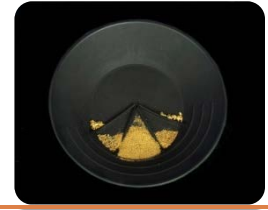


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010



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, 2010

Prepared By:

CHRISTOPHER F. AUSTIN, CPA

DIRECTOR OF FINANCE

Submitted By:

BILL LEWIS

CITY MANAGER





INTRODUCTORY SECTION



TABLE OF CONTENTS

INTRODUCTORY SECTION

Table of Contents.....	2 - 4
Certificate of Achievement for Excellence in Financial Reporting.....	5
List of Elected and Appointed Officials and Organizational Chart.....	6
Letter of Transmittal.....	7 - 10

FINANCIAL SECTION

Independent Auditor’s Report.....	13 - 14
Management’s Discussion and Analysis.....	16 - 22

Basic Financial Statements:

Government-wide Financial Statements

Statement of Net Assets.....	24 - 25
Statement of Activities.....	26

Fund Financial Statements:

Balance Sheet – Governmental Funds.....	27
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	30
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP) and Actual - General Fund.....	31
Statement of Net Assets – Proprietary Funds.....	32
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	33
Statement of Cash Flows – Proprietary Funds.....	34 - 35

Notes to the Financial Statements.....	38 - 64
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Supplementary Information:

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds.....	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	67

General Fund

Comparative Balance Sheets.....	70
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances.....	71
Schedules of Revenues – Budget (GAAP Basis) and Actual.....	72
Schedule of Expenditures – Budget (GAAP Basis) and Actual.....	73 - 75

Special Revenue Funds	
Multiple Grant Special Revenue Fund Comparative Balance Sheets.....	78
Multiple Grant Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual.....	79
Hotel/Motel Tax Special Revenue Fund Comparative Balance Sheets.....	80
Hotel/Motel Tax Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual.....	81
Capital Projects Funds	
Special Purpose Local Option Sales Tax Comparative Balance Sheets.....	84
Special Purpose Local Option Sales Tax Statements of Revenues, Expenditures and Changes in Fund Balance.....	85
Streetscape Balance Sheet.....	86
Streetscape Statement of Revenues, Expenditures and Changes in Fund Balance.....	87
Enterprise Funds	
Water and Sewage Enterprise Fund Comparative Statements of Net Assets.....	90 - 91
Water and Sewage Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets.....	92
Water and Sewage Enterprise Fund Comparative Statements of Cash Flows.....	93 - 94
Solid Waste Enterprise Fund Comparative Statements of Net Assets.....	95
Solid Waste Enterprise Fund Comparative Statements of Revenues, Expenses and Changes in Net Assets.....	96
Solid Waste Enterprise Fund Comparative Statements of Cash Flows.....	97
Component Unit:	
Downtown Development Authority Comparative Balance Sheets.....	100
Downtown Development Authority Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual.....	101

STATISTICAL SECTION

Financial Trends:	
Net Assets by Component – Last Seven Fiscal Years.....	106 - 107
Changes in Net Assets – Last Seven Fiscal Years.....	108 - 111
Governmental Activities Tax Revenues by Source – Last Seven Fiscal Years.....	112 - 113
Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	114 - 115
Changes in Fund Balances of Governmental Funds – Last Seven Fiscal Years.....	116 - 117
Governmental Funds Tax Revenues by Source – Last Seven Fiscal Years.....	118 - 119
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	120 - 121

Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years.....	122 - 123
Principal Taxpayers – September 30, 2010.....	124
Property Tax Levies and Collections – Last Eight Fiscal Years.....	125
Local Option Sales Tax Distribution Commodity Report – Lumpkin County – Last Four Calendar Years.....	126 - 127
Water & Sewage Utility – Ten Largest System Customers – September 30, 2010.....	129
Debt Capacity:	
Ratios of Outstanding Debt by Type – Last Seven Fiscal Years.....	130 - 131
Direct and Overlapping Governmental Activities Debt – September 30, 2010...	132
Pledged – Revenue Coverage – Water & Sewage Fund – Last Ten Fiscal Years.....	133
Legal Debt Margin Information – Last Ten Fiscal Years.....	134 - 135
Demographic and Economic Information:	
Demographic and Economic Statistics – Last Ten Fiscal Years.....	136 - 137
Principal Employers – Lumpkin County – Current Year & Four Years Ago	138
Operating Information:	
Full-Time City Government Employees by Function – Last Six Fiscal Years.....	139
Operating Indicators by Function – Last Three Fiscal Years.....	140
Capital Asset Statistics by Function – Last Three Fiscal Years.....	141

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.....	145 - 146
State Reporting	
Schedule of Projects Financed with Special Purpose Local Option Sales Tax....	148

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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



ELECTED AND APPOINTED OFFICIALS

September 30, 2010

ELECTED OFFICIALS

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

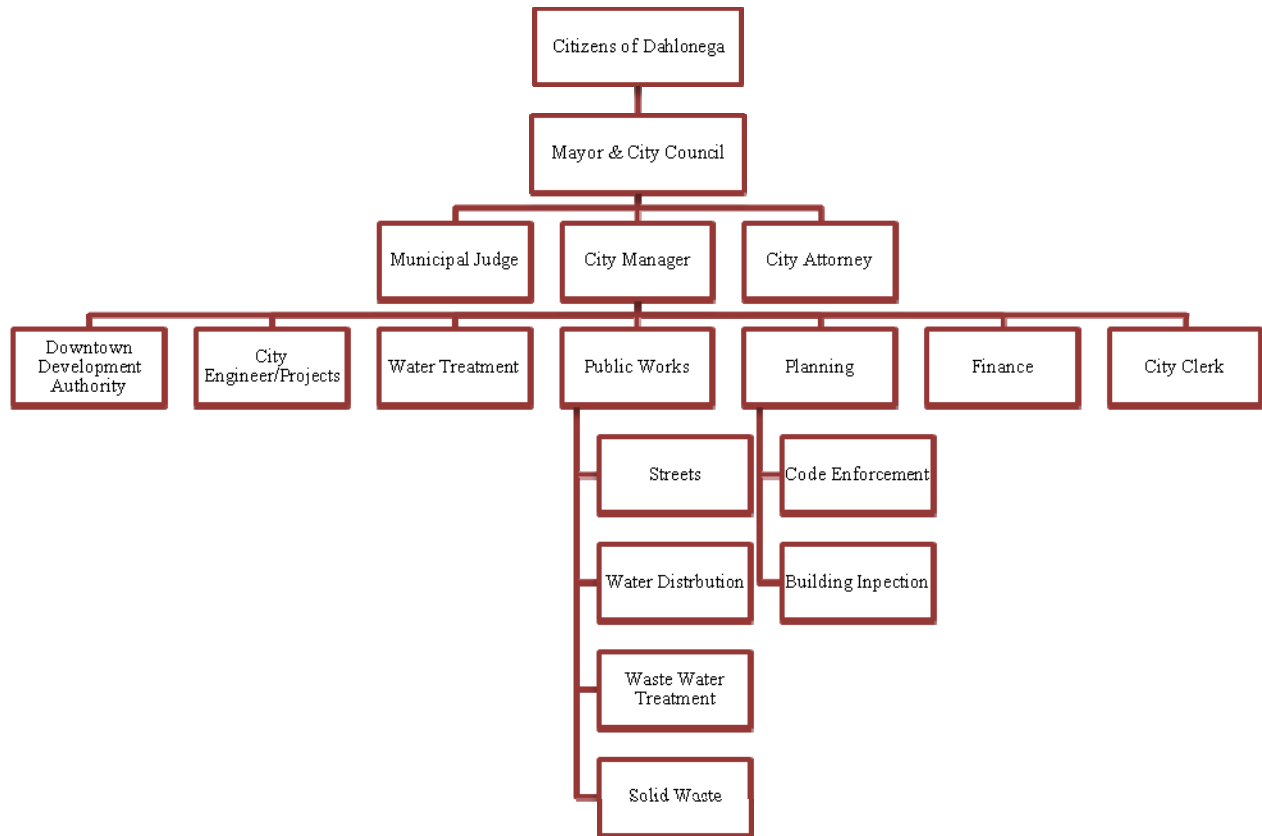
APPOINTED OFFICIALS

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



CITY OF DAHLONEGA ORGANIZATION CHART

September 30, 2010





February 5, 2011

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, 2010 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 second 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 2010. The audit issued an unqualified opinion for the 2010 fiscal

year which is included within this document.

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

PROFILE OF THE GOVERNMENT

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

approximately 70 miles north east of Atlanta. The population of Dahlonega is estimated to be 4,850. 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 5,997 undergraduate and graduate students.



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

The government of the City of Dahlonega is vested in a City Council composed of a mayor and six council members. Each



member serves a four year term of office and there are no limits on the amount of terms they may serve. The Council appoints a City Manager to supervise and coordinate all activities of the City. The City has the authority to levy property tax on both real

and personal property located within its boundaries.

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



The Downtown Development Authority of Dahlonega (DDA), a legally separate entity, was created by the City to stimulate and sustain economic development in Downtown Dahlonega. The DDA works closely with downtown businesses and city leaders to ensure continued growth and investment into the downtown area while preserving its unique heritage.

The City of Dahlonega develops and adopts a balanced budget for each fiscal year. The City Manager and the Finance Director develop this document which is submitted to the mayor and City Council for adoption. The City includes all governmental funds (General, SPLOST, 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.

	Unemployment (Lumpkin Co.)	Building Permits (City)
2010	9.9%	47
2009	11.5%	69
2008	7.3%	77
2007	4.0%	192
2006	4.0%	115

LOCAL ECONOMY

The economy within the City of Dahlonega is mainly based on tourism. During the past five years, through ongoing efforts of the Convention and Visitors Bureau, the tourism industry in Dahlonega has grown. With historic interests, outdoor recreational activities, and five local wineries and vineyards Dahlonega attracts many different types of tourists. The City dedicates all of the Hotel/Motel tax proceeds to promoting its number one industry.



Another important sector in Dahlonega's economy is the location of North Georgia College and State University within the city limits of Dahlonega. The City supports 5,997 resident and commuter students.

