Public Safety				
Law Enforcement	21,900	21,900	7,420	14,480
Public Works				
Street Maintenance	717,570	729,605	519,399	210,206
Street Construction	542,260	764,590	508,358	256,232
Shop Department	90,020	90,020	89,080	940
Cemetery	58,170	68,850	63,745	5,105
Culture and Recreation				
Parks	25,660	29,660	29,123	537
Housing and Development				
Building Inspections	196,650	252,150	245,538	6,612
Downtown Development Authority	157,150	157,150	157,150	0
Total expenditures	<u>3,035,080</u>	<u>3,423,498</u>	<u>2,856,308</u>	<u>567,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>61,920</u>	<u>(70,498)</u>	<u>603,878</u>	<u>674,376</u>
Other financing sources (uses)				
Transfers out	(434,292)	(434,292)	(434,292)	0
Proceeds from sale of capital assets	0	0	900	900
Total other financing sources (uses)	<u>(434,292)</u>	<u>(434,292)</u>	<u>(433,392)</u>	<u>900</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(372,372)</u>	<u>(504,790)</u>	<u>170,486</u>	<u>675,276</u>
Fund balances, October 1	<u>372,372</u>	<u>504,790</u>	<u>3,240,039</u>	<u>2,735,249</u>
Fund balances, September 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,410,525</u>	<u>\$ 3,410,525</u>

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2014

	<u>Water and Sewage</u>	<u>Solid Waste</u>	<u>Totals</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,939,845	\$ 129,543	\$ 2,069,388
Restricted assets			
Cash and cash equivalents	990,682	0	990,682
Investments	2,239,411	0	2,239,411
Accounts receivable (net)	501,049	83,976	585,025
Due from other funds	0	4,561	4,561
Inventory	146,220	0	146,220
Prepaid items	443,957	14,788	458,745
Total current assets	<u>6,261,164</u>	<u>232,868</u>	<u>6,494,032</u>
Noncurrent assets			
Capital assets			
Non-depreciable	3,333,139	0	3,333,139
Depreciable (net)	36,683,311	485,852	37,169,163
Total noncurrent assets	<u>40,016,450</u>	<u>485,852</u>	<u>40,502,302</u>
Total assets	<u>46,277,614</u>	<u>718,720</u>	<u>46,996,334</u>
LIABILITIES			
Current liabilities			
Payables			
Accounts	74,406	5,243	79,649
Intergovernmental	3,753	0	3,753
Interest	25,910	0	25,910
Accrued salaries and payroll expenses	14,336	4,638	18,974
Compensated absences	42,599	7,099	49,698
Due to other funds	312	0	312
Unearned revenue	135,450	0	135,450
Notes payable	724,859	0	724,859
Liabilities payable from restricted assets:			
Interest payable	107,758	0	107,758
Customer deposits payable	147,650	0	147,650
Revenue bonds payable	685,000	0	685,000
Total current liabilities	<u>1,962,033</u>	<u>16,980</u>	<u>1,979,013</u>
Noncurrent liabilities			
Compensated absences	11,324	1,887	13,211
Notes payable	8,124,067	0	8,124,067
Revenue bonds payable	23,551,446	0	23,551,446
Total noncurrent liabilities	<u>31,686,837</u>	<u>1,887</u>	<u>31,688,724</u>
Total liabilities	<u>33,648,870</u>	<u>18,867</u>	<u>33,667,737</u>
NET POSITION			
Net investment in capital assets	9,769,058	485,852	10,254,910
Restricted for debt service	136,705	0	136,705
Unrestricted	2,722,981	214,001	2,936,982
Total net position	<u>\$ 12,628,744</u>	<u>\$ 699,853</u>	<u>\$ 13,328,597</u>

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the fiscal year ended September 30, 2014

	Water and Sewage	Solid Waste	Totals
OPERATING REVENUES			
Charges for sales and services	\$ 4,503,335	\$ 577,185	\$ 5,080,520
Other	3,166	0	3,166
Total operating revenues	4,506,501	577,185	5,083,686
OPERATING EXPENSES			
Costs of sales and services	961,838	210,148	1,171,986
Personal services	959,886	381,287	1,341,173
Depreciation	1,708,276	65,715	1,773,991
Total operating expenses	3,630,000	657,150	4,287,150
Operating income (loss)	876,501	(79,965)	796,536
Non-operating revenues (expenses)			
Intergovernmental revenue	604	0	604
Intergovernmental expense	(34,000)	0	(34,000)
Interest revenue	105,295	227	105,522
Interest expense	(1,656,350)	0	(1,656,350)
Other	(18,535)	0	(18,535)
Total non-operating revenues (expenses)	(1,602,986)	227	(1,602,759)
Income (loss) before transfers	(726,485)	(79,738)	(806,223)
Transfers in (out)			
Transfers in	619,388	0	619,388
Change in net position	(107,097)	(79,738)	(186,835)
Net position, October 1 (original)	12,978,841	779,591	13,758,432
Prior period adjustments	(243,000)	0	(243,000)
Net position, October 1 (restated)	12,735,841	779,591	13,515,432
Net position, September 30	\$ 12,628,744	\$ 699,853	\$ 13,328,597

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2014

	Water and Sewage	Solid Waste	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 4,444,056	\$ 572,236	\$ 5,016,292
Payments to suppliers	(933,396)	(235,011)	(1,168,407)
Payments to employees	(962,613)	(381,068)	(1,343,681)
Other receipts	3,166	0	3,166
Net cash provided (used) by operating activities	<u>2,551,213</u>	<u>(43,843)</u>	<u>2,507,370</u>
Cash flows from non-capital financing activities:			
Receipts from other funds	302,247	0	302,247
Payments to other funds	(17,875)	(6,804)	(24,679)
Net cash provided (used) by non-capital financing activities	<u>284,372</u>	<u>(6,804)</u>	<u>277,568</u>
Cash flows from capital and related financing activities:			
Receipts from other funds	335,096	0	335,096
Receipts from other governments	604	0	604
Payments for acquisitions of capital assets	(127,231)	(68,995)	(196,226)
Principal payments - revenue bonds	(580,000)	0	(580,000)
Principal payments - promissory notes	(695,426)	0	(695,426)
Interest paid	(1,643,545)	0	(1,643,545)
Net cash provided (used) by capital and related financing activities	<u>(2,710,502)</u>	<u>(68,995)</u>	<u>(2,779,497)</u>
Cash flows from investing activities:			
Proceeds from sale of investments	6,693,900	0	6,693,900
Purchases of investments	(6,697,989)	0	(6,697,989)
Payments received on notes receivable	56,000	0	56,000
Interest received	105,295	227	105,522
Net cash provided (used) by investing activities	<u>157,206</u>	<u>227</u>	<u>157,433</u>
Net increase (decrease) in cash and cash equivalents	282,289	(119,415)	162,874
Cash and cash equivalents, October 1	<u>2,648,238</u>	<u>248,958</u>	<u>2,897,196</u>
Cash and cash equivalents, September 30	<u><u>\$ 2,930,527</u></u>	<u><u>\$ 129,543</u></u>	<u><u>\$ 3,060,070</u></u>

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2014

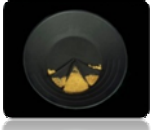
	<u>Water and Sewage</u>	<u>Solid Waste</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash cash provided (used) by operating activities:			
Operating income (loss)	\$ 876,501	\$ (79,965)	\$ 796,536
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,708,276	65,715	1,773,991
(Increase) decrease in accounts receivable	5,470	(4,949)	521
(Increase) decrease in inventory	3,922	0	3,922
(Increase) decrease in prepaid items	11,827	(2,128)	9,699
Increase (decrease) in accounts payable	10,512	(22,735)	(12,223)
Increase (decrease) in intergovernmental payable	2,181	0	2,181
Increase (decrease) in payroll liabilities	(2,727)	219	(2,508)
Increase (decrease) in deposits payable	42,801	0	42,801
Increase (decrease) in unearned revenue	(107,550)	0	(107,550)
Total adjustments	<u>1,674,712</u>	<u>36,122</u>	<u>1,710,834</u>
Net cash provided (used) by operating activities	<u>\$ 2,551,213</u>	<u>\$ (43,843)</u>	<u>\$ 2,507,370</u>
Cash and cash equivalents reconciliation:			
Cash and cash equivalents	\$ 1,939,845	\$ 129,543	\$ 2,069,388
Restricted assets			
Cash and cash equivalents	<u>990,682</u>	<u>0</u>	<u>990,682</u>
Total cash and cash equivalents	<u>\$ 2,930,527</u>	<u>\$ 129,543</u>	<u>\$ 3,060,070</u>

Noncash capital and related financing and investing activities:

Forgiveness of note receivable in the amount of \$34,000 for the fiscal year ended September 30, 2014.



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. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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.

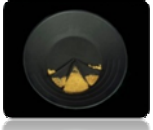
The City of Dahlonega Downtown Development Authority is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Annual Financial Report in the sections labeled "Component Unit". The City of Dahlonega Downtown 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. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the government has one discretely presented component unit. While the Downtown Development Authority is not considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

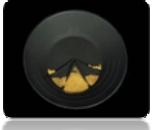
General Fund - The general operating fund of the City is used to account for all financial resources except those required to be accounted for in another fund.

2014 SPLOST Fund - This fund is used to account for long-term projects financed by the passage of a special purpose local option sales tax.

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. Basis of Presentation – Fund Financial Statements, continued

Governmental Fund Types

Additionally, the City reports the following 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.

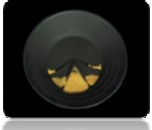
Capital Projects Funds – This fund type is used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

Component Unit

The City of Dahlongega 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 Position.

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 position 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. Basis of Presentation – Fund Financial Statements, continued

Component Unit, continued

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. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting, continued

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Revenues and Expenditures/Expenses

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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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. The principal operating revenues of the Water and Sewage and Solid Waste Funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal services 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.

G. 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.

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 August 31 for the following fiscal year.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting, continued

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, 2014.

H. 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.

I. 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.

J. Inventories

Inventories for the General Fund are valued at cost on the first-in, first-out method and recorded as expenditures when consumed. Inventories of all other funds are valued at cost on the first-in, first-out method.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2014 are recorded as prepaid items. Prepaid items in the governmental funds are recorded as expenditures when consumed.

L. 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.

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended September 30, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Prior to October 1, 2007, neither their historical costs nor related depreciation had historically been reported in the financial statements. For entities the size of the City of Dahlonega, retroactive reporting of infrastructure assets was not required.

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.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets, continued

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

	Useful Life in Years	Capitalization 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

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.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources, continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

N. Net Position Flow Assumption

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

O. Fund Balance Flow Assumption

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Restricted Assets and Restricted Net Position

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.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of reserve.

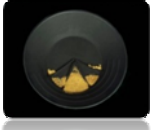
Q. Fund Balances of Governmental Funds

The City implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that are not in spendable form (e.g. supplies, inventories, and prepaid items), amounts that cannot currently be spent (e.g. the long-term portion of loans receivable and non-financial assets held for resale), and amounts that are legally or contractually required to be maintained intact (principal of an endowment or revolving loan fund).

Restricted – includes amounts that are constrained by an external party, such as creditors, grantors, contributors, or laws or regulations of other governments. Also included are amounts on which constraints have been placed by law through constitutional provisions or by enabling legislation and are legally enforceable by external parties. Restrictions may be changed or lifted only with the consent of the resource provider.

Committed – includes amounts on which constraints have been placed by the City Council, the City's highest level decision making authority, through the adoption of a resolution which includes the terms "committed for the purpose of". Commitments may only be changed or rescinded through the adoption of a subsequent resolution that shall refer to the original resolution by number. Resolutions committing amounts must be adopted prior to the end of the fiscal year. However, the amount to be committed may be determined within 90 days of fiscal year-end.



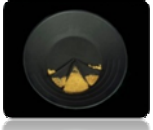
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balances of Governmental Funds, continued

Assigned – includes amounts on which constraints have been placed by the City to use for a special purpose. The City Council may assign amounts through the adoption of a motion made during a public meeting of the Council. The City Council also authorizes the City Manager to assign amounts through a written memorandum. Assignments must be adopted prior to the end of the fiscal year; the amount must also be determined prior to fiscal year-end.

Transfers to special revenue, capital projects, debt service, or permanent funds shall constitute assignments and shall be documented through the adoption of the City’s operating budgets or subsequent budget amendments. Amounts appropriated to eliminate a projected deficit in the subsequent fiscal year’s budget shall constitute assignments and shall be documented through the adopted of the City’s operating budgets. Equity amounts reported in special revenue, capital projects, debt service, or permanent funds not otherwise classified as nonspendable, restricted, or committed shall constitute assignments.