The 2010 year has been hard on Dahlonega as it has on the entire country. Dahlonega has had tentative signs of recovery but unemployment continues to be high at 9.9%. The manufacturing sector has rehired some of the previous years' layoffs but is not at full capacity to date

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

Throughout the poor economic news of 2010 the bright news has been that the tourism industry in Dahlonega has been relatively unaffected.

LONG-TERM FINANCIAL PLANNING

Unreserved, undesignated fund balance in the general fund is \$3,413,767 or 112 percent of the 2011 annual revenue budget. The City maintains these funds to provide cash flow throughout the year and as a buffer against unforeseen events.

The Water and 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 produces four 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 annually.

MAJOR INITIATIVES

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

The City has chosen Hancock Park as the site for a one of a kind historic diving bell which was used in the 19th century to mine gold from the bottom of nearby Chestatee River. The construction of a building to house the diving bell is moving forward, the architectural plans have been completed and the City is currently waiting on a grant to match funds already raised for the project.

AWARDS AND ACKNOWLEDGEMENTS

Last year the City submitted its first Comprehensive Annual Financial Report 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 for its first Comprehensive Annual Financial Report. 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 second 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 Dahlonega's citizens.

Sincerely,



Bill Lewis
City Manager



Christopher F. Austin, CPA
Director of Finance

FINANCIAL SECTION



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of and for the fiscal year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Dahlonega, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of September 30, 2010, and the respective changes in the financial position and cash flows, where applicable, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2011 on our consideration of the City of Dahlonega, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dahlonega, Georgia's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, the statistical section, and the state reporting section with the special purpose local option sales tax report are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules and the state reporting section with the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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.

Rushton & Company

Certified Public Accountants

Gainesville, Georgia

February 5, 2011

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2010

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, 2010. We encourage readers to consider the information presented here in conjunction with the basic financial statements, accompanying notes to those financial statements, and the additional information that we have furnished in our letter of transmittal, which can be found in the beginning of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

Government wide Financial Statements

- At the close of the fiscal year, the assets of the City exceeded its liabilities by \$24,752,138. Of this \$6,058,213 (24.48%) represents unrestricted net assets which may be used to meet the City's ongoing obligations.
- At the close of the fiscal year, the net assets of the City's governmental activities were \$8,374,778. This represents an increase of \$123,540 (1.50%) over the prior year net asset balance for governmental activities.
- At the close of the fiscal year, the net assets of the City's business-type activities were \$16,377,360. This represents an increase of \$450,000 (2.83%) over the prior year net asset balance for business-type activities.

Fund Financial Statements

- As of the close of the current fiscal year, the City of Dahlonega's governmental funds reported combined ending fund balances of \$4,035,447, an increase of \$238,251 from the prior year. The General Fund's unreserved, undesignated fund balance at year end is \$3,413,767 or 84.6%

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

- The General Fund had revenues of \$3,125,623 for the current fiscal year. Of this amount \$936,539 (30%) was from property taxes and \$744,801 (23.8%) was from sales taxes.

Debt Obligations

- Long-term debt obligations from the primary governmental activities decreased \$12,278 (34.75%) from \$35,328 at September 30, 2009, to \$23,050 at September 30, 2010.
- Long-term debt obligations from the business-type activities decreased \$1,177,142 (3.05%) from \$38,583,184 at September 30, 2009, to \$37,406,042 at September 30, 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

provided following the governmental fund financial statements.

The City has two major and three non-major governmental funds. The City's major governmental funds are the General Fund and SPLOST Fund. The City's non-major governmental funds are the Multiple Grant Fund, Hotel/Motel Tax 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 32 through 35 of this report.

Notes to the Financial Statements

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

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 66 through 101 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's net assets for governmental activities increased \$123,540 or 1.5% during the year ending September 30, 2010. This increase was in restricted net assets of \$103,388, and unrestricted net assets of \$122,292, which was offset by a decrease in net assets invested in capital assets net of related debt of \$102,140. Most of the decrease in net assets invested in capital assets net of related debt is the effect of continued depreciation of the City's capital assets. The restricted net assets increased due to increases in SPLOST proceeds and cemetery care funds. Unrestricted net assets are funds available to finance governmental operations. The City maintains a large amount of its net assets in cash to enable the City to have funds for emergencies and avoid short term borrowing.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Current assets	\$ 4,948,487	\$ 3,989,742	\$ 6,525,487	\$ 15,504,601	\$ 11,473,974	\$ 19,494,343
Noncurrent assets	4,383,891	4,498,309	47,659,928	42,418,285	52,043,819	46,916,594
Total assets	9,332,378	8,488,051	54,185,415	57,922,886	63,517,793	66,410,937
Current liabilities	947,393	213,764	1,333,693	4,544,590	2,281,086	4,758,354
Noncurrent liabilities	10,207	23,049	36,474,362	37,450,936	36,484,569	37,473,985
Total liabilities	957,600	236,813	37,808,055	41,995,526	38,765,655	42,232,339
Net assets:						
Invested in capital assets, net of related debt	4,360,841	4,462,981	13,637,369	15,609,939	17,998,210	20,072,920
Restricted	571,645	468,257	124,070	-	695,715	468,257
Unrestricted	3,442,292	3,320,000	2,615,921	317,421	6,058,213	3,637,421
Total net assets	\$ 8,374,778	\$ 8,251,238	\$ 16,377,360	\$ 15,927,360	\$ 24,752,138	\$ 24,178,598

Net assets for business-type activities increased \$450,000 or 2.83%. Restricted net assets increased by \$124,070. Business-type activities had no restricted net assets at September 30, 2009. Unrestricted net assets increased by \$2,298,500 or 724.12%. 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 \$1,972,570, or 12.64%. The City uses these capital assets to provide services to the customers of the City; consequently, these net assets are not available for future spending. These net assets represent a capital investment in the business-type activities of the City. The decrease in this net asset class relates to the new water treatment facility and related infrastructure being placed in service and depreciated.

Approximately 24.04% of the City's governmental activities revenues came from property taxes and approximately 48.64% came from sales and other taxes. Combined the City is dependent on taxes for approximately 72.68% of its governmental activities revenues.

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 406,965	\$ 328,185	\$ 4,044,229	\$ 3,410,670	\$ 4,451,194	\$ 3,738,855
Operating grants and contributions	6,410	24,747	-	-	6,410	24,747
Capital grants and contributions	524,614	906,645	100,158	965,685	624,772	1,872,330
General revenues:						
Property taxes	903,412	929,774	-	-	903,412	929,774
Sales taxes	744,801	723,690	-	-	744,801	723,690
Other taxes	1,083,052	1,117,572	-	-	1,083,052	1,117,572
Interest and investment earnings	41,210	50,981	22,442	29,226	63,652	80,207
Gain on sale of assets	-	67,352	-	12,521	-	79,873
Miscellaneous revenue	47,543	47,647	2,514	17,659	50,057	65,306
Total revenues	3,758,007	4,196,593	4,169,343	4,435,761	7,927,350	8,632,354
Expenses						
General government	1,041,292	1,000,735	-	-	1,041,292	1,000,735
Judicial	282,317	253,877	-	-	282,317	253,877
Public Safety	60,651	105,371	-	-	60,651	105,371
Public Works	909,630	821,886	-	-	909,630	821,886
Culture and Recreation	47,874	64,597	-	-	47,874	64,597
Housing and Development	490,080	508,066	-	-	490,080	508,066
Interest on long-term debt	1,399	1,938	-	-	1,399	1,938
Water and sewage	-	-	4,068,774	3,293,531	4,068,774	3,293,531
Solid Waste	-	-	451,793	468,490	451,793	468,490
Total expenses	2,833,243	2,756,470	4,520,567	3,762,021	7,353,810	6,518,491
Increase (decrease) in net assets before transfers	924,764	1,440,123	(351,224)	673,740	573,540	2,113,863
Transfers	(801,224)	(618,569)	801,224	618,569	-	-
Increase (decrease) in net assets	123,540	821,554	450,000	1,292,309	573,540	2,113,863
Net assets - beginning	8,251,238	7,429,684	15,927,360	14,635,051	24,178,598	22,064,735
Net assets - ending	\$ 8,374,778	\$ 8,251,238	\$ 16,377,360	\$ 15,927,360	\$ 24,752,138	\$ 24,178,598

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

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

As of the close of the year, the City's governmental funds reported a combined ending fund balance of \$4,035,447 with \$3,677,839 reported as unreserved fund balance and the remaining amount of \$357,608 reserved for prepaid items and public works.

The General Fund is the operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3,413,767. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures for fiscal year 2010. Unreserved fund balance represents 134.98% of total General Fund expenditures. The net change in the General Fund's fund balance for the year ended September 30, 2010 was an increase of \$158,780.

The SPLOST Fund is required by Georgia State law to account for the collection and expending of proceeds of a one percent Special Purpose Local Option Sales Tax. Of this one percent sales tax the City of Dahlonega receives 17.3%. These funds are limited to paying debt service on bonds issued to finance a water treatment facility. The sales tax generated \$515,327 in revenues and transfers of \$515,000 were made to fund debt service payments. The total fund balance for this fund at

September 30, 2010 was \$169,007 which will be used to fund future debt service payments.

Enterprise Funds

The Enterprise Funds are composed of the Water and Sewage Fund and the Solid Waste Fund. The net change in the total Enterprise Funds' net asset balance for the year ended September 30, 2010 was a decrease before transfers of \$351,224 and after transfers an increase of \$450,000. The total net assets for the Enterprise Funds at the beginning of the fiscal year were \$15,927,360 and net assets at the end of the fiscal year were \$16,377,360.

BUDGETARY HIGHLIGHTS

The City revised the General Fund Budget at various times through the end of the fiscal year to reflect changes in estimated revenues and expenditures. Total amendments to the General Fund Budget increased revenues and other financing sources by \$34,000 and increased expenditures and other financing uses by \$267,025. The City's revenues were above budgeted projections and expenditures were under budgeted projections.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

At September 30, 2010, the City reported \$51,421,726 in capital assets net of accumulated depreciation. This is an increase of \$4,505,132 or 9.6% over fiscal year 2009. Additional information on the City's capital assets can be found in Note 8 in the Notes to the Financial Statements beginning on page 52 of this report.