Unassigned – includes amounts reported in the General Fund not otherwise classified as nonspendable, restricted, committed, or assigned. Unassigned amounts are the portion of fund balance that is available for any purpose. Governmental funds other than the General Fund shall not report positive unassigned fund balance. Governmental funds shall not report assignments of fund balance which result in negative unassigned fund balance.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balances of Governmental Funds, continued

The City has established a fund balance target for the General Fund. The fund balance target shall not be less than six months of regular general fund operating revenues or operating expenditures. In calculating the ratio of unassigned fund balance to proposed revenues or expenditures, the latest audited Comprehensive Annual Financial Report (CAFR) shall be compared with the budget in effect when the CAFR is released. The City has established a priority list for designation or appropriation if it is determined there is a surplus (an amount in excess of the upper limit of the fund balance range). If it is determined there is a shortfall (an amount below the lower limit of the fund balance range), the fund balance is to be rebuilt through the following mechanisms in order of priority:

- Distribution of surplus from other related funds as delineated under “Surplus” category.
- An appropriation during the next annual budget process of at least 20% of the difference between the current unassigned fund balance and the fund balance target. If this is not financially feasible, a written plan shall be forwarded by the City Manager to the Council for approval in order to restore the unassigned fund balance to the fund balance target amount within a reasonable time frame. This plan may require reduction of services, increases in taxes, fees, or rates, or some combination thereof.

For the purpose of fund balance classification, the City considers restricted amounts spent first when an expenditure is incurred for which both restricted and unrestricted fund balance is available. Furthermore, the City first considers committed, then assigned, and then unassigned amounts are spent when an expenditure is incurred for purposes of which those unrestricted fund balance classifications are available.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. 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.

S. 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 position. 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.

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.

T. 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.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City’s financial position and operations. Certain 2013 amounts have been reclassified to conform with the 2014 presentation.

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.

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 value.

Credit Risk

At September 30, 2014, the City’s investments in securities were as follows:

Investment	Fair Value	Average Maturity (in years)	Standard and Poor's Credit Rating
FED HOME LN BK DISC NOTE	\$ 2,239,411	< 1	A-1+



CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2014

3. DEPOSIT AND INVESTMENT RISK (CONTINUED)

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, 2014 consist of the following:

Major Funds	
General Fund	\$ 2,052
Enterprise Funds	
Water and Sewage	538,258
Less: Allowances for Uncollectibles	(37,209)
Solid Waste	91,490
Less: Allowances for Uncollectibles	<u>(7,514)</u>
Total Primary Government	<u>\$ 587,077</u>



CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2014

5. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at September 30, 2014 consist of the following:

Major Funds

General Fund

Army Contracting Agency, Southern Region	\$	1,554	
Dahlonega Housing Authority		<u>64</u>	\$ 1,618

SPLOST Capital Projects Fund

Lumpkin County Board of Commissioners			87,869
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Nonmajor Funds

Streetscape Capital Projects Fund

State of Georgia Department of Transportation			<u>59,400</u>
---	--	--	---------------

Total Primary Government			<u>\$ 148,887</u>
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Component Unit

Downtown Development Authority

City of Dahlonega, Georgia			<u>\$ 100</u>
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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 2013, based upon the assessments of January 1, 2013, were levied on September 17, 2013, billed on October 9, 2013, and due on December 9, 2013. Taxes were delinquent and subject to liens on December 10, 2013.

Property taxes for digest year 2014, based upon the assessments of January 1, 2014, were levied on August 19, 2014, billed on September 17, 2014, and due on November 17, 2014. Taxes were delinquent and subject to liens on November 18, 2014. The property taxes for digest year 2014 are for the 2015 budget and unavailable for fiscal year 2014.



**CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of interfund receivables and payables as of September 30, 2014 is as follows:

		<u>Due from:</u>		
		<u>Major Funds</u>		
		<u>General</u>	<u>Water and</u>	
		<u>Fund</u>	<u>Sewage</u>	<u>Total</u>
Due to:				
Major Funds				
Solid Waste	\$	4,249	\$ 312	\$ 4,561
		<u>4,249</u>	<u>312</u>	<u>4,561</u>

The balance reported as Due to/Due from represent loans between the borrow fund and the lender fund. Except 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, 2014 is as follows:

		<u>Transfers out:</u>		
		<u>Major Funds</u>	<u>Nonmajor</u>	
		<u>General</u>	<u>Funds</u>	
		<u>General</u>	<u>SPLOST</u>	<u>Total</u>
Transfers in:				
Major Funds				
Water and Sewage	\$	284,292	\$ 335,096	\$ 619,388
Nonmajor Funds				
Streetscape		150,000	0	150,000
Total	\$	<u>434,292</u>	<u>335,096</u>	<u>769,388</u>

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, 2014

8. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended September 30, 2014 was as follows:

	Balance 9/30/2013	Increases	Decreases	Balance 9/30/2014
Governmental activities				
Non-depreciable assets				
Land	\$ 2,206,762	\$ 0	\$ 0	\$ 2,206,762
Construction in progress	103,697	316,972	(420,669)	0
Total non-depreciable assets	<u>2,310,459</u>	<u>316,972</u>	<u>(420,669)</u>	<u>2,206,762</u>
Depreciable assets				
Buildings and improvements	2,013,104	0	0	2,013,104
Equipment	852,551	139,243	0	991,794
Infrastructure	2,750,998	409,989	0	3,160,987
Total depreciable assets	<u>5,616,653</u>	<u>549,232</u>	<u>0</u>	<u>6,165,885</u>
Accumulated depreciation				
Buildings and improvements	(1,010,252)	(56,383)	0	(1,066,635)
Equipment	(633,668)	(65,702)	0	(699,370)
Infrastructure	(740,459)	(267,911)	0	(1,008,370)
Total accumulated depreciation	<u>(2,384,379)</u>	<u>(389,996)</u>	<u>0</u>	<u>(2,774,375)</u>
Total depreciable assets, net	<u>3,232,274</u>	<u>159,236</u>	<u>0</u>	<u>3,391,510</u>
Governmental activities capital assets, net	<u>\$ 5,542,733</u>	<u>\$ 476,208</u>	<u>\$ (420,669)</u>	<u>\$ 5,598,272</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 3,333,139	\$ 0	\$ 0	\$ 3,333,139
Construction in progress	25,924	85,151	(111,075)	0
Total Non-depreciable assets	<u>3,359,063</u>	<u>85,151</u>	<u>(111,075)</u>	<u>3,333,139</u>
Depreciable assets				
Buildings	22,502,653	0	0	22,502,653
Improvements	3,856,423	0	0	3,856,423
Equipment and vehicles	5,734,745	180,782	0	5,915,527
Water and sewer infrastructure	21,209,612	41,368	0	21,250,980
Total depreciable assets	<u>53,303,433</u>	<u>222,150</u>	<u>0</u>	<u>53,525,583</u>
Accumulated depreciation				
Buildings	(3,042,104)	(748,160)	0	(3,790,264)
Improvements	(1,558,710)	(95,121)	0	(1,653,831)
Equipment and vehicles	(3,797,762)	(296,850)	0	(4,094,612)
Water and sewer infrastructure	(6,183,853)	(633,860)	0	(6,817,713)
Total accumulated depreciation	<u>(14,582,429)</u>	<u>(1,773,991)</u>	<u>0</u>	<u>(16,356,420)</u>
Total depreciable assets, net	<u>38,721,004</u>	<u>(1,551,841)</u>	<u>0</u>	<u>37,169,163</u>
Business-type activities capital assets, net	<u>\$ 42,080,067</u>	<u>\$ (1,466,690)</u>	<u>\$ (111,075)</u>	<u>\$ 40,502,302</u>



CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2014

8. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 54,789
Public Works	315,126
Culture and Recreation	19,149
Housing and Development	932

Total depreciation expense for governmental activities \$ 389,996

Business-type activities

Water and Sewage	\$ 1,708,276
Solid Waste	65,715

Total depreciation expense for business-type activities \$ 1,773,991

9. NOTES RECEIVABLE

On April 3, 2013 the Downtown Development Authority entered into an agreement with the City of Dahlonega for the sale of 6.245 acres of land in the original amount of \$90,000. The City has the option to repurchase the property or the Authority can transfer the property back to the City. Payment is due in full on December 31, 2013. During fiscal year 2014, the Downtown Development Authority sold the property to a third party for \$56,000. The Downtown Development Authority paid \$56,000 on the agreement with the City of Dahlonega and the City forgave the remaining \$34,000.



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.

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at September 30, 2014:

- \$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 was used to repay a portion of the bond debt. The tax collections ended in fiscal year 2014.

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

Year Ending September 30,	Principal	Interest	Total
2015	\$ 685,000	\$ 1,293,094	\$ 1,978,094
2016	105,000	1,265,694	1,370,694
2017	150,000	1,261,494	1,411,494
2018	155,000	1,255,119	1,410,119
2019	510,000	1,248,337	1,758,337
2020-2024	3,680,000	5,819,537	9,499,537
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	\$ 24,595,000	\$ 20,564,713	\$ 45,159,713



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, 2014, the original amounts of these borrowings were \$9,493,375, with a total outstanding balance of \$3,200,090. Monthly installments of principal and interest are due through October 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 \$6,433,843. At September 30, 2014, the balance of this note is \$5,648,836. Monthly installments of principal and interest are due through January 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
2015	\$ 724,859	\$ 297,766	\$ 1,022,625
2016	744,909	267,872	1,012,781
2017	695,832	237,787	933,619
2018	591,952	210,520	802,472
2019	351,804	192,460	544,264
2020-2024	1,227,333	786,773	2,014,106
2025-2029	995,593	614,127	1,609,720
2030-2034	1,009,399	452,865	1,462,264
2035-2039	1,126,352	295,126	1,421,478
2040-2044	1,308,389	113,089	1,421,478
2045	72,504	0	72,504
Totals	\$ 8,848,926	\$ 3,468,385	\$ 12,317,311



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, 2014:

	<u>Balance 9/30/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2014</u>	<u>Due Within One Year</u>
Governmental activities					
Compensated absences	\$ 33,908	\$ 34,005	\$ 33,908	\$ 34,005	\$ 26,864
Business-type activities					
Notes payable	\$ 9,544,352	\$ 0	\$ 695,426	\$ 8,848,926	\$ 724,859
Revenue bonds	25,175,000	0	580,000	24,595,000	685,000
Unamortized bond discount	(375,666)	0	(17,112)	(358,554)	0
Compensated absences	68,306	62,909	68,306	62,909	49,698
Total business-type activities	<u>\$ 34,411,992</u>	<u>\$ 62,909</u>	<u>\$ 1,326,620</u>	<u>\$ 33,148,281</u>	<u>\$ 1,459,557</u>

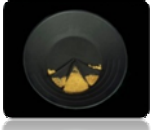
Revenue bond issue costs and discounts/premiums are amortized over the life of the related debt using the straight-line method. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund. The total interest incurred and charged to expense for the fiscal year ended September 30, 2014 was \$1,656,350 for business-type activities.

11. CHANGES IN BEGINNING BALANCES

Business-type Activities

Water and Sewage Enterprise Fund

A prior period adjustment has been made to adjust the beginning balance of unearned revenue. The 2013 amounts for unearned revenue and unrestricted net position have been restated to reflect this adjustment. This adjustment decreased beginning net position by \$243,000.



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 forty 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 reduced benefits at age 55 with ten years of service. Mayor and Council are 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.



12. PENSION PLAN (CONTINUED)

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 benefit multiplier was decreased from 2.25% to 2.00% for service on and after January 23, 2013. 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. Vested employees who have reached age 55 with at least ten 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	21
Terminated vested participants entitled to but not yet receiving benefits	11
Active participants	44
Total number of participants	<u>76</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 24.86% 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 actuarial value of plan assets was determined by using the prior year's actuarial value, plus current year activity, plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The 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. The unfunded actuarially accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at January 1, 2013 varies for the bases, with a net effective amortization period of 10 years. 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 2014, the City's annual pension cost of \$364,373 was equal to the City's recommended and actual contributions. The required contribution was \$364,373. The recommended contribution (projected to October 1, 2013) was computed as part of an actuarial valuation as of January 1, 2013. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 5.5 percent per year compounded annually (3.5 percent and 2.0 percent attributable to merit and inflation, 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
9/30/2009	\$282,269	100%	0
9/30/2010	380,869	100%	0
9/30/2011	363,128	100%	0
9/30/2012	367,821	100%	0
9/30/2013	366,526	100%	0
9/30/2014	364,373	100%	0



12. PENSION PLAN (CONTINUED)

Schedule of Funding Progress

Actuarial Valuation Date	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)
5/1/2009	\$ 1,875,376	\$ 3,740,153	\$ 1,864,777	50.14%	\$ 1,518,853	122.78%
1/1/2010	2,571,306	3,900,120	1,328,814	65.93%	1,596,682	83.22%
1/1/2011	2,964,150	4,240,874	1,276,724	69.89%	1,549,377	82.40%
1/1/2012	3,335,273	4,679,631	1,344,358	71.27%	1,545,896	86.96%
1/1/2013	3,701,217	5,069,167	1,367,950	73.01%	1,428,476	95.76%
1/1/2014	4,119,242	5,163,117	1,043,875	79.78%	1,395,119	74.82%

The actuarial value of assets is calculated as the sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return (7.75%), adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

13. DEFERRED COMPENSATION PLANS

The City provides retirement benefits for its employees through three deferred compensation plans. The Plans were created under Internal Revenue Code Section 457 and are administered by the Georgia Municipal Association, The International City Management Association Retirement Corporation and Nationwide Retirement Solutions, Inc., independent third parties. Under the terms of the Plans, employees may defer a portion of their salary through voluntary contributions to the Plans. Employees may defer up to the maximum allowed by federal law. Employees may choose to contribute to one or multiple Plans. Amounts held in the Plans are not available to the employees until termination, retirement, death, or unforeseeable emergency.

The City has no fiduciary relationship with the Plans, and Plan assets are not available to the City or its general creditors. The Plan assets are held in trust by the administrators for the exclusive benefit of the participants of the Plans. During fiscal year 2014, plan members made voluntary contributions of \$35,204. Beginning January 1, 2013, the City no longer contributes to any of the deferred compensation plans.



14. 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, 2014 follows:

Lodging Tax Receipts	\$176,394
Disbursements to the Dahlonega – Lumpkin County Chamber of Commerce	\$176,394 100% of tax receipts

15. 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 Commission (GMRC) and is required to pay annual dues thereto. During its fiscal year ended September 30, 2014, the City paid \$5,944 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC 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 RC. Separate financial statements may be obtained from Georgia Mountains Regional Commission, 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 2014. Separate financial statements are not issued for this joint venture.



16. 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. The City received \$1,093 as payment-in-lieu-of-taxes for 2014. Separate financial statements may be obtained from Housing Authority of the City of Dahlonega, 90 Thompson Circle, Dahlonega, GA 30553.

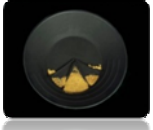
17. RISK MANAGEMENT

Material estimates have been made by management about the life of depreciated capital 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.



17. RISK MANAGEMENT (CONTINUED)

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, 2014, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

18. CONTINGENCIES

The City is a defendant in several lawsuits. Management intends to contest these open cases vigorously. The City's legal counsel has stated that the outcome of these lawsuits is not presently determinable.

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF DAHLONEGA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2014

	<u>Special Revenue</u>		<u>Capital Projects</u>		<u>Total</u>
	<u>Multiple Grant</u>	<u>Hotel/Motel Tax</u>	<u>SPLOST</u>	<u>Streetscape</u>	<u>Nonmajor Governmental Funds</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 32,320	\$ 18,040	\$ 0	\$ 347,169	\$ 397,529
Receivables (net)					
Taxes	0	20,875	0	0	20,875
Intergovernmental	0	0	0	59,400	59,400
Total assets	\$ 32,320	\$ 38,915	\$ 0	\$ 406,569	\$ 477,804
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 235	\$ 38,915	\$ 0	\$ 2,200	\$ 41,350
Fund balances					
Assigned to:					
Capital outlay	0	0	0	404,369	404,369
Subsequent year's budget	32,085	0	0	0	32,085
Total fund balances	32,085	0	0	404,369	436,454
Total liabilities and fund balances	\$ 32,320	\$ 38,915	\$ 0	\$ 406,569	\$ 477,804

CITY OF DAHLONEGA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2014

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
	Multiple Grant	Hotel/Motel Tax	SPLOST	Streetscape	
REVENUES					
Taxes	\$ 0	\$ 176,394	\$ 0	\$ 0	\$ 176,394
Intergovernmental	0	0	246,315	59,400	305,715
Interest	0	0	17	0	17
Total revenues	0	176,394	246,332	59,400	482,126
EXPENDITURES					
Current					
General Government	4,931	0	0	0	4,931
Housing and Development	0	176,394	0	0	176,394
Capital outlay	0	0	0	74,300	74,300
Total expenditures	4,931	176,394	0	74,300	255,625
Excess (deficiency) of revenues over (under) expenditures	(4,931)	0	246,332	(14,900)	226,501
Other financing sources (uses)					
Transfers in	0	0	0	150,000	150,000
Transfers out	0	0	(335,096)	0	(335,096)
Total other financing sources (uses)	0	0	(335,096)	150,000	(185,096)
Net change in fund balance	(4,931)	0	(88,764)	135,100	41,405
Fund balances, October 1	37,016	0	88,764	269,269	395,049
Fund balances, September 30	\$ 32,085	\$ 0	\$ 0	\$ 404,369	\$ 436,454



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, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 3,352,319	\$ 3,328,537
Receivables (net)		
Accounts	2,052	0
Taxes	897,264	937,453
Fines	63,418	69,902
Intergovernmental	1,618	2,646
Inventory	14,044	16,589
Prepaid items	51,965	59,142
Due from other funds	0	27,532
Restricted assets		
Cash and cash equivalents	5,197	5,190
	\$ 4,387,877	\$ 4,446,991
Total assets		
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 71,506	\$ 157,422
Intergovernmental	5,539	12,455
Accrued salaries and payroll expenses	18,210	18,847
Due to other funds	4,249	4,399
Unearned revenue	99,178	187,798
	198,682	380,921
Total liabilities		
 Deferred inflows of resources		
Unavailable revenue - property taxes	778,670	826,031
 Fund balances		
Nonspendable:		
Inventory	14,044	16,589
Prepaid items	51,965	59,142
Restricted for service awards for citizens	5,197	5,190
Assigned to:		
Capital outlay	100,000	100,000
City Hall construction	650,000	1,500,000
Subsequent year's budget	279,371	372,372
Unassigned	2,309,948	1,186,746
	3,410,525	3,240,039
Total fund balances		
 Total liabilities, deferred inflows of resources, and fund balances	\$ 4,387,877	\$ 4,446,991

CITY OF DAHLONEGA, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
REVENUES		
Taxes	\$ 2,810,063	\$ 2,707,456
Licenses and permits	189,247	170,428
Fines, fees and forfeitures	178,888	182,597
Charges for services	47,680	31,750
Intergovernmental	219,537	142,604
Interest	5,202	9,972
Other	9,569	17,087
Total revenues	<u>3,460,186</u>	<u>3,261,894</u>
EXPENDITURES		
Current		
General Government	1,001,130	1,289,474
Judicial	235,365	226,361
Public Safety	7,420	14,336
Public Works	1,180,582	1,190,632
Culture and Recreation	29,123	24,955
Housing and Development	402,688	334,513
Total expenditures	<u>2,856,308</u>	<u>3,080,271</u>
Excess of revenues over expenditures	<u>603,878</u>	<u>181,623</u>
Other financing sources (uses)		
Transfers in (out)		
Water and Sewage Enterprise Fund	(284,292)	(284,292)
Streetscape Capital Projects Fund	(150,000)	(163,445)
Proceeds from sale of capital assets	900	0
Total other financing sources (uses)	<u>(433,392)</u>	<u>(447,737)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	170,486	(266,114)
Fund balances, October 1	<u>3,240,039</u>	<u>3,506,153</u>
Fund balances, September 30	<u><u>\$ 3,410,525</u></u>	<u><u>\$ 3,240,039</u></u>

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES

BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2014

(With comparative actual amounts for the fiscal year ended September 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	\$ 805,615	\$ 793,982	\$ (11,633)	\$ 781,954
Real estate transfer tax	14,000	11,312	(2,688)	15,712
Motor vehicle tax	146,205	201,497	55,292	120,567
Cost, penalties, and interest	6,000	5,042	(958)	6,724
Total general property taxes	971,820	1,011,833	40,013	924,957
Local option sales tax	750,000	745,133	(4,867)	732,042
Franchise tax	474,980	490,264	15,284	497,013
Insurance premium tax	261,000	270,403	9,403	261,157
Alcoholic beverage excise tax	163,000	171,576	8,576	174,592
Occupational tax	112,200	116,749	4,549	116,076
Other taxes	3,000	4,105	1,105	1,619
Total taxes	2,736,000	2,810,063	74,063	2,707,456
Licenses and Permits				
Alcohol licenses	94,250	108,752	14,502	91,347
Building permits	80,000	80,495	495	79,081
Total licenses and permits	174,250	189,247	14,997	170,428
Fines, fees and forfeitures	185,000	178,888	(6,112)	182,597
Charges for Services				
Cemetery	27,700	47,680	19,980	31,750
Intergovernmental	215,600	219,537	3,937	142,604
Interest	10,000	5,202	(4,798)	9,972
Other	4,450	9,569	5,119	17,087
Total revenues	<u>\$ 3,353,000</u>	<u>\$ 3,460,186</u>	<u>\$ 107,186</u>	<u>\$ 3,261,894</u>

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2014

(With comparative actual amounts for the fiscal year ended September 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
General Government				
Legislative				
Personal services	\$ 123,850	\$ 119,654	\$ 4,196	\$ 123,426
Contract services	38,400	34,855	3,545	27,369
Supplies and materials	5,000	1,197	3,803	9,541
Total Legislative	<u>167,250</u>	<u>155,706</u>	<u>11,544</u>	<u>160,336</u>
Executive				
Personal services	158,100	140,484	17,616	172,462
Contract services	39,050	30,107	8,943	26,314
Supplies and materials	6,000	3,516	2,484	3,617
Capital outlay	24,573	24,573	0	0
Total Executive	<u>227,723</u>	<u>198,680</u>	<u>29,043</u>	<u>202,393</u>
Elections				
Contract services	4,990	4,474	516	1,978
Supplies and materials	250	208	42	677
Total Elections	<u>5,240</u>	<u>4,682</u>	<u>558</u>	<u>2,655</u>
General Administration				
Personal services	228,330	214,072	14,258	209,638
Contract services	398,820	384,302	14,518	667,438
Supplies and materials	44,500	43,688	812	36,319
Capital outlay	0	0	0	10,695
Total General Administration	<u>671,650</u>	<u>642,062</u>	<u>29,588</u>	<u>924,090</u>
Total General Government	<u>1,071,863</u>	<u>1,001,130</u>	<u>70,733</u>	<u>1,289,474</u>
Judicial				
Municipal Court				
Personal services	18,650	18,536	114	7,751
Contract services	142,620	141,708	912	151,864
Supplies and materials	1,440	1,358	82	840
Payments to other agencies	75,000	73,763	1,237	65,906
Total Judicial	<u>237,710</u>	<u>235,365</u>	<u>2,345</u>	<u>226,361</u>

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2014

(With comparative actual amounts for the fiscal year ended September 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
Public Safety				
Law Enforcement				
Contract services	\$ 20,680	\$ 6,363	\$ 14,317	\$ 13,296
Supplies and materials	1,220	1,057	163	1,040
Total Public Safety	<u>21,900</u>	<u>7,420</u>	<u>14,480</u>	<u>14,336</u>
Public Works				
Street Maintenance				
Personal services	374,560	305,201	69,359	390,671
Contract services	35,210	31,027	4,183	26,793
Supplies and materials	104,300	94,586	9,714	90,908
Capital outlay	215,535	88,585	126,950	0
Total Street Maintenance	<u>729,605</u>	<u>519,399</u>	<u>210,206</u>	<u>508,372</u>
Street Construction				
Personal services	246,840	210,519	36,321	184,379
Contract services	15,920	13,609	2,311	12,500
Supplies and materials	79,500	52,238	27,262	24,448
Capital outlay	422,330	231,992	190,338	300,404
Total Street Construction	<u>764,590</u>	<u>508,358</u>	<u>256,232</u>	<u>521,731</u>
Shop Department				
Personal services	58,050	57,673	377	56,343
Contract services	7,520	7,344	176	2,456
Supplies and materials	22,250	21,903	347	11,101
Capital outlay	2,200	2,160	40	0
Total Shop Department	<u>90,020</u>	<u>89,080</u>	<u>940</u>	<u>69,900</u>
Cemetery				
Personal services	40,170	35,753	4,417	68,827
Contract services	4,950	4,615	335	2,565
Supplies and materials	13,050	12,697	353	6,671
Capital outlay	10,680	10,680	0	12,566
Total Cemetery	<u>68,850</u>	<u>63,745</u>	<u>5,105</u>	<u>90,629</u>
Total Public Works	<u>1,653,065</u>	<u>1,180,582</u>	<u>472,483</u>	<u>1,190,632</u>

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2014

(With comparative actual amounts for the fiscal year ended September 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
Culture and Recreation				
Parks				
Contract services	\$ 11,590	\$ 11,341	\$ 249	\$ 2,320
Supplies and materials	9,570	9,332	238	18,969
Capital outlay	8,500	8,450	50	3,666
Total Culture and Recreation	<u>29,660</u>	<u>29,123</u>	<u>537</u>	<u>24,955</u>
Housing and Development				
Building Inspections				
Personal services	167,820	165,575	2,245	150,683
Contract services	72,285	68,322	3,963	16,481
Supplies and materials	7,250	6,846	404	5,404
Capital outlay	4,795	4,795	0	4,795
Total Building Inspections	<u>252,150</u>	<u>245,538</u>	<u>6,612</u>	<u>177,363</u>
Downtown Development Authority				
Payment to others	157,150	157,150	0	157,150
Total Housing and Development	<u>409,300</u>	<u>402,688</u>	<u>6,612</u>	<u>334,513</u>
Total expenditures	<u>\$ 3,423,498</u>	<u>\$ 2,856,308</u>	<u>\$ 567,190</u>	<u>\$ 3,080,271</u>