At September 30, 2010, the City reported long-term debt of \$37,429,092 net of unamortized bond discounts. This is a decrease of \$1,189,420 or 3.08% under fiscal year 2009. Additional information about the City's long-term debt activity can be found in Notes 9 and 10 in the Notes to the Financial Statements beginning on page 54.

In conclusion, the City of Dahlonega finished the year with an increase in fund balance and net assets. The property tax digest decreased while the property tax millage rate remained stable at 3.950. Other rate and fee increases during fiscal year 2010 included the per thousand gallon rates for water and sewer increasing by \$0.55. Tap fees also increased based on a fee study conducted by the City. Fiscal management has been sound while providing the services that the citizens expect and deserve.

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

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

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET ASSETS
September 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,438,999	\$ 1,505,631	\$ 4,944,630	\$ 172,605
Restricted assets				
Cash and cash equivalents	311,826	2,093,433	2,405,259	3,731
Investments	0	2,239,277	2,239,277	0
Receivables (net)				
Accounts	760	497,361	498,121	0
Taxes	840,845	0	840,845	0
Fines	101,404	0	101,404	0
Intergovernmental	169,191	0	169,191	0
Inventories	26,795	135,327	162,122	0
Prepaid items	45,782	67,343	113,125	3,340
Internal balances	12,885	(12,885)	0	0
Total current assets	4,948,487	6,525,487	11,473,974	179,676
Noncurrent assets				
Debt issuance costs	0	622,093	622,093	0
Capital assets				
Non-depreciable	2,207,509	3,317,330	5,524,839	0
Depreciable (net)	2,176,382	43,720,505	45,896,887	0
Total noncurrent assets	4,383,891	47,659,928	52,043,819	0
Total assets	9,332,378	54,185,415	63,517,793	179,676
LIABILITIES				
Current liabilities				
Payables				
Accounts	89,913	87,123	177,036	5,232
Intergovernmental	611	313	924	0
Interest	0	32,999	32,999	0
Deposits	200	0	200	0
Unearned revenue	792,094	0	792,094	0
Accrued payroll liabilities	5,654	5,631	11,285	324
Compensated absences	46,078	72,883	118,961	476
Notes payable	0	613,510	613,510	0
Capital leases payable	12,843	33,170	46,013	0
Liabilities payable from restricted assets				
Payables				
Accounts	0	3,129	3,129	0
Interest	0	114,319	114,319	0
Customer deposits payable	0	85,616	85,616	0
Revenue bonds payable	0	285,000	285,000	0
Total current liabilities	947,393	1,333,693	2,281,086	6,032

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET ASSETS
September 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Noncurrent liabilities				
Notes payable	\$ 0	\$ 10,852,494	\$ 10,852,494	\$ 0
Capital leases payable	10,207	19,985	30,192	0
Revenue bonds payable	0	25,601,883	25,601,883	0
Total noncurrent liabilities	10,207	36,474,362	36,484,569	0
Total liabilities	957,600	37,808,055	38,765,655	6,032
NET ASSETS				
Invested in capital assets, net of related debt	4,360,841	13,637,369	17,998,210	0
Restricted for:				
Public works	311,826	0	311,826	0
Debt service	0	124,070	124,070	0
Capital outlay	259,819	0	259,819	0
Unrestricted	3,442,292	2,615,921	6,058,213	173,644
Total net assets	\$ 8,374,778	\$ 16,377,360	\$ 24,752,138	\$ 173,644

CITY OF DAHLONEGA, GEORGIA

STATEMENT OF ACTIVITIES

For the fiscal year ended September 30, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General Government	\$ 1,041,292	\$ 77,355	\$ 4,000	\$ 0	\$ (959,937)
Judicial	282,317	262,317	0	0	(20,000)
Public Safety	60,651	0	0	0	(60,651)
Public Works	909,630	30,950	1,502	524,614	(352,564)
Culture and Recreation	47,874	0	0	0	(47,874)
Housing and Development	490,080	36,343	908	0	(452,829)
Interest on long-term debt	1,399	0	0	0	(1,399)
Total governmental activities	<u>2,833,243</u>	<u>406,965</u>	<u>6,410</u>	<u>524,614</u>	<u>(1,895,254)</u>
Business-type activities					
Water and Sewage	4,068,774	3,520,548	0	100,158	(448,068)
Solid Waste	451,793	523,681	0	0	71,888
Total business-type activities	<u>4,520,567</u>	<u>4,044,229</u>	<u>0</u>	<u>100,158</u>	<u>(376,180)</u>
Total primary government	<u>7,353,810</u>	<u>4,451,194</u>	<u>6,410</u>	<u>624,772</u>	<u>(2,271,434)</u>
Component Unit					
Downtown Development Authority					
Housing and Development	147,141	0	2,257	0	(144,884)
Primary Government					
	Governmental Activities	Business-Type Activities	Total	Component Unit	
Change in net assets					
Net (expense) revenue	\$ (1,895,254)	\$ (376,180)	\$ (2,271,434)	\$ (144,884)	
General revenues					
Taxes					
Property	903,412	0	903,412	0	
Sales	744,801	0	744,801	0	
Franchise	460,629	0	460,629	0	
Insurance premium	201,702	0	201,702	0	
Intangibles	11,854	0	11,854	0	
Alcoholic beverage	176,223	0	176,223	0	
Occupational	110,811	0	110,811	0	
Hotel/Motel	121,833	0	121,833	0	
Payments from City of Dahlonega	0	0	0	123,449	
Interest and investment earnings	41,210	22,442	63,652	817	
Miscellaneous	47,543	2,514	50,057	7,660	
Transfers	(801,224)	801,224	0	0	
Total general revenues, special items, and transfers	<u>2,018,794</u>	<u>826,180</u>	<u>2,844,974</u>	<u>131,926</u>	
Change in net assets	123,540	450,000	573,540	(12,958)	
Net assets - beginning	<u>8,251,238</u>	<u>15,927,360</u>	<u>24,178,598</u>	<u>186,602</u>	
Net assets - ending	<u>\$ 8,374,778</u>	<u>\$ 16,377,360</u>	<u>\$ 24,752,138</u>	<u>\$ 173,644</u>	

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2010

	<u>General</u>	<u>SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 3,259,361	\$ 75,833	\$ 103,805	\$ 3,438,999
Restricted assets				
Cash and cash equivalents	311,826	0	0	311,826
Receivables (net)				
Accounts	760	0	0	760
Taxes	828,117	0	12,728	840,845
Fines	101,404	0	0	101,404
Intergovernmental	67,915	93,174	8,102	169,191
Inventory	26,795	0	0	26,795
Prepaid items	45,782	0	0	45,782
Due from other funds	16,235	0	0	16,235
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 4,658,195	\$ 169,007	\$ 124,635	\$ 4,951,837
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Payables				
Accounts	\$ 63,693	\$ 0	\$ 26,220	\$ 89,913
Intergovernmental	611	0	0	611
Deposits	200	0	0	200
Due to other funds	0	0	3,350	3,350
Accrued salaries and payroll expenses	5,654	0	0	5,654
Deferred revenue	816,662	0	0	816,662
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	886,820	0	29,570	916,390
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances				
Reserved for prepaid items	45,782	0	0	45,782
Reserved for public works	311,826	0	0	311,826
Unreserved, undesignated	3,413,767	169,007	0	3,582,774
Special Revenue Funds	0	0	4,253	4,253
Capital Projects Funds	0	0	90,812	90,812
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	3,771,375	169,007	95,065	4,035,447
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 4,658,195	\$ 169,007	\$ 124,635	\$ 4,951,837
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
September 30, 2010

Total fund balance - total governmental funds	\$	4,035,447
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of \$5,949,831, net of accumulated depreciation of (\$1,565,940), are not financial resources and, therefore, are not reported in the funds.		4,383,891
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These include deferred property taxes of \$24,568.		24,568
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are capital leases of (\$23,050) and compensated absences of (\$46,078).		<u>(69,128)</u>
Net assets of governmental activities	\$	<u><u>8,374,778</u></u>

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2010

	General	SPLOST	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	\$ 2,630,705	\$ 0	\$ 121,833	\$ 2,752,538
Licenses and permits	113,675	0	0	113,675
Fines, fees and forfeitures	262,317	0	0	262,317
Charges for services	30,973	0	0	30,973
Intergovernmental	0	515,327	12,102	527,429
Interest	41,210	2,687	0	43,897
Contributions	908	0	0	908
Other	47,543	0	0	47,543
Total revenues	3,127,331	518,014	133,935	3,779,280
EXPENDITURES				
Current				
General Government	999,758	0	1,828	1,001,586
Judicial	283,124	0	0	283,124
Public Safety	60,651	0	0	60,651
Public Works	759,852	0	11,000	770,852
Culture and Recreation	33,446	0	0	33,446
Housing and Development	378,613	0	121,833	500,446
Debt Service	13,678	0	0	13,678
Capital outlay	0	0	76,022	76,022
Total expenditures	2,529,122	0	210,683	2,739,805
Excess (deficiency) of revenues over (under) expenditures	598,209	518,014	(76,748)	1,039,475
Other financing sources (uses) Transfers in (out)	(439,429)	(515,000)	153,205	(801,224)
Net change in fund balances	158,780	3,014	76,457	238,251
Fund balances, October 1	3,612,595	165,993	18,608	3,797,196
Fund balances, September 30	\$ 3,771,375	\$ 169,007	\$ 95,065	\$ 4,035,447

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, 2010

Net change in fund balances - total governmental funds \$ 238,251

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 depreciation of (\$168,047) exceed capital outlays of \$45,744 in the current period. (122,303)

Contributions of capital assets from component unit of \$7,885 increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 7,885

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. (21,273)

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 (\$8,702) in compensated absences. 8,702

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt payments of \$12,278 exceeded proceeds of \$0. 12,278