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, 2014 and 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 32,320	\$ 36,568
Due from other funds	0	565
Total assets	\$ 32,320	\$ 37,133
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 235	\$ 117
Fund balances		
Restricted for employee wellness programs	0	4,728
Assigned to:		
Streetscape projects	0	32,288
Subsequent year's budget	32,085	0
Total fund balances	32,085	37,016
Total liabilities and fund balances	\$ 32,320	\$ 37,133

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, 2014

(With comparative actual amounts for the fiscal year ended September 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 17,000	\$ 0	\$ (17,000)	\$ 17,000
Interest	0	0	0	271
Total revenues	17,000	0	(17,000)	17,271
EXPENDITURES				
Current				
General Government	5,000	4,931	69	4,961
Public Works	12,000	0	12,000	12,000
Housing and Development	0	0	0	40,070
Total expenditures	17,000	4,931	12,069	57,031
Excess (deficiency) of revenues over (under) expenditures	0	(4,931)	(4,931)	(39,760)
Fund balances, October 1	0	37,016	37,016	76,776
Fund balances, September 30	\$ 0	\$ 32,085	\$ 32,085	\$ 37,016

CITY OF DAHLONEGA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30, 2014 and 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 18,040	\$ 16,751
Taxes receivable	20,875	14,322
	\$ 38,915	\$ 31,073
Total assets		
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 38,915	\$ 31,073

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, 2014

(With comparative actual amounts for the fiscal year ended September 30, 2013)

	<u>2014</u>			<u>2013</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Hotel/Motel taxes	\$ 177,000	\$ 176,394	\$ (606)	\$ 154,565
Total revenues	<u>177,000</u>	<u>176,394</u>	<u>(606)</u>	<u>154,565</u>
EXPENDITURES				
Current				
Housing and Development				
Tourism				
Chamber of Commerce	177,000	176,394	606	154,565
Total expenditures	<u>177,000</u>	<u>176,394</u>	<u>606</u>	<u>154,565</u>
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Fund balances, October 1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balances, September 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>



CAPITAL PROJECTS FUNDS

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.

Streetscape Capital Projects Fund

This fund is used to account for long-term road improvement projects financed by Federal and State grants along with contributions from the City.

2014 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
COMPARATIVE BALANCE SHEETS
September 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 0	\$ 2,172
Intergovernmental receivable	0	86,592
Total assets	\$ 0	\$ 88,764
 LIABILITIES AND FUND BALANCES		
Liabilities		
Fund balances		
Restricted for debt service	\$ 0	\$ 88,764
Total liabilities and fund balances	\$ 0	\$ 88,764

CITY OF DAHLONEGA, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the fiscal years ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
REVENUES		
Intergovernmental	\$ 246,315	\$ 506,506
Interest	<u>17</u>	<u>123</u>
Total revenues	246,332	506,629
Other financing uses		
Transfers out		
Water and Sewage Enterprise Fund	<u>(335,096)</u>	<u>(540,000)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	(88,764)	(33,371)
Fund balances, October 1	<u>88,764</u>	<u>122,135</u>
Fund balances, September 30	<u><u>\$ 0</u></u>	<u><u>\$ 88,764</u></u>

CITY OF DAHLONEGA, GEORGIA
STREETSCAPE CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 347,169	\$ 0
Intergovernmental receivable	59,400	290,492
Due from other funds	0	120
Total assets	\$ 406,569	\$ 290,612
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 2,200	\$ 0
Due to other funds	0	21,343
Total liabilities	2,200	21,343
Fund balances		
Assigned to capital outlay	404,369	269,269
Total liabilities and fund balances	\$ 406,569	\$ 290,612

CITY OF DAHLONEGA, GEORGIA
STREETSCAPE CAPITAL PROJECTS FUND
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the fiscal years ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
REVENUES		
Intergovernmental	\$ 59,400	\$ 350,710
Total revenues	<u>59,400</u>	<u>350,710</u>
EXPENDITURES		
Capital outlay		
Public works	<u>74,300</u>	<u>382,479</u>
Total expenditures	<u>74,300</u>	<u>382,479</u>
Excess (deficiency) of revenues over (under) expenditures	(14,900)	(31,769)
Other financing sources		
Transfers in		
General Fund	<u>150,000</u>	<u>163,445</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	135,100	131,676
Fund balances, October 1	<u>269,269</u>	<u>137,593</u>
Fund balances, September 30	<u><u>\$ 404,369</u></u>	<u><u>\$ 269,269</u></u>

CITY OF DAHLONEGA, GEORGIA
2014 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
BALANCE SHEET
September 30, 2014

ASSETS

Cash and cash equivalents	\$ 159,292
Intergovernmental receivable	<u>87,869</u>
Total assets	<u><u>\$ 247,161</u></u>

LIABILITIES AND FUND BALANCES

Liabilities

Fund balances

Restricted for capital outlay	<u>\$ 247,161</u>
Total liabilities and fund balances	<u><u>\$ 247,161</u></u>

CITY OF DAHLONEGA, GEORGIA
2014 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, 2014

REVENUES

Intergovernmental	\$	247,057
Interest		<u>104</u>
Total revenues		247,161
 Fund balances, October 1		 <u>0</u>
 Fund balances, September 30	 \$	 <u><u>247,161</u></u>



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 POSITION
September 30, 2014 and 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,939,845	\$ 1,634,992
Accounts receivable (net)	501,049	506,519
Notes receivable	0	90,000
Due from other funds	0	17,955
Inventory	146,220	150,142
Prepaid items	443,957	474,319
	3,031,071	2,873,927
Total current assets		
Restricted assets		
Debt Redemption		
Cash and cash equivalents	244,463	310,612
Investments	2,239,411	2,235,322
Construction Fund		
Cash and cash equivalents	598,569	597,785
Customer Deposits		
Cash and cash equivalents	147,650	104,849
	3,230,093	3,248,568
Total restricted assets		
Capital assets		
Land	3,333,139	3,333,139
Construction in progress	0	25,924
Improvements	3,844,840	3,844,840
Buildings	22,247,587	22,247,587
Water and sewer lines and towers	21,250,980	21,209,612
Machinery and equipment	5,121,647	5,009,861
Accumulated depreciation	(15,781,743)	(14,073,468)
	40,016,450	41,597,495
Total capital assets (net of accumulated depreciation)		
Total assets	46,277,614	47,719,990

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
September 30, 2014 and 2013

	2014	2013
LIABILITIES		
Current liabilities		
Payables		
Accounts	\$ 74,406	\$ 63,894
Intergovernmental	3,753	1,572
Interest	25,910	28,284
Accrued salaries and payroll expenses	14,336	13,067
Compensated absences	42,599	45,756
Due to other funds	312	18,187
Unearned revenue	135,450	243,000
Notes payable	724,859	695,425
	1,021,625	1,109,185
Current liabilities payable from restricted assets		
Interest payable	107,758	109,691
Customer deposits payable	147,650	104,849
Revenue bonds payable	685,000	580,000
	940,408	794,540
Noncurrent liabilities		
Compensated absences	11,324	12,163
Notes payable	8,124,067	8,848,927
Revenue bonds payable	23,551,446	24,219,334
	31,686,837	33,080,424
Total liabilities	33,648,870	34,984,149
NET POSITION		
Net investment in capital assets	9,769,058	10,086,916
Restricted for debt service	136,705	200,921
Unrestricted	2,722,981	2,448,004
	12,628,744	12,735,841
Total net position	\$ 12,628,744	\$ 12,735,841

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

For the fiscal years ended September 30, 2014 and 2013

	2014	2013
OPERATING REVENUES		
Charges for sales and services		
Water sales	\$ 2,179,706	\$ 2,022,574
Sewer charges	1,521,768	1,399,668
Tap fees	801,861	470,285
Other	3,166	1,279
	4,506,501	3,893,806
OPERATING EXPENSES		
Cost of sales and services	961,838	831,731
Personal services	959,886	963,100
Depreciation	1,708,276	1,728,315
	3,630,000	3,523,146
Operating income (loss)	876,501	370,660
Non-operating revenues (expenses)		
Intergovernmental revenue	604	0
Intergovernmental expense	(34,000)	0
Interest revenue	105,295	111,991
Interest expense	(1,656,350)	(1,709,247)
Other	(18,535)	(18,700)
	(1,602,986)	(1,615,956)
Net income (loss) before transfers	(726,485)	(1,245,296)
Transfers in (out)		
General Fund	284,292	284,292
SPLOST Capital Projects Fund	335,096	540,000
	619,388	824,292
Change in net position	(107,097)	(421,004)
Net position, October 1 (restated)	12,735,841	13,156,845
Net position, September 30	\$ 12,628,744	\$ 12,735,841

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Receipts from customers	\$ 4,444,056	\$ 3,929,327
Payments to suppliers	(933,396)	(803,800)
Payments to employees	(962,613)	(956,707)
Other receipts	3,166	1,279
	<u>2,551,213</u>	<u>2,170,099</u>
Net cash provided (used) by operating activities		
Cash flows from non-capital financing activities:		
Receipts from other funds	302,247	300,123
Payments to other funds	(17,875)	(17,955)
	<u>284,372</u>	<u>282,168</u>
Net cash provided (used) by non-capital financing activities		
Cash flows from capital and related financing activities:		
Receipts from other funds	335,096	540,000
Receipts from other governments	604	0
Payments for acquisitions of capital assets	(127,231)	(105,620)
Proceeds from the sale of assets	0	6,243
Principal payments - revenue bonds	(580,000)	(475,000)
Principal payments - promissory notes	(695,426)	(667,481)
Payment of capital leases	0	(2,711)
Interest paid	(1,643,545)	(1,696,218)
	<u>(2,710,502)</u>	<u>(2,400,787)</u>
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Proceeds from sale of investments	6,693,900	15,617,908
Purchases of investments	(6,697,989)	(15,624,159)
Payments received on notes receivable	56,000	0
Interest received	105,295	111,991
	<u>157,206</u>	<u>105,740</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	<u>282,289</u>	<u>157,220</u>
Cash and cash equivalents, October 1	<u>2,648,238</u>	<u>2,491,018</u>
Cash and cash equivalents, September 30	<u><u>\$ 2,930,527</u></u>	<u><u>\$ 2,648,238</u></u>

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2014 and 2013

	2014	2013
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 876,501	\$ 370,660
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,708,276	1,728,315
(Increase) decrease in accounts receivable	5,470	34,050
(Increase) decrease in inventory	3,922	25,961
(Increase) decrease in prepaid items	11,827	(1,154)
Increase (decrease) in accounts payable	10,512	3,124
Increase (decrease) in intergovernmental payable	2,181	0
Increase (decrease) in payroll liabilities	(2,727)	6,393
Increase (decrease) in deposits payable	42,801	2,750
Increase (decrease) in unearned revenue	(107,550)	0
Total adjustments	1,674,712	1,799,439
Net cash provided (used) by operating activities	\$ 2,551,213	\$ 2,170,099
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 1,939,845	\$ 1,634,992
Debt Redemption		
Cash and cash equivalents	244,463	310,612
Construction Fund		
Cash and cash equivalents	598,569	597,785
Customer Deposits		
Cash and cash equivalents	147,650	104,849
Total cash and cash equivalents	\$ 2,930,527	\$ 2,648,238

Noncash capital and related financing and investing activities:

Forgiveness of note receivable in the amount of \$34,000 for the fiscal year ended September 30, 2014.
Exchange of note receivable for property held for resale in the amount of \$90,000 for the fiscal year ended September 30, 2013.

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
September 30, 2014 and 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 129,543	\$ 248,958
Accounts receivable (net)	83,976	79,027
Due from other funds	4,561	1,183
Prepaid items	14,788	12,660
	232,868	341,828
Total current assets		
Capital assets		
Improvements	11,583	11,583
Buildings	255,066	255,066
Machinery and equipment	793,877	724,882
Accumulated depreciation	(574,674)	(508,959)
	485,852	482,572
Total capital assets (net of accumulated depreciation)		
Total assets	718,720	824,400
LIABILITIES		
Current liabilities		
Accounts payable	5,243	27,978
Accrued salaries and payroll expenses	4,638	3,018
Compensated absences	7,099	8,206
Due to other funds	0	3,426
	16,980	42,628
Total current liabilities		
Noncurrent liabilities		
Compensated absences	1,887	2,181
	1,887	2,181
Total liabilities	18,867	44,809
NET POSITION		
Investment in capital assets	485,852	482,572
Unrestricted	214,001	297,019
	699,853	779,591
Total net position	\$ 699,853	\$ 779,591

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the fiscal years ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Charges for sales and services	\$ 577,185	\$ 571,479
Total operating revenues	<u>577,185</u>	<u>571,479</u>
OPERATING EXPENSES		
Cost of sales and services	210,148	173,103
Personal services	381,287	246,775
Depreciation	65,715	60,565
Total operating expenses	<u>657,150</u>	<u>480,443</u>
Operating income (loss)	(79,965)	91,036
Non-operating revenues (expenses)		
Interest revenue	227	435
Change in net position	(79,738)	91,471
Net position, October 1	<u>779,591</u>	<u>688,120</u>
Net position, September 30	<u><u>\$ 699,853</u></u>	<u><u>\$ 779,591</u></u>

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Receipts from customers	\$ 572,236	\$ 570,793
Payments to suppliers	(235,011)	(145,519)
Payments to employees	(381,068)	(237,403)
	<hr/>	<hr/>
Net cash provided (used) by operating activities	(43,843)	187,871
	<hr/>	<hr/>
Cash flows from non-capital financing activities:		
Payments to other funds	(6,804)	(1,460)
	<hr/>	<hr/>
Cash flows from capital and related financing activities:		
Payments for acquisitions of capital assets	(68,995)	(23,176)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received	227	435
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	(119,415)	163,670
Cash and cash equivalents, October 1	248,958	85,288
	<hr/>	<hr/>
Cash and cash equivalents, September 30	<u>\$ 129,543</u>	<u>\$ 248,958</u>
	<hr/>	<hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (79,965)	\$ 91,036
	<hr/>	<hr/>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	65,715	60,565
(Increase) decrease in accounts receivable	(4,949)	(686)
(Increase) decrease in prepaid items	(2,128)	313
Increase (decrease) in accounts payable	(22,735)	27,271
Increase (decrease) in payroll liabilities	219	9,372
	<hr/>	<hr/>
Total adjustments	36,122	96,835
	<hr/>	<hr/>
Net cash provided (used) by operating activities	<u>\$ (43,843)</u>	<u>\$ 187,871</u>
	<hr/>	<hr/>



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, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 110,618	\$ 152,250
Intergovernmental receivable	100	0
Prepaid items	6,699	5,208
Restricted assets		
Cash and cash equivalents	12,315	11,382
Property held for resale	0	90,000
Total assets	\$ 129,732	\$ 258,840
 LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable	\$ 16	\$ 511
Accrued salaries and payroll liabilities	2,638	2,069
Notes payable	0	90,000
Total liabilities	2,654	92,580
Fund balances		
Nonspendable:		
Prepaid items	6,699	5,208
Restricted for Dahlonega 2000 operations	12,315	11,382
Assigned to:		
Redevelopment projects	75,064	116,670
Operations	33,000	33,000
Total fund balances	127,078	166,260
Total liabilities and fund balances	\$ 129,732	\$ 258,840

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, 2014
(With comparative actual amounts for the fiscal year ended September 30, 2013)

	2014			2013
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 163,150	\$ 197,541	\$ 34,391	\$ 157,150
Interest	700	297	(403)	560
Contributions	2,400	2,702	302	2,391
Other	200	250	50	391
Total revenues	166,450	200,790	34,340	160,492
EXPENDITURES				
Current				
Housing and Development				
Personal services	119,110	118,829	281	116,107
Contract services	83,945	83,071	874	61,673
Supplies and materials	5,800	4,072	1,728	9,946
Total expenditures	208,855	205,972	2,883	187,726
Excess of revenues over (under) expenditures	(42,405)	(5,182)	37,223	(27,234)
Other financing sources (uses)				
Loss on sale of property held for resale	0	(34,000)	34,000	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(42,405)	(39,182)	71,223	(27,234)
Fund balances, October 1	42,405	166,260	123,855	193,494
Fund balances, September 30	\$ 0	\$ 127,078	\$ 195,078	\$ 166,260



STATISTICAL SECTION





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.

CONTENTS **PAGES**

Financial Trends.....116 - 129

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.....130 - 139

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

Debt Capacity.....140 - 145

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.....146 - 148

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.....149 - 151

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

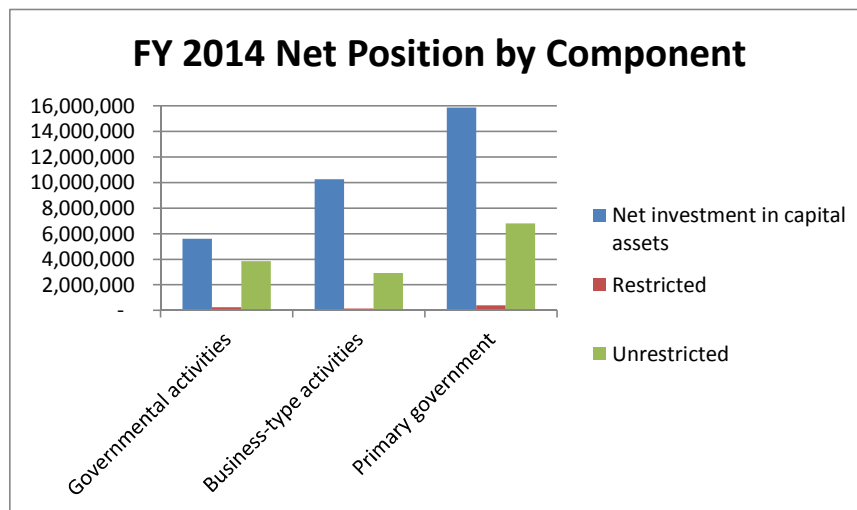
NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 2,600,180	\$ 3,414,970	\$ 4,158,131	\$ 4,176,172
Restricted	0	0	278,314	278,314
Unrestricted	2,501,358	2,762,158	2,457,506	2,975,198
Total governmental activities net position	<u>\$ 5,101,538</u>	<u>\$ 6,177,128</u>	<u>\$ 6,893,951</u>	<u>\$ 7,429,684</u>
Business-type activities				
Net investment in capital assets	\$ 8,372,856	\$ 9,230,170	\$ 12,188,032	\$ 12,490,290
Restricted	74,647	74,330	86,896	0
Unrestricted	1,258,345	1,775,920	877,159	2,144,761
Total business-type activities net position	<u>\$ 9,705,848</u>	<u>\$ 11,080,420</u>	<u>\$ 13,152,087</u>	<u>\$ 14,635,051</u>
Primary government				
Net investment in capital assets	\$ 10,973,036	\$ 12,645,140	\$ 16,346,163	\$ 16,666,462
Restricted	74,647	74,330	365,210	278,314
Unrestricted	3,759,703	4,538,078	3,334,665	5,119,959
Total primary government net position	<u>\$ 14,807,386</u>	<u>\$ 17,257,548</u>	<u>\$ 20,046,038</u>	<u>\$ 22,064,735</u>

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 4,462,981	\$ 4,360,841	\$ 4,477,984	\$ 5,138,468	\$ 5,542,733	\$ 5,598,272
468,257	571,645	1,061,542	516,149	459,082	252,358
3,320,000	3,442,292	3,489,170	3,333,580	3,172,941	3,863,183
<u>\$ 8,251,238</u>	<u>\$ 8,374,778</u>	<u>\$ 9,028,696</u>	<u>\$ 8,988,197</u>	<u>\$ 9,174,756</u>	<u>\$ 9,713,813</u>
\$ 15,609,939	\$ 13,637,369	\$ 11,446,338	\$ 11,091,994	\$ 10,569,488	\$ 10,254,910
0	124,070	22,823	194,395	200,921	136,705
317,421	2,615,921	3,351,427	2,946,946	2,988,023	2,936,982
<u>\$ 15,927,360</u>	<u>\$ 16,377,360</u>	<u>\$ 14,820,588</u>	<u>\$ 14,233,335</u>	<u>\$ 13,758,432</u>	<u>\$ 13,328,597</u>
\$ 20,072,920	\$ 17,998,210	\$ 15,924,322	\$ 16,230,462	\$ 16,112,221	\$ 15,853,182
468,257	695,715	1,084,365	710,544	660,003	389,063
3,637,421	6,058,213	6,840,597	6,280,526	6,160,964	6,800,165
<u>\$ 24,178,598</u>	<u>\$ 24,752,138</u>	<u>\$ 23,849,284</u>	<u>\$ 23,221,532</u>	<u>\$ 22,933,188</u>	<u>\$ 23,042,410</u>



CITY OF DAHLONEGA, GEORGIA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

Expenses	Fiscal Year			
	2005	2006	2007	2008
Governmental activities:				
General Government	\$ 757,377	\$ 770,403	\$ 853,427	\$ 1,034,756
Judicial	119,779	178,877	208,731	185,803
Public Safety	0	3,705	0	85,007
Public Works	494,936	624,272	684,195	788,450
Culture and Recreation	178,544	183,599	83,646	50,405
Housing and Development	167,031	250,683	534,461	664,948
Interest on long-term debt	0	0	5,770	2,117
Total governmental activities expenses	<u>1,717,667</u>	<u>2,011,539</u>	<u>2,370,230</u>	<u>2,811,486</u>
Business-type activities:				
Water and Sewage	2,580,141	2,959,190	3,017,628	3,218,598
Solid Waste	384,201	418,636	472,945	504,539
Total business-type activities expenses	<u>2,964,342</u>	<u>3,377,826</u>	<u>3,490,573</u>	<u>3,723,137</u>
Total primary government expenses	<u>\$ 4,682,009</u>	<u>\$ 5,389,365</u>	<u>\$ 5,860,803</u>	<u>\$ 6,534,623</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General Government	\$ 42,372	\$ 64,627	\$ 56,644	\$ 66,905
Judicial	107,473	151,238	171,700	135,489
Public Works	0	0	52,940	45,800
Culture and Recreation	31,526	94,772	0	0
Housing and Development	110,768	62,600	129,677	70,473
Operating grants and contributions	565	1,069	18,959	6,366
Capital grants and contributions	0	280,349	0	31,500
Total governmental activities program revenues	<u>292,704</u>	<u>654,655</u>	<u>429,920</u>	<u>356,533</u>
Business-Type activities:				
Charges for services:				
Water and Sewage	3,073,112	2,805,964	3,368,076	3,219,289
Solid Waste	437,437	452,698	476,076	494,200
Capital grants and contributions	0	0	1,389,610	997,723
Total business-type activities program revenues	<u>3,510,549</u>	<u>3,258,662</u>	<u>5,233,762</u>	<u>4,711,212</u>
Total primary government program revenues	<u>\$ 3,803,253</u>	<u>\$ 3,913,317</u>	<u>\$ 5,663,682</u>	<u>\$ 5,067,745</u>

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 1,000,735	\$ 1,041,292	\$ 1,036,537	\$ 1,039,743	\$ 1,325,328	\$ 1,038,602	
253,877	282,317	233,740	225,240	226,361	235,365	
105,371	60,651	84,785	80,483	14,336	7,420	
821,886	909,630	1,051,610	1,085,828	1,205,726	1,157,314	
64,597	47,874	23,294	26,427	33,482	39,822	
508,066	490,080	540,307	530,445	485,038	577,068	
1,938	1,399	834	569	0	0	
<u>2,756,470</u>	<u>2,833,243</u>	<u>2,971,107</u>	<u>2,988,735</u>	<u>3,290,271</u>	<u>3,055,591</u>	
3,293,531	4,068,774	5,555,316	5,364,216	5,251,093	5,338,885	
468,490	451,793	459,381	470,213	480,443	657,150	
3,762,021	4,520,567	6,014,697	5,834,429	5,731,536	5,996,035	
<u>\$ 6,518,491</u>	<u>\$ 7,353,810</u>	<u>\$ 8,985,804</u>	<u>\$ 8,823,164</u>	<u>\$ 9,021,807</u>	<u>\$ 9,051,626</u>	
\$ 83,755	\$ 77,355	\$ 80,081	\$ 82,110	\$ 91,347	\$ 108,752	
186,801	262,317	223,361	197,935	182,597	178,888	
29,900	30,950	40,150	87,250	31,750	47,680	
0	0	0	0	0	0	
27,729	36,343	50,674	15,294	79,081	80,495	
24,747	6,410	24,392	34,910	48,858	21,739	
906,645	524,614	660,679	953,515	968,085	750,691	
<u>1,259,577</u>	<u>937,989</u>	<u>1,079,337</u>	<u>1,371,014</u>	<u>1,401,718</u>	<u>1,188,245</u>	
2,878,205	3,520,548	3,555,939	3,454,006	3,892,527	4,503,335	
532,465	523,681	545,217	566,395	571,479	577,185	
965,685	100,158	0	0	0	604	
<u>4,376,355</u>	<u>4,144,387</u>	<u>4,101,156</u>	<u>4,020,401</u>	<u>4,464,006</u>	<u>5,081,124</u>	
<u>\$ 5,635,932</u>	<u>\$ 5,082,376</u>	<u>\$ 5,180,493</u>	<u>\$ 5,391,415</u>	<u>\$ 5,865,724</u>	<u>\$ 6,269,369</u>	