Change in net assets of governmental activities \$ 123,540

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, 2010

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes	\$ 2,493,731	\$ 2,493,731	\$ 2,630,705	\$ 136,974
Licenses and permits	103,500	103,500	113,675	10,175
Fines, fees and forfeitures	180,000	214,000	262,317	48,317
Charges for services	37,000	37,000	30,973	(6,027)
Interest	42,000	42,000	41,210	(790)
Contributions	500	500	908	408
Other	43,977	43,977	47,543	3,566
Total revenues	<u>2,900,708</u>	<u>2,934,708</u>	<u>3,127,331</u>	<u>192,623</u>
EXPENDITURES				
Current				
General Government				
Legislative	174,334	179,834	179,617	217
Executive	174,500	174,500	172,586	1,914
Elections	1,995	1,995	772	1,223
General Administration	684,664	684,664	646,783	37,881
Judicial				
Municipal Court	247,480	283,480	283,124	356
Public Safety				
Law Enforcement	103,550	103,550	60,651	42,899
Public Works				
Paved Street	590,060	625,180	613,969	11,211
Shop Department	69,006	70,406	70,308	98
Cemetery	73,552	77,052	75,575	1,477
Culture and Recreation				
Parks	44,108	40,208	33,446	6,762
Housing and Development				
Building Inspections	165,448	194,648	187,028	7,620
Better Home Towns	54,000	61,000	60,251	749
Downtown Development Authority	131,334	131,334	131,334	0
Debt Service				
General Government				
General Administration	3,824	3,824	3,824	0
Public Works				
Paved Street	9,854	9,854	9,854	0
Total expenditures	<u>2,527,709</u>	<u>2,641,529</u>	<u>2,529,122</u>	<u>112,407</u>
Excess (deficiency) of revenues over (under) expenditures	<u>372,999</u>	<u>293,179</u>	<u>598,209</u>	<u>305,030</u>
Other financing sources (uses)				
Transfers in (out)				
Transfers out	(291,220)	(444,425)	(439,429)	4,996
Contingency	(81,779)	(1,959)	0	1,959
Total other financing sources (uses)	<u>(372,999)</u>	<u>(446,384)</u>	<u>(439,429)</u>	<u>6,955</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(153,205)	158,780	311,985
Fund balances, October 1	0	153,205	3,612,595	3,459,390
Fund balances, September 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,771,375</u>	<u>\$ 3,771,375</u>

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2010

	<u>Water and Sewage</u>	<u>Solid Waste</u>	<u>Totals</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,129,148	\$ 376,483	\$ 1,505,631
Restricted assets			
Cash and cash equivalents	2,093,433	0	2,093,433
Investments	2,239,277	0	2,239,277
Receivables (net)			
Accounts	429,800	67,561	497,361
Inventory	135,327	0	135,327
Prepaid items	52,369	14,974	67,343
Due from other funds	163,507	0	163,507
Total current assets	<u>6,242,861</u>	<u>459,018</u>	<u>6,701,879</u>
Noncurrent assets			
Capital assets			
Non-depreciable	3,317,330	0	3,317,330
Depreciable (net)	43,487,947	232,558	43,720,505
Other assets			
Debt issuance costs	622,093	0	622,093
Total noncurrent assets	<u>47,427,370</u>	<u>232,558</u>	<u>47,659,928</u>
Total assets	<u>53,670,231</u>	<u>691,576</u>	<u>54,361,807</u>
LIABILITIES			
Current liabilities			
Payables			
Accounts	76,185	10,938	87,123
Intergovernmental	313	0	313
Interest	32,999	0	32,999
Accrued salaries and payroll expenses	4,637	994	5,631
Compensated absences	68,183	4,700	72,883
Due to other funds	5,222	171,170	176,392
Notes payable	613,510	0	613,510
Capital leases payable	33,170	0	33,170
Liabilities payable from restricted assets:			
Payables			
Accounts	3,129	0	3,129
Interest	114,319	0	114,319
Customer deposits payable	85,616	0	85,616
Revenue bonds payable	285,000	0	285,000
Total current liabilities	<u>1,322,283</u>	<u>187,802</u>	<u>1,510,085</u>
Noncurrent liabilities			
Notes payable	10,852,494	0	10,852,494
Capital leases payable	19,985	0	19,985
Revenue bonds payable	25,601,883	0	25,601,883
Total noncurrent liabilities	<u>36,474,362</u>	<u>0</u>	<u>36,474,362</u>
Total liabilities	<u>37,796,645</u>	<u>187,802</u>	<u>37,984,447</u>
NET ASSETS			
Invested in capital assets, net of related debt	13,404,811	232,558	13,637,369
Restricted for debt service	124,070	0	124,070
Unrestricted	2,344,705	271,216	2,615,921
Total net assets	<u>\$ 15,873,586</u>	<u>\$ 503,774</u>	<u>\$ 16,377,360</u>

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2010

	Water and Sewage	Solid Waste	Totals
OPERATING REVENUES			
Charges for sales and services	\$ 3,518,392	\$ 523,681	\$ 4,042,073
Other	4,670	0	4,670
Total operating revenues	3,523,062	523,681	4,046,743
OPERATING EXPENSES			
Costs of sales and services	746,567	135,895	882,462
Personal services	1,089,368	297,726	1,387,094
Depreciation	1,275,219	18,172	1,293,391
Total operating expenses	3,111,154	451,793	3,562,947
Operating income (loss)	411,908	71,888	483,796
Non-operating revenues (expenses)			
Interest revenue	18,598	3,844	22,442
Interest expense	(936,687)	0	(936,687)
Gain (loss) on sale of assets	(20,933)	0	(20,933)
Total non-operating revenues (expenses)	(939,022)	3,844	(935,178)
Income (loss) before capital contributions and transfers	(527,114)	75,732	(451,382)
Capital contributions			
Intergovernmental	100,158	0	100,158
Income (loss) before transfers	(426,956)	75,732	(351,224)
Transfers in (out)			
Transfers in	801,224	0	801,224
Change in net assets	374,268	75,732	450,000
Net assets, October 1	15,499,318	428,042	15,927,360
Net assets, September 30	\$ 15,873,586	\$ 503,774	\$ 16,377,360

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2010

	Water and Sewage	Solid Waste	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 3,509,689	\$ 535,266	\$ 4,044,955
Payments to suppliers	(779,358)	(140,370)	(919,728)
Payments to employees	(1,091,074)	(298,981)	(1,390,055)
Other receipts	4,670	0	4,670
	<u>1,643,927</u>	<u>95,915</u>	<u>1,739,842</u>
Net cash provided (used) by operating activities			
Cash flows from non-capital financing activities:			
Receipts from other funds	333,174	0	333,174
Payments to other funds	0	(41,805)	(41,805)
	<u>333,174</u>	<u>(41,805)</u>	<u>291,369</u>
Net cash provided (used) by non-capital financing activities			
Cash flows from capital and related financing activities:			
Receipts from other governments	450,136	0	450,136
Receipts from sale of capital assets	23,705	0	23,705
Receipts from other funds	516,209	0	516,209
Payments for acquisitions of capital assets	(8,224,466)	0	(8,224,466)
Principal payments - revenue bonds	(515,000)	0	(515,000)
Issuance of promissory notes	43,284	0	43,284
Principal payments - promissory notes	(654,262)	0	(654,262)
Payment of capital leases	(31,720)	0	(31,720)
Interest paid	(1,854,908)	0	(1,854,908)
	<u>(10,247,022)</u>	<u>0</u>	<u>(10,247,022)</u>
Net cash provided (used) by capital and related financing activities			
Cash flows from investing activities:			
Proceeds from certificates of deposit	35,000	0	35,000
Proceeds from sale of investments	6,792,993	0	6,792,993
Purchases of investments	(6,693,348)	0	(6,693,348)
Interest received	100,439	3,844	104,283
	<u>235,084</u>	<u>3,844</u>	<u>238,928</u>
Net cash provided (used) by investing activities			
Net increase (decrease) in cash and cash equivalents	(8,034,837)	57,954	(7,976,883)
Cash and cash equivalents, October 1	11,257,418	318,529	11,575,947
Cash and cash equivalents, September 30	<u>\$ 3,222,581</u>	<u>\$ 376,483</u>	<u>\$ 3,599,064</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, 2010

	<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)	\$ 411,908	\$ 71,888	\$ 483,796
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,275,219	18,172	1,293,391
(Increase) decrease in accounts receivable	(24,190)	11,585	(12,605)
(Increase) decrease in inventory	(51,318)	0	(51,318)
(Increase) decrease in prepaid items	(8,722)	(1,367)	(10,089)
Increase (decrease) in accounts payable	27,801	(3,108)	24,693
Increase (decrease) in intergovernmental payable	(552)	0	(552)
Increase (decrease) in payroll liabilities	(1,706)	(1,255)	(2,961)
Increase (decrease) in deposits payable	15,487	0	15,487
Total adjustments	<u>1,232,019</u>	<u>24,027</u>	<u>1,256,046</u>
Net cash provided (used) by operating activities	<u>\$ 1,643,927</u>	<u>\$ 95,915</u>	<u>\$ 1,739,842</u>
Cash and cash equivalents reconciliation:			
Cash and cash equivalents	\$ 1,129,148	\$ 376,483	\$ 1,505,631
Restricted assets			
Cash and cash equivalents	<u>2,093,433</u>	<u>0</u>	<u>2,093,433</u>
Total cash and cash equivalents	<u>\$ 3,222,581</u>	<u>\$ 376,483</u>	<u>\$ 3,599,064</u>

Noncash capital and related financing activities:

Noncash reductions of notes payable totaled \$37,401 for the fiscal year ended September 30, 2010.



NOTES TO THE FINANCIAL STATEMENTS



1. DESCRIPTION OF GOVERNMENT UNIT

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity, continued

City of Dahlonega Downtown Development Authority

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

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

C. Government-wide and Fund Financial Statements

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-wide and Fund Financial Statements, continued

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

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

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

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental Fund Financial Statements

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

Additionally, the City reports the following fund types:

Governmental Fund Types

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

Component Units

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

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in the governmental and business-type activities and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

E. Budgets and Budgetary Accounting

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting, continued

At the next City Council meeting, the second reading of the proposed budget is made and the City Council votes to adopt the proposed budget. The annual operating budget is adopted no later than August 31 for the following fiscal year.

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

The legal level of budgetary control is the departmental level. Any increases in total appropriations of a department require approval and amendment of the budget by the City Council. Except as indicated on the major fund budgetary comparison statement, budget amounts included in this report are as amended as of September 30, 2010.

F. Cash and Investments

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

G. Intergovernmental Receivables

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

H. Inventories

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2010, are recorded as prepaid items.

J. Capital Assets

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

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

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets, continued

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

K. Restricted Assets

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

L. Compensation for Future Absences

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

M. Long-Term Obligations

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Long-Term Obligations, continued

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

N. Capital Contributions

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

O. Reservations and Designations of Fund Balances

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

3. DEPOSIT AND INVESTMENT RISK

Custodial Credit Risk – Deposits

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



3. DEPOSIT AND INVESTMENT RISK (CONTINUED)

Investment Policies

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

Credit Risk

At September 30, 2010, the City's investments in securities were as follows:

Investment	Fair Value	Average Maturity (in years)	Standard and Poor's Credit Rating
Federal Home Loan Bank Discount Notes	\$ 2,239,277	< 1	A-1+

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.



CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

4. ACCOUNTS RECEIVABLE

Net accounts receivable at September 30, 2010 consist of the following:

Major Funds	
General Fund	\$ 760
Enterprise Funds	
Water and Sewage	454,725
Less: Allowances for Uncollectibles	(24,925)
Solid Waste	71,362
Less: Allowances for Uncollectibles	<u>(3,801)</u>
 Total Primary Government	 <u><u>\$ 498,121</u></u>

5. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at September 30, 2010 consist of the following:

Major Funds	
General Fund	
United States Army	\$ 3,108
Lumpkin County Board of Commissioners	1,263
State of Georgia Department of Revenue	<u>63,544</u>
	\$ 67,915
 SPLOST Capital Projects Fund	
Lumpkin County Board of Commissioners	93,174
 Nonmajor Funds	
Multiple Grant Special Revenue Fund	
State of Georgia Department of Natural Resources	6,600
State of Georgia Department of Transportation	<u>1,502</u>
	<u>8,102</u>
 Total Primary Government	 <u><u>\$ 169,191</u></u>

6. PROPERTY TAXES

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for digest year 2009, based upon the assessments of January 1, 2009, were levied on September 17, 2009, billed on October 20, 2009, and due on December 20, 2009. Taxes were delinquent and subject to liens on December 21, 2009.



7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of interfund receivables and payables as of September 30, 2010 is as follows:

	Due from:			
	Major Funds		Nonmajor Funds	Total
	Water and Sewage	Solid Waste	Multiple Grant	
Due to:				
Major Funds				
General	\$ 5,222	\$ 7,663	\$ 3,350	\$ 16,235
Water and Sewage	0	163,507	0	163,507
Total	\$ 5,222	\$ 171,170	\$ 3,350	\$ 179,742

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

A summary of interfund transfers as of September 30, 2010 is as follows:

	Transfers out:			
	Major Funds		Nonmajor Funds	Total
	General	SPLOST	Multiple Grant	
Transfers in:				
Major Funds				
General	\$ 0	\$ 0	\$ 3,579	\$ 3,579
Water and Sewage	286,224	515,000	0	801,224
Nonmajor Funds				
Streetscape	156,784	0	10,050	166,834
Total	\$ 443,008	\$ 515,000	\$ 13,629	\$ 971,637

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, 2010

8. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended September 30, 2010 was as follows:

	<u>Balance 9/30/2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/2010</u>
Governmental activities				
Non-depreciable assets				
Land	\$ 2,207,123	\$ 0	\$ 0	\$ 2,207,123
Construction in progress	<u>0</u>	<u>386</u>	<u>0</u>	<u>386</u>
Total non-depreciable assets	<u>2,207,123</u>	<u>386</u>	<u>0</u>	<u>2,207,509</u>
Depreciable assets				
Buildings and improvements	1,842,133	8,468	0	1,850,601
Equipment	648,281	8,137	0	656,418
Infrastructure	<u>1,198,665</u>	<u>36,638</u>	<u>0</u>	<u>1,235,303</u>
Total depreciable assets	<u>3,689,079</u>	<u>53,243</u>	<u>0</u>	<u>3,742,322</u>
Accumulated depreciation				
Buildings and improvements	(806,713)	(49,684)	0	(856,397)
Equipment	(389,385)	(48,557)	0	(437,942)
Infrastructure	<u>(201,795)</u>	<u>(69,806)</u>	<u>0</u>	<u>(271,601)</u>
Total accumulated depreciation	<u>(1,397,893)</u>	<u>(168,047)</u>	<u>0</u>	<u>(1,565,940)</u>
Total depreciable assets, net	<u>2,291,186</u>	<u>(114,804)</u>	<u>0</u>	<u>2,176,382</u>
Governmental activities capital assets, net	<u>\$ 4,498,309</u>	<u>\$ (114,418)</u>	<u>\$ 0</u>	<u>\$ 4,383,891</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 3,302,187	\$ 1,520	\$ 0	\$ 3,303,707
Construction in progress	<u>18,848,980</u>	<u>5,571,025</u>	<u>(24,406,382)</u>	<u>13,623</u>
Total non-depreciable assets	<u>22,151,167</u>	<u>5,572,545</u>	<u>(24,406,382)</u>	<u>3,317,330</u>
Depreciable assets				
Buildings	2,479,980	20,815,371	0	23,295,351
Improvements	3,765,806	0	0	3,765,806
Equipment and vehicles	5,586,967	174,321	(59,269)	5,702,019
Water and sewer infrastructure	<u>17,605,204</u>	<u>3,800,786</u>	<u>(83,660)</u>	<u>21,322,330</u>
Total depreciable assets	<u>29,437,957</u>	<u>24,790,478</u>	<u>(142,929)</u>	<u>54,085,506</u>
Accumulated depreciation				
Buildings	(1,091,130)	(350,314)	0	(1,441,444)
Improvements	(1,157,721)	(92,570)	0	(1,250,291)
Equipment and vehicles	(3,005,592)	(288,393)	56,228	(3,237,757)
Water and sewer infrastructure	<u>(3,916,396)</u>	<u>(562,114)</u>	<u>43,001</u>	<u>(4,435,509)</u>
Total accumulated depreciation	<u>(9,170,839)</u>	<u>(1,293,391)</u>	<u>99,229</u>	<u>(10,365,001)</u>
Total depreciable assets, net	<u>20,267,118</u>	<u>23,497,087</u>	<u>(43,700)</u>	<u>43,720,505</u>
Business-type activities capital assets, net	<u>\$ 42,418,285</u>	<u>\$ 29,069,632</u>	<u>\$ (24,450,082)</u>	<u>\$ 47,037,835</u>



8. CAPITAL ASSETS (CONTINUED)

	<u>Balance 9/30/2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/2010</u>
Downtown Development Authority Component Unit				
Depreciable assets				
Infrastructure	0	7,885	(7,885)	0
Total depreciable assets	<u>0</u>	<u>7,885</u>	<u>(7,885)</u>	<u>0</u>
Downtown Development Authority Component Unit capital assets, net	<u>\$ 0</u>	<u>\$ 7,885</u>	<u>\$ (7,885)</u>	<u>\$ 0</u>

The \$7,885 asset above was transferred to the primary government.

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 49,118
Public Works	102,245
Culture and Recreation	14,428
Housing and Development	<u>2,256</u>

Total depreciation expense for governmental activities \$ 168,047

Business-type activities

Water and Sewer	\$ 1,275,219
Solid Waste	<u>18,172</u>

Total depreciation expense for business-type activities \$ 1,293,391

9. CAPITAL AND OPERATING LEASE AGREEMENTS

The City has entered into agreements for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these leases at September 30, 2010 are \$23,050 and \$53,155 for governmental and business-type activities, respectively.



9. CAPITAL AND OPERATING LEASE AGREEMENTS (CONTINUED)

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of September 30, 2010:

Year Ending September 30,	Governmental activities	Business-type activities
2011	\$ 13,677	\$ 34,930
2012	10,494	17,838
2013	0	2,738
Total minimum lease payments	24,171	55,506
Less amounts representing interest	<u>(1,121)</u>	<u>(2,351)</u>
Present value of minimum lease payments	<u>\$ 23,050</u>	<u>\$ 53,155</u>

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

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

10. LONG-TERM DEBT

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



10. LONG-TERM DEBT (CONTINUED)

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at September 30, 2010:

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

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

Year Ending September 30,	Principal	Interest	Total
2011	\$ 285,000	\$ 1,371,831	\$ 1,656,831
2012	380,000	1,359,044	1,739,044
2013	475,000	1,340,044	1,815,044
2014	580,000	1,316,294	1,896,294
2015	685,000	1,293,094	1,978,094
2016 - 2020	1,480,000	6,256,031	7,736,031
2021 - 2025	4,055,000	5,639,600	9,694,600
2026 - 2030	5,705,000	4,438,438	10,143,438
2031 - 2035	8,550,000	2,594,625	11,144,625
2036 - 2037	4,120,000	342,925	4,462,925
Totals	<u>\$ 26,315,000</u>	<u>\$ 25,951,926</u>	<u>\$ 52,266,926</u>



10. LONG-TERM DEBT (CONTINUED)

Notes Payable

The City has entered into 8 borrowings with the Georgia Environmental Facilities Authority for expansion of the City's water and sewage system. At September 30, 2010 the original amounts of these borrowings were \$9,378,686, with a total outstanding balance of \$5,384,841. 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 \$6,475,877. At September 30, 2010, the balance of this note is \$6,081,161. Monthly installments of principal and interest are due through June 1, 2045; interest at 3.00%. The payments for this note payable are currently funded through transfers from the General Fund.