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

	Fiscal Year			
	2005	2006	2007	2008
Net (expense)/revenue				
Governmental activities	\$ (1,424,963)	\$ (1,356,884)	\$ (1,940,310)	\$ (1,940,310)
Business-type activities	546,207	(119,164)	1,743,189	1,743,189
Total primary government net (expense)/revenue	<u>(878,756)</u>	<u>(1,476,048)</u>	<u>(197,121)</u>	<u>(197,121)</u>
General revenues and other changes in net assets				
Governmental activities:				
Taxes				
Property	454,066	646,490	839,600	878,253
Local option sales	708,370	899,995	837,951	832,447
Franchise	369,402	437,200	454,128	488,607
Insurance premium	169,355	182,204	190,631	198,849
Intangibles	12,081	16,951	23,432	28,148
Alcoholic beverage	149,611	140,133	147,210	156,736
Occupational	108,937	112,213	117,176	123,662
Hotel/Motel and other	87,929	107,244	115,031	129,217
Investment earnings	63,025	123,885	121,675	102,272
Gain on sale of assets	0	0	0	294,980
Miscellaneous	0	0	10,510	41,811
Transfers	(150,000)	(233,841)	(215,647)	(284,296)
Total governmental activities	<u>1,972,776</u>	<u>2,432,474</u>	<u>2,641,697</u>	<u>2,990,686</u>
Business-type activities				
Investment earnings	42,585	57,244	70,758	78,261
Grants and contributions not restricted to specific programs	88,525	1,056,641	0	0
Gain on sale of assets	0	0	1,123	6,685
Miscellaneous	0	1,175	0	5,405
Special items	0	0	0	0
Transfers	150,000	233,841	215,647	284,296
Total business-type activities	<u>281,110</u>	<u>1,348,901</u>	<u>287,528</u>	<u>374,647</u>
Total primary government	<u>2,253,886</u>	<u>3,781,375</u>	<u>2,929,225</u>	<u>3,365,333</u>
Change in net position				
Governmental activities	547,813	1,075,590	701,387	1,050,376
Business-type activities	827,317	1,229,737	2,030,717	2,117,836
Total primary government	<u>\$ 1,375,130</u>	<u>\$ 2,305,327</u>	<u>\$ 2,732,104</u>	<u>\$ 3,168,212</u>

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ (1,496,893)	\$ (1,895,254)	\$ (1,891,770)	\$ (1,617,721)	\$ (1,888,553)	\$ (1,867,346)
614,334	(376,180)	(1,913,541)	(1,814,028)	(1,267,530)	(914,911)
(882,559)	(2,271,434)	(3,805,311)	(3,431,749)	(3,156,083)	(2,782,257)
929,774	903,412	890,743	861,790	919,297	1,025,084
723,690	744,801	763,535	756,139	732,042	745,133
493,335	460,629	478,013	505,998	497,013	490,264
203,612	201,702	195,840	245,897	261,157	270,403
8,306	11,854	8,191	12,388	15,712	11,312
166,266	176,223	164,240	162,457	174,592	171,576
126,506	110,811	115,560	111,636	116,076	116,749
119,547	121,833	149,661	149,373	156,184	180,499
50,981	41,210	10,755	9,773	10,243	5,202
67,352	0	0	0	0	0
47,647	47,543	53,442	46,030	17,088	9,569
(618,569)	(801,224)	(284,292)	(1,384,292)	(824,292)	(619,388)
2,318,447	2,018,794	2,545,688	1,477,189	2,075,112	2,406,403
29,226	22,442	67,471	135,030	112,426	105,522
0	0	0	0	0	0
12,521	0	0	0	0	0
17,659	2,514	5,006	4,390	1,279	3,166
0	0	0	(296,937)	0	0
618,569	801,224	284,292	1,384,292	824,292	619,388
677,975	826,180	356,769	1,226,775	937,997	728,076
2,996,422	2,844,974	2,902,457	2,703,964	3,013,109	3,134,479
821,554	123,540	653,918	(140,532)	186,559	539,057
1,292,309	450,000	(1,556,772)	(587,253)	(329,533)	(186,835)
\$ 2,113,863	\$ 573,540	\$ (902,854)	\$ (727,785)	\$ (142,974)	\$ 352,222

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

Fiscal Year	Property Tax	Intangible Tax	Franchise Tax	Occupational Tax
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
2010	903,412	11,854	460,629	110,811
2011	890,743	8,191	478,013	115,560
2012	861,790	12,388	505,998	111,636
2013	919,297	15,712	497,013	116,076
2014	1,025,084	11,312	490,264	116,749
Change 2005 - 2014	125.76%	-6.37%	32.72%	7.17%

<u>Insurance Premium Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Hotel/Motel and Other Tax</u>	<u>Local Option Sales Tax</u>	<u>Total</u>
\$ 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
201,702	176,223	121,833	744,801	2,731,265
195,840	164,240	149,661	763,535	2,765,783
245,897	162,457	149,373	756,139	2,805,678
261,157	174,592	156,184	732,042	2,872,073
270,403	171,576	180,499	745,133	3,011,020
59.67%	14.68%	105.28%	5.19%	46.18%

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

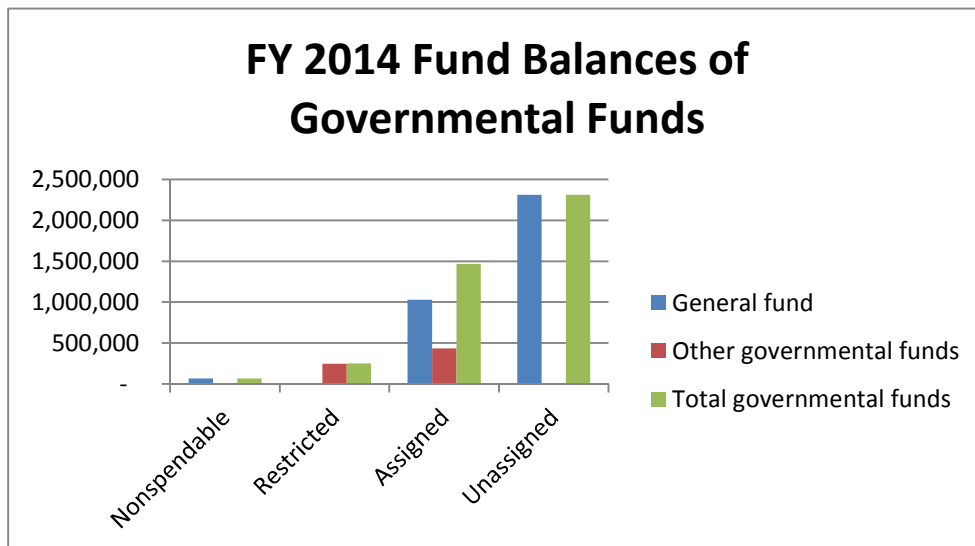
	Fiscal Year			
	2005	2006	2007	2008
General fund				
Reserved	\$ 32,466	\$ 35,104 ⁽¹⁾	\$ 315,793	\$ 316,579
Unreserved	2,432,607	2,360,698	2,459,781	2,961,152
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Total general fund	<u>2,465,073</u>	<u>2,395,802</u>	<u>2,775,574</u>	<u>3,277,731</u>
All other governmental funds				
Unreserved, reported in:				
Special revenue funds	94,917	3,579	(3,564)	3,238
Capital project funds	0	0	0	0
Restricted	0	0	0	0
Assigned	0	0	0	0
Total all other governmental funds	<u>94,917</u>	<u>3,579</u>	<u>(3,564)</u>	<u>3,238</u>
Total governmental funds	<u>\$ 2,559,990</u>	<u>\$ 2,399,381</u>	<u>\$ 2,772,010</u>	<u>\$ 3,280,969</u>

Note (1): The City began reserving amounts for cemetery care.

Note (2): The City created the first Capital Projects Fund, Special Purpose Local Option Sales Tax.

Note (3): The City implemented GASB 54 in fiscal year 2011.

Fiscal Year					
2009	2010 ⁽³⁾	2011	2012	2013	2014
\$ 346,729	\$ 357,608	\$0	\$0	\$0	\$0
3,265,866	3,413,767	0	0	0	0
0	0	72,242	82,918	75,731	66,009
0	0	321,828	359,076	365,590	5,197
0	0	2,134,368	1,798,609	1,972,372	1,029,371
0	0	1,196,824	1,265,550	826,346	2,309,948
<u>3,612,595</u>	<u>3,771,375</u>	<u>3,725,262</u>	<u>3,506,153</u>	<u>3,240,039</u>	<u>3,410,525</u>
18,608	4,253	0	0	0	0
165,993 ⁽²⁾	259,819	0	0	0	0
0	0	739,714	157,073	93,492	247,161
0	0	104,942	179,431	301,557	436,454
<u>184,601</u>	<u>264,072</u>	<u>844,656</u>	<u>336,504</u>	<u>395,049</u>	<u>683,615</u>
<u><u>\$ 3,797,196</u></u>	<u><u>\$ 4,035,447</u></u>	<u><u>\$ 4,569,918</u></u>	<u><u>\$ 3,842,657</u></u>	<u><u>\$ 3,635,088</u></u>	<u><u>\$ 4,094,140</u></u>



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

	Fiscal Year		
	2005	2006	2007
Revenues			
Taxes	\$ 2,050,164	\$ 2,517,103	\$ 2,721,488
Licenses and permits	151,726	126,486	186,291
Fines, fees and forfeitures	107,473	151,238	171,700
Charges for services	15,740	71,190	52,970
Intergovernmental	15,717	299,616	18,827
Interest	63,025	123,885	121,675
Contributions	0	0	132
Other	17,200	24,323	10,510
Total revenues	<u>2,421,045</u>	<u>3,313,841</u>	<u>3,283,593</u>
Expenditures			
General Government	707,006	1,407,922	1,243,109
Judicial	119,474	178,877	208,740
Public Safety	0	9772	0
Public Works	461,076	1,144,822	646,641
Culture and Recreation	153,738	160,024	75,841
Housing and Development	170,207	343,823	546,511
Debt Service			
Principal	0	0	2,454
Interest	0	0	445
Capital outlay	0	0	0
Total expenditures	<u>1,611,501</u>	<u>3,245,240</u>	<u>2,723,741</u>
Excess of revenues over (under) expenditures	<u>809,544</u>	<u>68,601</u>	<u>559,852</u>
Other financing sources (uses)			
Transfers in	112,000	139,772	2,000
Transfers out	(262,000)	(373,613)	(217,647)
Issuance of capital leases	0	0	12,988
Sales of capital assets	0	4,631	0
Total other financing sources (uses)	<u>(150,000)</u>	<u>(229,210)</u>	<u>(202,659)</u>
Net change in fund balances	659,544	(160,609)	357,193
Fund balance, October 1 (original)	1,900,446	2,559,990	2,399,381
Prior period adjustments	0	0	15,436
Fund balance , September 30	<u>\$ 2,559,990</u>	<u>\$ 2,399,381</u>	<u>\$ 2,772,010</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.13%

Fiscal Year

2008		2009		2010		2011		2012		2013		2014	
\$	2,824,520	\$	2,750,812	\$	2,752,538	\$	2,764,816	\$	2,810,422	\$	2,862,021	\$	2,986,457
	137,327		111,484		113,675		130,755		97,404		170,428		189,247
	135,489		186,801		262,317		223,361		197,935		182,597		178,888
	45,851		29,900		30,973		40,150		87,250		31,750		47,680
	11,740		534,270		527,429		632,285		937,521		1,016,820		772,309
	102,272		50,981		43,897		11,618		10,502		10,366		5,323
	1,126		747		908		51,923		50,175		0		0
	41,811		47,647		47,543		53,442		46,030		17,087		9,569
	<u>3,300,136</u>		<u>3,712,642</u>		<u>3,779,280</u>		<u>3,908,350</u>		<u>4,237,239</u>		<u>4,291,069</u>		<u>4,189,473</u>
	1,007,524		1,342,371		1,001,586		997,408		1,023,206		1,294,435		1,006,061
	185,931		256,045		283,124		233,740		225,240		226,361		235,365
	85,007		105,371		60,651		84,785		80,483		14,336		7,420
	758,950		782,237		770,852		1,091,728		1,286,270		1,202,632		1,180,582
	135,478		54,167		33,446		8,820		14,625		24,955		29,123
	663,407		518,510		500,446		538,476		637,982		529,148		579,082
	11,740		11,739		12,279		12,843		10,207		0		0
	1,938		1,938		1,399		834		569		0		0
	0		0		76,022		120,953		301,626		382,479		74,300
	<u>2,849,975</u>		<u>3,072,378</u>		<u>2,739,805</u>		<u>3,089,587</u>		<u>3,580,208</u>		<u>3,674,346</u>		<u>3,111,933</u>
	450,161		640,264		1,039,475		818,763		657,031		616,723		1,077,540
	0		48,869		160,363		44,400		100,000		163,445		150,000
	(284,296)		(667,438)		(961,587)		(328,692)		(1,484,292)		(987,737)		(769,388)
	48,114		0		0		0		0		0		0
	294,980		494,532		0		0		0		0		900
	<u>58,798</u>		<u>(124,037)</u>		<u>(801,224)</u>		<u>(284,292)</u>		<u>(1,384,292)</u>		<u>(824,292)</u>		<u>(618,488)</u>
	508,959		516,227		238,251		534,471		(727,261)		(207,569)		459,052
	2,772,010		3,280,969		3,797,196		4,035,447		4,569,918		3,842,657		3,635,088
	0		0		0		0		0		0		0
\$	<u>3,280,969</u>	\$	<u>3,797,196</u>	\$	<u>4,035,447</u>	\$	<u>4,569,918</u>	\$	<u>3,842,657</u>	\$	<u>3,635,088</u>	\$	<u>4,094,140</u>
	0.51%		0.52%		0.51%		0.49%		0.40%		0.00%		0.00%