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

Year Ending September 30,	Principal	Interest	Total
2011	\$ 613,510	\$ 406,005	\$ 1,019,515
2012	640,369	382,283	1,022,652
2013	667,539	355,113	1,022,652
2014	695,403	327,249	1,022,652
2015	724,628	298,024	1,022,652
2016 - 2020	2,727,634	1,086,757	3,814,391
2021 - 2025	1,071,187	743,834	1,815,021
2026 - 2030	1,028,204	581,515	1,609,719
2031 - 2035	1,002,260	422,356	1,424,616
2036 - 2040	1,160,612	260,867	1,421,479
2041 - 2045	1,134,658	75,030	1,209,688
Totals	\$ 11,466,004	\$ 4,939,033	\$ 16,405,037



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, 2010:

	<u>Balance 9/30/2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/2010</u>	<u>Due Within One Year</u>
Governmental activities					
Capital lease obligations	\$ 35,328	\$ 0	\$ 12,278	\$ 23,050	\$ 12,843
Compensated absences	54,780	46,078	54,780	46,078	46,078
Total governmental activities	<u>\$ 90,108</u>	<u>\$ 46,078</u>	<u>\$ 67,058</u>	<u>\$ 69,128</u>	<u>\$ 58,921</u>
Business-type activities					
Notes payable	\$ 12,114,383	\$ 43,284	\$ 691,663	\$ 11,466,004	\$ 613,510
Revenue bonds	26,830,000	0	515,000	26,315,000	285,000
Unamortized bond discount	(446,074)	0	(17,957)	(428,117)	0
Capital lease obligations	84,875	0	31,720	53,155	33,170
Compensated absences	68,856	72,883	68,856	72,883	72,883
Total business-type activities	<u>\$ 38,652,040</u>	<u>\$ 116,167</u>	<u>\$ 1,289,282</u>	<u>\$ 37,478,925</u>	<u>\$ 1,004,563</u>

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

11. RESERVED/RESTRICTED EQUITY BALANCES

General Fund - Amounts of \$45,782 and \$311,826 have been reserved for prepaid items and the City cemetery, respectively since these amounts are not legally available for appropriation.

Water and Sewage Enterprise Fund - An amount of \$124,070 has been restricted for debt service since this amount is not legally available for appropriation.

Downtown Development Authority Component Unit - Amounts of \$3,340 and \$3,731 have been reserved for prepaid items and the use of Dahlonega 2000, Inc., respectively since these amounts are not legally available for appropriation.



12. PENSION PLAN

Plan Description

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

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

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

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



12. PENSION PLAN (CONTINUED)

Plan Description, continued

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

Current Membership is as follows:

Retirees and beneficiaries currently receiving benefits	19
Terminated vested participants entitled to but not yet receiving benefits	9
Active participants	<u>47</u>
Total number of participants	<u><u>75</u></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 22.16% of annual covered payroll. The Plan is a noncontributory participant plan. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of GASB Statement No. 27. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year. The remaining amortization period at May 1, 2010 varies for the bases. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.



12. PENSION PLAN (CONTINUED)

Annual Pension Cost

For fiscal year 2010, the City's annual pension cost of \$363,128 was equal to the City's recommended and actual contributions. The required contribution was \$363,128. The recommended contribution (projected to October 1, 2010) was computed as part of an actuarial valuation as of January 1, 2010. 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 inflation and merit, respectively), (c) no post-retirement benefit increases.

Historical Trend Information

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

Pension Cost Information			
Funding Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2005	\$ 142,191	100%	\$ 0
9/30/2006	154,451	100%	0
9/30/2007	189,671	100%	0
9/30/2008	282,269	100%	0
9/30/2009	380,869	100%	0
9/30/2010	363,128	100%	0



12. PENSION PLAN (CONTINUED)

Historical Trend Information, 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)
5/1/2005	\$ 1,814,650	\$ 2,156,848	342,198	84.13%	\$ 927,482	36.90%
5/1/2006	1,950,606	2,416,393	465,787	80.72%	1,063,230	43.81%
5/1/2007	2,117,298	2,504,340	387,042	84.55%	1,147,037	33.74%
5/1/2008	2,312,173	2,838,688	526,515	81.45%	1,314,660	40.05%
5/1/2009	2,524,647	3,483,911	959,264	72.47%	1,472,806	65.13%
1/1/2010	1,875,376	3,740,153	1,864,777	50.14%	1,518,853	122.78%

The actuarial value of assets is calculated as the 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 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.

13. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(3). The City is required to spend an amount equal to the amount by which the total taxes collected under the Code section exceed the taxes which would be collected at a rate of 3 percent for the purpose of promoting tourism, conventions, and trade shows. A summary of the transactions for the year ending September 30, 2010 follows:

Lodging Tax Receipts	\$121,833
Disbursements to the Dahlonega - Lumpkin County Chamber of Commerce	\$121,833 100% of tax receipts



14. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Development Center and is required to pay annual dues thereto. During its fiscal year ended September 30, 2010, the City paid \$5,433 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from Georgia Mountains Regional Development Center, PO Box 1720, Gainesville, GA 30503.

On March 6, 1998, the City of Dahlonega, Georgia (City), Lumpkin County (County) and the Lumpkin County Water and Sewage Authority (Authority) formed a joint authority to construct a reservoir. The City and County have signed an agreement to each own 54% and 46% undivided interest in the reservoir assets, respectively. The responsibility of constructing the reservoir and liability for the debt was divided between the City (47.59%), the County (52.41%) and the Authority (0%). A Georgia Environmental Facilities Authority note for which the City and County will be responsible for based on the preceding debt percentages originally funded the project. The City has been paying principal and interest payments based on their percentage of 47.59% during fiscal year 2010.

15. RELATED ORGANIZATIONS

The Housing Authority of the City of Dahlonega is considered a related organization to the City of Dahlonega. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Dahlonega. The City received \$1,093 as payment-in-lieu-of-taxes for 2010. Separate financial statements may be obtained from Housing Authority of the City of Dahlonega, 90 Thompson Circle, Dahlonega, GA 30553.



16. RISK MANAGEMENT

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

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

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also obligated to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

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

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At September 30, 2010, the City has no losses that are probable or estimable and accordingly has not recognized any liability.



17. COMMITMENTS AND CONTINGENCIES

Contingencies

The City was a defendant in three lawsuits as of September 30, 2010. As of the issuance of this report two of these lawsuits had been dismissed without prejudice subject to renewal within six months. Management intends to contest the open case vigorously. The City's legal counsel has stated that the outcome of this lawsuit is not presently determinable; however, there is liability insurance that is sufficient to cover the normal range of awards in cases of this type.

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF DAHLONEGA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2010

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Multiple Grant</u>	<u>Hotel/Motel Tax</u>	<u>Streetscape</u>	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 0	\$ 11,553	\$ 92,252	\$ 103,805
Receivables				
Taxes	0	12,728	0	12,728
Intergovernmental	8,102	0	0	8,102
Total assets	<u>\$ 8,102</u>	<u>\$ 24,281</u>	<u>\$ 92,252</u>	<u>\$ 124,635</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 499	\$ 24,281	\$ 1,440	\$ 26,220
Due to other funds	3,350	0	0	3,350
Total liabilities	3,849	24,281	1,440	29,570
Fund balances				
Unreserved, undesignated	4,253	0	90,812	95,065
Total liabilities and fund balances	<u>\$ 8,102</u>	<u>\$ 24,281</u>	<u>\$ 92,252</u>	<u>\$ 124,635</u>

CITY OF DAHLONEGA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2010

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Multiple Grant	Hotel/Motel Tax	Streetscape	
REVENUES				
Taxes	\$ 0	\$ 121,833	\$ 0	\$ 121,833
Intergovernmental	12,102	0	0	12,102
Total revenues	12,102	121,833	0	133,935
EXPENDITURES				
Current				
General Government	1,828	0	0	1,828
Public Works	11,000	0	0	11,000
Housing and Development	0	121,833	0	121,833
Capital outlay	0	0	76,022	76,022
Total expenditures	12,828	121,833	76,022	210,683
Excess (deficiency) of revenues over (under) expenditures	(726)	0	(76,022)	(76,748)
Other financing sources (uses)				
Transfers in	0	0	166,834	166,834
Transfers out	(13,629)	0	0	(13,629)
Total other financing sources (uses)	(13,629)	0	166,834	153,205
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	(14,355)	0	90,812	76,457
Fund balances, October 1	18,608	0	0	18,608
Fund balances, September 30	\$ 4,253	\$ 0	\$ 90,812	\$ 95,065



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, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 3,259,361	\$ 3,198,875
Receivables (net)		
Accounts	760	672
Taxes	828,117	63,150
Fines	101,404	72,660
Intergovernmental	67,915	86,397
Inventory	26,795	5,927
Prepaid items	45,782	44,465
Due from other funds	16,235	6,531
Restricted assets		
Cash and cash equivalents	311,826	302,264
	\$ 4,658,195	\$ 3,780,941
 Total assets		
 LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 63,693	\$ 97,831
Intergovernmental	611	1,326
Deposits	200	0
Accrued salaries and payroll expenses	5,654	13,513
Deferred revenue	816,662	55,676
	886,820	168,346
 Total liabilities		
 Fund balances		
Reserved for prepaid items	45,782	44,465
Reserved for public works	311,826	302,264
Unreserved, undesignated	3,413,767	3,265,866
	3,771,375	3,612,595
 Total fund balances		
	\$ 4,658,195	\$ 3,780,941
 Total liabilities and fund balances		

CITY OF DAHLONEGA, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30, 2010 and 2009

	2010	2009
REVENUES		
Taxes	\$ 2,630,705	\$ 2,631,265
Licenses and permits	113,675	111,484
Fines, fees and forfeitures	262,317	186,801
Charges for services	30,973	29,900
Interest	41,210	50,981
Contributions	908	747
Other	47,543	47,647
	3,127,331	3,058,825
EXPENDITURES		
Current		
General Government	999,758	1,338,043
Judicial	283,124	256,045
Public Safety	60,651	105,371
Public Works	759,852	719,066
Culture and Recreation	33,446	54,167
Housing and Development	378,613	398,963
Debt Service	13,678	13,677
	2,529,122	2,885,332
Excess of revenues over expenditures	598,209	173,493
Other financing sources (uses)		
Transfers in (out)		
Multiple Grant Special Revenue Fund	3,579	(48,869)
Water and Sewage Enterprise Fund	(286,224)	(284,292)
Streetscape Capital Projects Fund	(156,784)	0
Proceeds from sale of assets	0	494,532
	(439,429)	161,371
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	158,780	334,864
Fund balances, October 1	3,612,595	3,277,731
Fund balances, September 30	\$ 3,771,375	\$ 3,612,595

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES

BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2010

(With comparative actual amounts for the fiscal year ended September 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	\$ 841,953	\$ 889,248	\$ 47,295	\$ 884,655
Real estate transfer tax	15,000	11,854	(3,146)	8,306
Motor vehicle tax	23,278	22,410	(868)	22,007
Cost, penalties, and interest	4,000	13,027	9,027	2,888
Total general property taxes	884,231	936,539	52,308	917,856
Local option sales tax	735,000	744,801	9,801	723,690
Franchise tax	396,000	460,629	64,629	493,335
Insurance premium tax	200,000	201,702	1,702	203,612
Alcoholic beverage excise tax	159,000	176,223	17,223	166,266
Occupational tax	119,500	110,811	(8,689)	126,506
Total taxes	2,493,731	2,630,705	136,974	2,631,265
Licenses and Permits				
Alcohol licenses	77,500	77,355	(145)	83,755
Building permits	26,000	36,320	10,320	27,729
Total licenses and permits	103,500	113,675	10,175	111,484
Fines, fees and forfeitures	214,000	262,317	48,317	186,801
Charges for Services				
Cemetery	37,000	30,950	(6,050)	29,900
Other	0	23	23	0
Total charges for services	37,000	30,973	(6,027)	29,900
Interest	42,000	41,210	(790)	50,981
Contributions	500	908	408	747
Other	43,977	47,543	3,566	47,647
Total revenues	\$ 2,934,708	\$ 3,127,331	\$ 192,623	\$ 3,058,825

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2010

(With comparative actual amounts for the fiscal year ended September 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
General Government				
Legislative				
Personal services	\$ 139,084	\$ 147,113	\$ (8,029)	\$ 122,899
Contract services	40,250	30,946	9,304	42,721
Supplies and materials	500	1,558	(1,058)	2,069
Total Legislative	<u>179,834</u>	<u>179,617</u>	<u>217</u>	<u>167,689</u>
Executive				
Personal services	145,900	153,430	(7,530)	149,510
Contract services	28,100	18,166	9,934	31,931
Supplies and materials	500	990	(490)	620
Total Executive	<u>174,500</u>	<u>172,586</u>	<u>1,914</u>	<u>182,061</u>
Elections				
Contract services	1,875	620	1,255	3,128
Supplies and materials	120	152	(32)	579
Total Elections	<u>1,995</u>	<u>772</u>	<u>1,223</u>	<u>3,707</u>
General Administration				
Personal services	336,814	324,336	12,478	312,681
Contract services	292,250	274,184	18,066	238,536
Supplies and materials	45,600	44,243	1,357	42,018
Capital outlay	10,000	4,020	5,980	391,351
Total General Administration	<u>684,664</u>	<u>646,783</u>	<u>37,881</u>	<u>984,586</u>
Total General Government	<u>1,040,993</u>	<u>999,758</u>	<u>41,235</u>	<u>1,338,043</u>
Judicial				
Municipal Court				
Personal services	67,958	63,604	4,354	65,663
Contract services	141,222	139,740	1,482	130,522
Supplies and materials	300	1,209	(909)	151
Capital outlay	0	0	0	2,569
Payments to other agencies	74,000	78,571	(4,571)	57,140
Total Judicial	<u>283,480</u>	<u>283,124</u>	<u>356</u>	<u>256,045</u>

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2010

(With comparative actual amounts for the fiscal year ended September 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
Public Safety				
Law Enforcement				
Contract services	\$ 102,800	\$ 59,918	\$ 42,882	\$ 104,623
Supplies and materials	750	733	17	748
Total Public Safety	<u>103,550</u>	<u>60,651</u>	<u>42,899</u>	<u>105,371</u>
Public Works				
Paved Street				
Personal services	438,839	435,248	3,591	462,294
Contract services	50,129	54,127	(3,998)	42,406
Supplies and materials	79,592	86,986	(7,394)	72,222
Capital outlay	56,620	37,608	19,012	16,680
Total Paved Street	<u>625,180</u>	<u>613,969</u>	<u>11,211</u>	<u>593,602</u>
Shop Department				
Personal services	53,956	55,657	(1,701)	53,865
Contract services	3,100	2,305	795	2,815
Supplies and materials	13,350	12,346	1,004	11,055
Total Shop Department	<u>70,406</u>	<u>70,308</u>	<u>98</u>	<u>67,735</u>
Cemetery				
Personal services	66,602	66,530	72	48,662
Contract services	3,700	2,133	1,567	3,308
Supplies and materials	6,750	6,912	(162)	5,759
Total Cemetery	<u>77,052</u>	<u>75,575</u>	<u>1,477</u>	<u>57,729</u>
Total Public Works	<u>772,638</u>	<u>759,852</u>	<u>12,786</u>	<u>719,066</u>
Culture and Recreation				
Parks				
Personal services	10,008	5,573	4,435	8,864
Contract services	23,550	21,030	2,520	36,390
Supplies and materials	5,150	6,843	(1,693)	8,913
Capital outlay	1,500	0	1,500	0
Total Culture and Recreation	<u>40,208</u>	<u>33,446</u>	<u>6,762</u>	<u>54,167</u>

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES

BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2010

(With comparative actual amounts for the fiscal year ended September 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
Housing and Development				
Building Inspections				
Personal services	\$ 131,498	\$ 136,040	\$ (4,542)	\$ 142,131
Contract services	53,700	47,781	5,919	48,648
Supplies and materials	5,250	3,207	2,043	5,983
Capital outlay	4,200	0	4,200	11,163
Total Building Inspections	<u>194,648</u>	<u>187,028</u>	<u>7,620</u>	<u>207,925</u>
Better Home Towns				
Contract services	59,400	59,766	(366)	48,521
Supplies and materials	1,600	485	1,115	2,054
Total Better Home Towns	<u>61,000</u>	<u>60,251</u>	<u>749</u>	<u>50,575</u>
Downtown Development Authority				
Payment to others	131,334	131,334	0	140,463
Total Housing and Development	<u>386,982</u>	<u>378,613</u>	<u>8,369</u>	<u>398,963</u>
Debt Service				
General Government				
General Administration	3,824	3,824	0	3,824
Public Works				
Paved Street	9,854	9,854	0	9,853
Total Debt Service	<u>13,678</u>	<u>13,678</u>	<u>0</u>	<u>13,677</u>
Total expenditures	<u>\$ 2,641,529</u>	<u>\$ 2,529,122</u>	<u>\$ 112,407</u>	<u>\$ 2,885,332</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, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 0	\$ 21,128
Intergovernmental receivable	8,102	0
Total assets	\$ 8,102	\$ 21,128
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 499	\$ 2,520
Due to other funds	3,350	0
Total liabilities	3,849	2,520
Fund balances		
Unreserved, undesignated	4,253	18,608
Total liabilities and fund balances	\$ 8,102	\$ 21,128

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, 2010

(With comparative actual amounts for the fiscal year ended September 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 6,600	\$ 12,102	\$ 5,502	\$ 34,000
Total revenues	6,600	12,102	5,502	34,000
EXPENDITURES				
Current				
General Government	3,000	1,828	1,172	4,328
Public Works	21,000	11,000	10,000	63,171
Total expenditures	24,000	12,828	11,172	67,499
Excess (deficiency) of revenues over (under) expenditures	(17,400)	(726)	16,674	(33,499)
Other financing sources (uses)				
Transfers in				
General Fund	5,000	0	(5,000)	48,869
Transfers out				
General Fund	(3,579)	(3,579)	(0)	0
Streetscape Capital Projects Fund	0	(10,050)	(10,050)	0
Total other financing sources (uses)	1,421	(13,629)	(15,050)	48,869
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	(15,979)	(14,355)	1,624	15,370
Fund balances, October 1	15,979	18,608	2,629	3,238
Fund balances, September 30	\$ 0	\$ 4,253	\$ 4,253	\$ 18,608

CITY OF DAHLONEGA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,553	\$ 10,873
Taxes receivable	12,728	10,807
Total assets	\$ 24,281	\$ 21,680
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 24,281	\$ 21,680

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, 2010

(With comparative actual amounts for the fiscal year ended September 30, 2009)

	2010			2009
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/Motel taxes	\$ 120,000	\$ 121,833	\$ 1,833	\$ 119,547
Total revenues	<u>120,000</u>	<u>121,833</u>	<u>1,833</u>	<u>119,547</u>
EXPENDITURES				
Current				
Housing and Development				
Tourism				
Chamber of Commerce	120,000	121,833	(1,833)	119,547
Total expenditures	<u>120,000</u>	<u>121,833</u>	<u>(1,833)</u>	<u>119,547</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 FUND

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

Special Purpose Local Option Sales Tax Fund

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

Streetscape Capital Project 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.

CITY OF DAHLONEGA, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 75,833	\$ 51,608
Intergovernmental receivable	93,174	114,385
Total assets	\$ 169,007	\$ 165,993
 LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved, undesignated	\$ 169,007	\$ 165,993

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
REVENUES		
Intergovernmental	\$ 515,327	\$ 500,270
Interest	<u>2,687</u>	<u>0</u>
Total revenues	518,014	500,270
Other financing uses		
Transfers out		
Water and Sewage Enterprise Fund	<u>(515,000)</u>	<u>(334,277)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	3,014	165,993
Fund balances, October 1	<u>165,993</u>	<u>0</u>
Fund balances, September 30	<u><u>\$ 169,007</u></u>	<u><u>\$ 165,993</u></u>

CITY OF DAHLONEGA, GEORGIA
STREETSCAPE CAPITAL PROJECTS FUND
BALANCE SHEET
September 30, 2010

ASSETS

Cash and cash equivalents	\$ 92,252
Total assets	<u>\$ 92,252</u>

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable	\$ 1,440
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Fund balances

Unreserved, undesignated	<u>90,812</u>
Total liabilities and fund balances	<u>\$ 92,252</u>

CITY OF DAHLONEGA, GEORGIA
STREETSCAPE CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
For the fiscal year ended September 30, 2010