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

Fiscal Year	Property Tax	Intangibles Tax	Franchise Tax	Occupational Tax
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
2010	924,685	11,854	460,629	110,811
2011	889,776	8,191	478,013	115,560
2012	866,534	12,388	505,998	111,636
2013	909,245	15,712	497,013	116,076
2014	1,000,521	11,312	490,264	116,749
Change 2005 - 2014	117.68%	-6.37%	32.72%	7.17%

<u>Insurance Premium Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Hotel/Motel and Other Tax</u>	<u>Local Option Sales Tax</u>	<u>Total</u>
\$ 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
201,702	176,223	121,833	744,801	2,752,538
195,840	164,240	149,661	763,535	2,764,816
245,897	162,457	149,373	756,139	2,810,422
261,157	174,592	156,184	732,042	2,862,021
270,403	171,576	180,499	745,133	2,986,457
59.67%	14.68%	105.28%	5.19%	44.60%

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

Fiscal Year Ended September 30,	Personal Property			
	Real Property	Motor Vehicles	Mobile Homes	Heavy Equipment
2005	\$ 153,850,631	\$ 3,863,360	\$ 578,594	\$ 0
2006	172,218,674	4,114,840	539,731	0
2007	191,169,276	4,479,710	416,297	15,385
2008	(1) 223,443,124	4,070,310	409,680	0
2009	236,400,584	5,429,330	447,042	0
2010	(2) 242,256,781	6,236,220	455,958	0
2011	236,054,887	5,564,160	455,631	0
2012	226,846,158	5,666,920	290,325	0
2013	202,991,937	5,940,190	244,393	0
2014	205,996,244	4,641,760	101,682	0

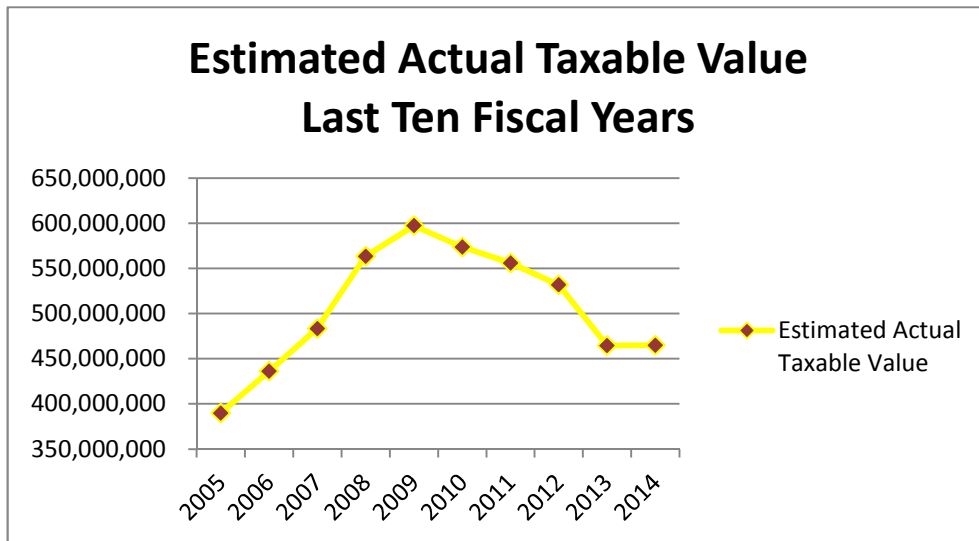
Source: Georgia Department of Revenue, Property Tax Division and Lumpkin County Tax Commissioners Office.

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 2008 that substantially increased real property values.

Note (2): Exemptions Adjustments change due to local legislation passed.

Exemption Adjustments	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ (2,403,839)	\$ 155,888,746	2.87	\$ 389,721,865	40%
(2,450,446)	174,422,799	3.62	436,056,998	40%
(2,759,674)	193,320,994	4.37	483,302,485	40%
(2,542,905)	225,380,209	3.96	563,450,523	40%
(3,359,688)	238,917,268	3.95	597,293,170	40%
(19,471,830)	229,477,129	3.95	573,692,823	40%
(19,687,619)	222,387,059	3.99	555,967,648	40%
(20,141,768)	212,661,635	4.21	531,654,088	40%
(23,345,456)	185,831,064	4.74	464,577,660	40%
(24,797,329)	185,942,357	4.74	464,855,893	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	
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
2009	2010	3.950	12.800	0.250
2010	2011	3.988	12.800	0.250
2011	2012	4.212	14.259	0.250
2012	2013	4.739	16.239	0.200
2013	2014	4.739	16.540	0.150

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	
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
6.947	7.842	0.600	15.389	32.389
7.318	7.907	0.318	15.543	32.581
7.852	8.881	0.414	17.147	35.868
8.962	10.436	0.473	19.871	41.049
9.121	10.743	0.481	20.345	41.774

CITY OF DAHLONEGA, GEORGIA
PRINCIPAL TAXPAYERS
September 30

Taxpayer	Fiscal Year					
	2014			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.)	\$ 10,033,877	1	5.40%	\$ 10,627,229	1	6.09%
Birch River Chestatee Co. LLC	4,229,635	2	2.27%			
Dahlonega Group LLC	3,330,502	3	1.79%			
Wal-Mart Stores East Inc.	2,971,007	4	1.60%	6,105,495	3	3.50%
Georgia Power Company	2,868,220	5	1.54%	1,599,824	10	0.92%
Windstream Standard Inc.	2,156,508	6	1.16%	3,593,834	5	2.06%
Southern Health Corp of Dahlonega Inc	1,916,187	7	1.03%	2,135,008	6	1.22%
Don Michael Cottrell	1,549,470	8	0.83%			
Greenbriar Apartments LLC	1,537,635	9	0.83%			
Sherman	1,424,325	10	0.77%	6,858,267	2	3.93%
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	\$ 32,017,366		17.22%	\$ 39,412,432		22.60%

Source: 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 TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended September 30	Total Adjusted 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
2005	446,933	414,374	92.72%	4,978	419,352	93.83%
2006	631,411	583,385	92.39%	12,511	595,896	94.38%
2007	844,813	794,985	94.10%	11,217	806,202	95.43%
2008	892,280	833,749	93.44%	24,540	858,289	96.19%
2009	943,723	878,664	93.11%	49,000	927,664	98.30%
2010	906,435	849,024	93.67%	30,280	879,304	97.01%
2011	886,880	848,725	95.70%	23,594	872,319	98.36%
2012	895,731	813,540	90.82%	13,753	827,293	92.36%
2013	871,631	830,405	95.27%	10,759	841,164	96.50%
2014	880,653	800,559	90.91%	0	800,559	90.91%

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

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

Commodity	2014			2013		
	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total
General	\$ 617,100	1	20.77%	\$ 577,872	1	19.72%
Food	482,820	2	16.25%	458,446	2	15.65%
Wholesale 3	358,125	3	12.05%	342,749	3	11.70%
Miscellaneous Services	343,710	4	11.57%	328,427	4	11.21%
Other Retail 3	343,033	5	11.54%	327,106	5	11.17%
Utilities	320,193	6	10.78%	312,642	6	10.67%
Automotive	62,453	10	2.10%	226,592	7	7.73%
Manufacturers	146,938	8	4.94%	152,410	8	5.20%
Home	153,531	7	5.17%	98,441	9	3.36%
Miscellaneous	74,632	9	2.51%	39,579	10	1.35%
Accomodations 3	53,205		1.79%	49,098		1.68%
Construction 3	15,715		0.53%	16,296		0.56%
Lumber						
Apparel						
Total	\$ 2,971,455		100%	\$ 2,929,658		100%

Commodity	2010			2009		
	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total
General	\$ 552,698	1	18.47%	\$ 632,180	1	21.49%
Food	433,504	2	14.49%	476,912	2	16.21%
Wholesale 3	256,572	7	8.57%	82,060	9	2.79%
Miscellaneous Services	306,114	5	10.23%	265,123	5	9.01%
Other Retail 3	360,584	3	12.05%	229,255	7	7.79%
Utilities	298,788	6	9.98%	300,415	4	10.21%
Automotive	346,788	4	11.59%	355,432	3	12.08%
Manufacturers	223,067	8	7.45%	241,531	6	8.21%
Home	107,528	9	3.59%	164,990	8	5.61%
Miscellaneous	34,203		1.14%	56,113		1.91%
Accomodations 3	44,399	10	1.48%	29,790		1.01%
Construction 3	28,377		0.95%	32,685		1.11%
Lumber				69,546	10	2.36%
Apparel				5,620		0.19%
Total	\$ 2,992,622		100%	\$ 2,941,650		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.

2012		
Total Distributed	Rank	% of Total
\$ 550,564	1	18.20%
403,961	3	13.35%
299,778	5	9.91%
297,345	6	9.83%
340,327	4	11.25%
294,672	7	9.74%
455,830	2	15.07%
132,012	8	4.36%
96,536	9	3.19%
86,651	10	2.86%
44,927		1.49%
22,419		0.74%
<hr/>		
\$ 3,025,022		100%

2011		
Total Distributed	Rank	% of Total
\$ 586,756	1	17.72%
477,327	2	14.41%
368,513	5	11.13%
330,063	6	9.97%
386,448	4	11.67%
326,876	7	9.87%
422,388	3	12.75%
175,356	8	5.29%
114,015	9	3.44%
45,055		1.36%
53,216	10	1.61%
26,144		0.79%
<hr/>		
\$ 3,312,157		100%

2008		
Total Distributed	Rank	% of Total
\$ 742,197	1	22.73%
573,889	3	17.58%
284,601	5	8.72%
350,997	4	10.75%
590,324	2	18.08%
236,363	6	7.24%
131,107	9	4.02%
153,864	8	4.71%
185,651	7	5.69%
15,818	10	0.48%
<hr/>		
\$ 3,264,811		100%

2007		
Total Distributed	Rank	% of Total
\$ 772,755	1	22.14%
715,107	2	20.49%
158,846	8	4.55%
313,995	5	8.99%
509,795	3	14.60%
277,504	6	7.95%
136,036	9	3.90%
199,886	7	5.73%
390,883	4	11.20%
16,062	10	0.46%
<hr/>		
\$ 3,490,868		100%



CITY OF DAHLONEGA, GEORGIA
WATER & SEWAGE UTILITY TEN LARGEST SYSTEM CUSTOMERS
SEPTEMBER 30, 2014

<u>Customer</u>	<u>Type of Business</u>	<u>Total Water Billings</u>	<u>Total Sewer Billings</u>	<u>Total Billings</u>	<u>Percentage of System Revenues</u>
North Georgia College & State University	Senior Military College	\$ 310,706	\$ 298,277	\$ 608,983	16.45%
Koyo Bearings USA (formerly Timken USA Corp.)	Manufacturer - Automobile Parts	280,278	264,229	544,507	14.71%
Lumpkin County Board of Commissioners	Local Government	36,771	32,589	69,360	1.87%
Chestatee Medical Center	Hospital	27,183	24,385	51,568	1.39%
Lumpkin County Board of Education	Local Government	42,808	34,203	77,011	2.08%
Tysons	Manufacturer - Poultry Processor	16,853	17,631	34,484	0.93%
Camp Glisson	Not for Profit - Religious	21,012	13,900	34,912	0.94%
Gold City Personal Care Home	Assisted Living Home	15,779	15,098	30,877	0.83%
Holiday Inn Express	Hospitality - Hotel	15,353	14,579	29,932	0.81%
Gold City Nursing Home	Nursing Home	14,850	12,993	27,843	0.75%
Total		<u>\$ 781,593</u>	<u>\$ 727,884</u>	<u>\$ 1,509,477</u>	<u>40.78%</u>
Total Water and Sewage sales:		<u><u>\$ 3,701,474</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 TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Governmental Activities		Business-Type Activities		
	General Obligation Bonds	Capital Leases	Water & Sewage Bonds	Notes Payable	Capital Leases
2005	\$0	\$0	\$ 175,000	\$ 6,313,789	\$0
2006	0	0	120,000	13,181,845	0
2007	0	10,534	65,000	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
2010	0	23,050	25,886,883	11,466,004	53,155
2011	0	10,207	25,619,558	10,852,312	19,985
2012	0	0	25,257,068	10,211,833	2,711
2013	0	0	24,799,334	9,544,352	0
2014	0	0	24,236,446	8,848,926	0

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 146 and 147 for personal income and population data.

	Total Primary Government	Percentage of Personal Income	Per Capita⁽²⁾
\$	6,488,789	6.01%	1,522
	13,301,845	11.48%	2,993
	12,961,577	10.37%	2,844
	39,634,204	30.78%	8,522
	38,618,512	28.85%	8,098
	37,429,092	28.09%	7,727
	36,502,062	40.26%	6,963
	35,471,612	44.15%	6,755
	34,343,686	42.75%	5,861
	33,085,372	41.18%	5,470

CITY OF DAHLONEGA, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2014

<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	\$ 6,540,890	100%	<u>\$ 6,540,890</u>
Subtotal, overlapping debt			<u>6,540,890</u>
City of Dahlonega direct debt			<u>0</u>
Total direct and overlapping debt			<u><u>\$ 6,540,890</u></u>

Source: Debt outstanding data per 12/31/2013 Lumpkin County CAFR.

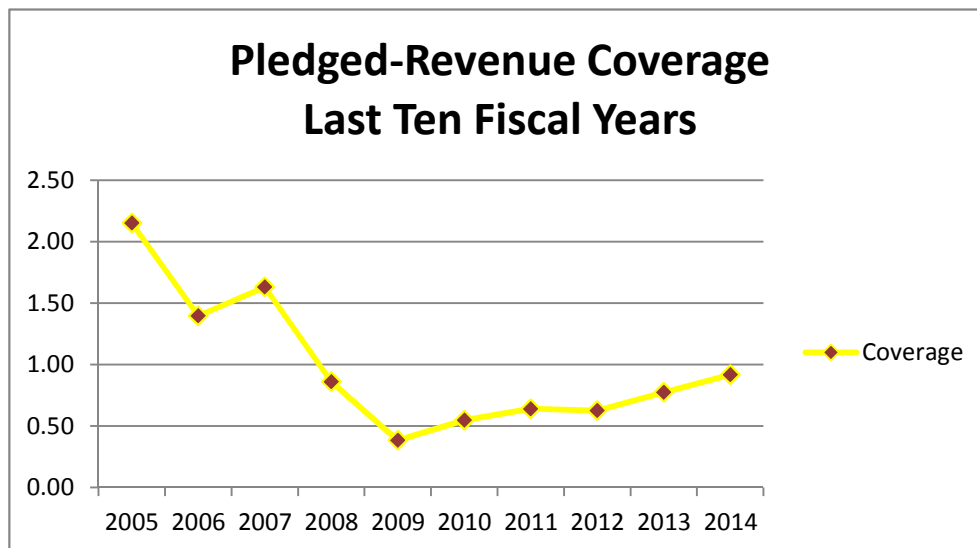
Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Dahlonega. The process recognizes 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

Fiscal Year	Public Utilities Revenue Bonds					Coverage
	Operating Revenue ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		
				Principal	Interest	
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	3,302,955	1,864,654	1,438,301	738,045	933,272	0.86
2009	2,922,110	1,790,825	1,131,285	1,087,798	1,856,012	0.38
2010	3,541,660	1,835,935	1,705,725	1,220,426	1,889,619	0.55
2011	3,626,742	1,861,065	1,765,677	931,862	1,825,061	0.64
2012	3,590,817	1,842,145	1,748,672	1,037,753	1,755,513	0.63
2013	4,005,797	1,794,831	2,210,966	1,145,192	1,709,247	0.77
2014	4,611,796	1,921,724	2,690,072	1,275,426	1,656,350	0.92

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			
	2005	2006	2007	2008
Debt Limit	\$ 15,588,875	\$ 17,442,280	\$ 19,332,099	\$ 22,538,021
Total net debt applicable to limit	0	0	0	0
Legal debt margin	\$ 15,588,875	\$ 17,442,280	\$ 19,332,099	\$ 22,538,021
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					
2009	2010	2011	2012	2013	2014
\$ 23,891,727	\$ 22,947,713	\$ 22,238,706	\$ 21,266,164	\$ 18,583,106	\$ 18,594,236
0	0	0	0	0	0
<u>\$ 23,891,727</u>	<u>\$ 22,947,713</u>	<u>\$ 22,238,706</u>	<u>\$ 21,266,164</u>	<u>\$ 18,583,106</u>	<u>\$ 18,594,236</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2014

Total Assessed value	\$ 185,942,357
Debt limit (10% of total assessed value) ⁽¹⁾	18,594,236
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>\$ 18,594,236</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)
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
2010	28,180	4,844	133,244
2011	29,966	5,242	90,676
2012	30,031	5,251	80,337
2013	30,611	5,860	80,337
2014	30,918	6,049	80,337

Source (a): Information was obtained from Woods & Poole Economics Data Pamphlet and U.S. Census Data

Source (b): Information was obtained from Lumpkin County Board of Education and Office of Student Accountability.

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)
\$	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%
	27,507	3,916	9.9%
	17,298	3,843	10.3%
	19,353	3,834	8.3%
	17,997	4,248	8.3%
	18,795	3,706	7.3%

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

<u>Employer</u>	<u>2014</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	699	1	5.77%	697	1	6.41%
Lumpkin County Board of Education	612	2	5.05%	615	2	5.66%
Lumpkin County Board of Commissioners	283	3	2.33%	286	4	2.63%
Wal-Mart Super Center	265	4	2.19%	265	5	2.44%
Koyo Bearings USA (formerly Timken USA Corp.)	243	5	2.00%	251	6	2.31%
Chestatee Regional Hospital	220	6	1.82%	223	7	2.05%
Aramark	132	7	1.09%			
RefigiWear, Inc.	112	8	0.92%	110	8	1.01%
The Louve Shop	100	9	0.83%			
Gold City Community Living	89	10	0.73%			
Mohawk Industries				350	3	3.22%
Home Depot				92	9	0.85%
Ridge Creek School (formerly Hidden Lake Academy)				83	10	0.76%
Total	<u>2,755</u>		<u>22.73%</u>	<u>2,972</u>		<u>27.34%</u>

Source: Lumpkin County Board of Commissioners CAFR

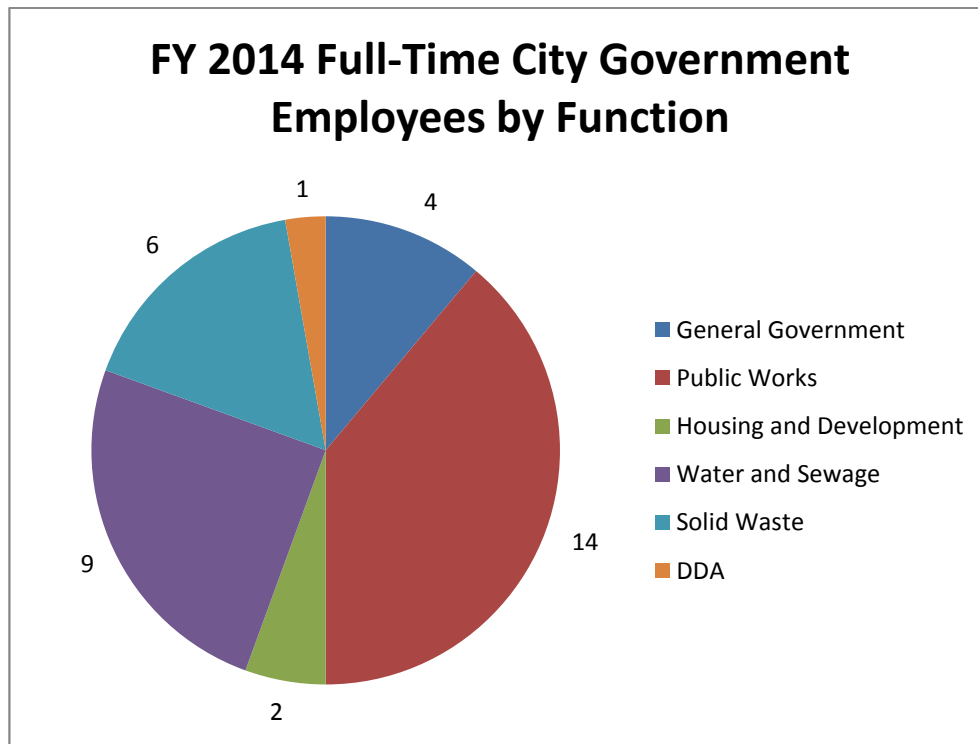
Note 1: Percentage of employment data in 2006 was based on estimated annual average employment of 10,870, which was obtained from Woods & Poole 2011 Economic Data Pamphlet.

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

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

Function	Full-time Employees as of September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary government										
General Government	4	5	6	7	7	7	7	5	5	4
Judicial	1	1	1	1	1	0	0	0	0	0
Public Works	8	10	11	11	10	10	10	10	12	14
Culture and Recreation	1	1	0	0	0	0	0	0	0	0
Housing and Development	3	3	3	2	2	2	2	2	2	2
Water and Sewage	17	15	15	17	15	15	15	13	13	9
Solid Waste	6	6	6	6	5	5	5	5	5	6
Total primary government	40	41	42	44	40	39	39	35	37	35
Component unit										
Housing and Development Dahlonega Downtown Development Authority	0	1	1	1	1	1	1	1	1	1
Total employees	40	42	43	45	41	40	40	36	38	36

Source: City Payroll Records



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

Function	Fiscal Year						
	2008	2009	2010	2011	2012	2013	2014
General Government							
Number of accounts payable checks issued	3,105	3,011	3,418	2,698	2,409	2,307	2,302
Number of payroll checks issued*	2,634	2,567	2,430	2,524	2,209	2,267	1,341
Highways and streets							
Miles of right-of-way maintained	37.8	37.8	37.8	37.8	37.8	37.8	37.8
Sanitation							
Refuse collected (tons)	3,083	3,253	3,161	3,089	3,073	3,098	3,243
Recyclables collected (tons)	97	91	114	112	129	125	97
Water System (MGD -Millions of Gallons per Day)							
Number of service connections	2,066	2,102	2,074	2,144	2,123	2,114	2,218
Daily average consumption in gallons	0.910	0.898	0.924	1.006	1.015	0.964	1.010
Sewer System (MGD -Millions of Gallons per Day)							
Number of service connections	1,344	1,402	1,383	1,462	1,443	1,432	1,522
Daily average treatment in gallons	0.482	0.488	0.619	0.631	0.750	0.768	0.934

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 changed to bi-weekly payroll processing

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

Function	Fiscal Year						
	2008	2009	2010	2011	2012	2013	2014
Highways and streets							
Miles of streets	37.8	37.8	37.8	37.8	37.8	37.8	37.8
Culture and Recreation							
Parks	3	3	3	3	3	3	3
Park acreage	3.58	3.58	3.58	3.58	3.58	3.58	3.58
Water and Sewerage System (MGD - Millions of Gallons per Day)							
Water System:							
Number of miles of water mains	56	58	58	59	59	59	59
Number of fire hydrants	433	433	433	437	437	437	437
Number of water treatment plants	1	1	1	1	1	1	1
Number of wells	2	2	2	0	0	0	0
Maximum daily capacity of treatment plants in gallons	1.5 MGD	1.5 MGD	4.0 MGD	4.0 MGD	4.0 MGD	4.0 MGD	4.0 MGD
Sewer System:							
Miles of sanitary sewers	40	42	42	42	42	42	42
Number of wastewater treatment plants	1	1	1	1	1	1	1
Maximum daily capacity of treatment plant in gallons	1.1 MGD	1.1 MGD	1.1 MGD	1.1 MGD	1.1 MGD	1.1 MGD	1.1 MGD
Solid Waste							
Collection Trucks	4	4	4	4	4	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.



OTHER REPORTING SECTION





Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the 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 year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Dahlonega, Georgia's basic financial statements and have issued our report thereon dated February 9, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Dahlonega, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Dahlonega's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dahlonega's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a material weakness:

Comment 14-1

Condition: The fiscal year 2013 financial statements were restated for the Water and Sewage Enterprise Fund to adjust unearned revenue.

Criteria: Generally accepted accounting principles require that unearned revenue be properly identified and recorded.

Effect: Failure to properly apply generally accepted accounting principles led to financial statements that were materially misstated by \$243,000.

Comment 14-1, continued

Recommendation: Management should verify that all unearned revenue is correctly identified and recorded in accordance with generally accepted accounting principles.

Management Response: Management identified this item and concurs with this finding. The Finance Director will continually monitor receipts to determine which revenues are unearned. This action was taken immediately upon receipt of the comment from our auditors.

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*.

City of Dahlonega, Georgia's Response to Finding

The City of Dahlonega, Georgia's response to the finding identified in our audit is described previously. The City of Dahlonega, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Dahlonega, Georgia's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
February 9, 2015

STATE REPORTING SECTION

THIS SECTION CONTAINS ADDITIONAL REPORTS
REQUIRED BY THE STATE OF GEORGIA.

CITY OF DAHLONEGA, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL
PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended September 30, 2014

<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	\$ 2,776,693	\$ 335,096	\$ 3,111,789
<u>2014 Referendum</u>					
Sewer Plant Upgrade and Related					
Sewer Line Replacements	\$ 3,000,000	\$ 3,000,000	\$ 0	\$ 0	\$ 0

* 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.