REVENUES

EXPENDITURES

Capital outlay	
Public works	<u>\$ 76,022</u>
Total expenditures	<u>76,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(76,022)</u>
Other financing sources	
Transfers in	
General Fund	156,784
Multiple Grant Special Revenue Fund	<u>10,050</u>
Total other financing sources	<u>166,834</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	90,812
Fund balances, October 1	<u>0</u>
Fund balances, September 30	<u><u>\$ 90,812</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 ASSETS
September 30, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
Current assets		
Cash and cash equivalents	\$ 1,129,148	\$ 1,001,671
Receivables		
Accounts (net)	429,800	405,610
Intergovernmental	0	349,978
Inventory	135,327	84,009
Prepaid items	52,369	43,647
Due from other funds	163,507	210,457
	<u>1,910,151</u>	<u>2,095,372</u>
Total current assets		
Restricted assets		
Debt Redemption		
Cash and cash equivalents	241,518	650,402
Certificates of deposit	0	35,000
Investments	2,239,277	2,239,622
Construction Fund		
Cash and cash equivalents	1,766,299	9,535,216
Customer Deposits		
Cash and cash equivalents	85,616	70,129
	<u>4,332,710</u>	<u>12,530,369</u>
Total restricted assets		
Capital assets		
Land	3,303,707	3,302,187
Improvements	3,754,223	3,754,223
Buildings	23,040,285	2,224,915
Water and sewer lines and towers	21,322,330	17,605,204
Machinery and equipment	5,333,967	5,218,914
Construction in progress	13,623	18,848,980
Accumulated depreciation	(9,962,858)	(8,786,869)
	<u>46,805,277</u>	<u>42,167,554</u>
Total capital assets (net of accumulated depreciation)		
Other assets		
Debt issuance costs, net	622,093	648,186
Investment in joint venture	0	36,381
	<u>622,093</u>	<u>684,567</u>
Total other assets		
Total assets	<u>53,670,231</u>	<u>57,477,862</u>

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
September 30, 2010 and 2009

	2010	2009
LIABILITIES		
Current liabilities		
Payables		
Accounts	\$ 76,185	\$ 63,883
Intergovernmental	313	865
Interest	32,999	34,934
Accrued salaries and payroll expenses	4,637	10,100
Compensated absences	68,183	64,426
Due to other funds	5,222	4,013
Notes payable	613,510	585,528
Capital leases payable	33,170	31,720
	834,219	795,469
Current liabilities payable from restricted assets		
Payables		
Accounts	3,129	2,185,253
Retainages	0	845,614
Interest	114,319	116,143
Customer deposits payable	85,616	70,129
Revenue bonds payable	285,000	515,000
	488,064	3,732,139
Noncurrent liabilities		
Notes payable	10,852,494	11,528,855
Capital leases payable	19,985	53,155
Revenue bonds payable	25,601,883	25,868,926
	36,474,362	37,450,936
Total liabilities	37,796,645	41,978,544
NET ASSETS		
Invested in capital assets, net of related debt	13,404,811	15,359,208
Restricted for debt service	124,070	0
Unrestricted	2,344,705	140,110
	15,873,586	15,499,318
Total net assets	\$ 15,873,586	\$ 15,499,318

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

For the fiscal years ended September 30, 2010 and 2009

	2010	2009
OPERATING REVENUES		
Charges for sales and services		
Water sales	\$ 1,902,232	\$ 1,692,365
Sewer charges	1,240,529	1,063,870
Tap fees	375,631	119,880
Other	4,670	16,769
	3,523,062	2,892,884
OPERATING EXPENSES		
Cost of sales and services	746,567	731,371
Personal services	1,089,368	1,059,454
Depreciation	1,275,219	863,065
	3,111,154	2,653,890
Operating income (loss)	411,908	238,994
Non-operating revenues (expenses)		
Interest revenue	18,598	29,226
Interest expense	(936,687)	(439,790)
Gain (loss) on sale of assets	(20,933)	(199,851)
	(939,022)	(610,415)
Net income (loss) before capital contributions and transfers	(527,114)	(371,421)
Capital contributions		
Capital contributions	0	280,367
Intergovernmental	100,158	685,318
	100,158	965,685
Net income (loss) before transfers	(426,956)	594,264
Transfers in (out)		
General Fund	286,224	284,292
SPLOST Capital Projects Fund	515,000	334,277
	801,224	618,569
Change in net assets	374,268	1,212,833
Net assets, October 1	15,499,318	14,286,485
Net assets, September 30	\$ 15,873,586	\$ 15,499,318

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Receipts from customers	\$ 3,509,689	\$ 2,847,368
Payments to suppliers	(779,358)	(808,807)
Payments to employees	(1,091,074)	(1,052,942)
Other receipts	4,670	16,769
	<u>1,643,927</u>	<u>1,002,388</u>
Net cash provided (used) by operating activities		
Cash flows from non-capital financing activities:		
Receipts from other funds	333,174	284,292
Payments to other funds	0	(4,373)
	<u>333,174</u>	<u>279,919</u>
Net cash provided (used) by non-capital financing activities		
Cash flows from capital and related financing activities:		
Receipts from other governments	450,136	557,951
Receipts from sale of capital assets	23,705	0
Receipts from other funds	516,209	337,751
Acquisitions of capital assets	(8,224,466)	(11,268,647)
Principal payments - revenue bonds	(515,000)	(525,000)
Issuance of promissory notes	43,284	62,157
Principal payments - promissory notes	(654,262)	(550,709)
Payment of capital leases	(31,720)	(30,333)
Interest paid	(1,854,908)	(1,857,624)
	<u>(10,247,022)</u>	<u>(13,274,454)</u>
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Proceeds from certificates of deposit	35,000	110,000
Purchases of certificates of deposit	0	(35,000)
Proceeds from sale of investments	6,792,993	13,548,013
Purchases of investments	(6,693,348)	(13,386,984)
Interest received	100,439	384,257
	<u>235,084</u>	<u>620,286</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	(8,034,837)	(11,371,861)
Cash and cash equivalents, October 1	<u>11,257,418</u>	<u>22,629,279</u>
Cash and cash equivalents, September 30	<u><u>\$ 3,222,581</u></u>	<u><u>\$ 11,257,418</u></u>

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2010 and 2009

	2010	2009
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 411,908	\$ 238,994
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,275,219	863,065
(Increase) decrease in accounts receivable	(24,190)	(32,468)
(Increase) decrease in inventory	(51,318)	30,539
(Increase) decrease in prepaid items	(8,722)	(20,145)
Increase (decrease) in accounts payable	27,801	(88,695)
Increase (decrease) in intergovernmental payable	(552)	865
Increase (decrease) in payroll liabilities	(1,706)	6,512
Increase (decrease) in deposits payable	15,487	3,721
	1,232,019	763,394
Total adjustments		
Net cash provided (used) by operating activities	\$ 1,643,927	\$ 1,002,388
Cash and cash equivalents reconciliation:		
Equity in pooled cash	\$ 1,129,148	\$ 1,001,671
Debt Redemption		
Cash	241,518	650,402
Construction Fund		
Cash	1,766,299	9,535,216
Customer Deposits		
Equity in pooled in cash	85,616	70,129
Total cash and cash equivalents	\$ 3,222,581	\$ 11,257,418

Noncash capital and related financing activities:

Noncash reductions of notes payable totaled \$37,401 for the fiscal year ended September 30, 2010. Contributions of capital assets from individuals totaled \$0 and \$280,367 for the fiscal years ended September 30, 2010 and 2009, respectively.

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
September 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 376,483	\$ 318,529
Accounts receivable (net)	67,561	79,145
Prepaid items	14,974	13,607
Total current assets	459,018	411,281
Capital assets		
Improvements	11,583	11,583
Buildings	255,066	255,066
Machinery and equipment	368,052	368,052
Accumulated depreciation	(402,143)	(383,970)
Total capital assets (net of accumulated depreciation)	232,558	250,731
Total assets	691,576	662,012
LIABILITIES		
Current liabilities		
Accounts payable	10,938	14,046
Accrued salaries and payroll expenses	994	2,519
Compensated absences	4,700	4,430
Due to other funds	171,170	212,975
Total current liabilities	187,802	233,970
NET ASSETS		
Invested in capital assets	232,558	250,731
Unrestricted	271,216	177,311
Total net assets	\$ 503,774	\$ 428,042

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the fiscal years ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
Charges for sales and services	\$ 523,681	\$ 532,465
Other	0	2,980
	<hr/>	<hr/>
Total operating revenues	523,681	535,445
	<hr/>	<hr/>
OPERATING EXPENSES		
Cost of sales and services	135,895	148,369
Personal services	297,726	296,491
Depreciation	18,172	23,630
	<hr/>	<hr/>
Total operating expenses	451,793	468,490
	<hr/>	<hr/>
Operating income (loss)	71,888	66,955
	<hr/>	<hr/>
Non-operating revenues (expenses)		
Interest revenue	3,844	0
Gain (loss) on sale of assets	0	12,521
	<hr/>	<hr/>
Total non-operating revenues (expenses)	3,844	12,521
	<hr/>	<hr/>
Change in net assets	75,732	79,476
	<hr/>	<hr/>
Net assets, October 1	428,042	348,566
	<hr/>	<hr/>
Net assets, September 30	\$ 503,774	\$ 428,042
	<hr/> <hr/>	<hr/> <hr/>

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Receipts from customers	\$ 535,266	\$ 522,232
Payments to suppliers	(140,370)	(153,172)
Payments to employees	(298,981)	(297,976)
Other receipts	0	2,980
	<hr/>	<hr/>
Net cash provided (used) by operating activities	95,915	74,064
	<hr/>	<hr/>
Cash flows from non-capital financing activities:		
Receipts from other funds	0	7,476
Payments to other funds	(41,805)	0
	<hr/>	<hr/>
Net cash provided (used) by non-capital financing activities	(41,805)	7,476
	<hr/>	<hr/>
Cash flows from capital and related financing activities:		
Acquisitions of capital assets	0	(14,455)
Proceeds from sale of capital assets	0	19,534
	<hr/>	<hr/>
Net cash provided (used) by capital and related financing activities	0	5,079
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received	3,844	0
	<hr/>	<hr/>
Net cash provided (used) by investing activities	3,844	0
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	57,954	86,619
Cash and cash equivalents, October 1	318,529	231,910
	<hr/>	<hr/>
Cash and cash equivalents, September 30	<u>\$ 376,483</u>	<u>\$ 318,529</u>
	<hr/>	<hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 71,888	\$ 66,955
	<hr/>	<hr/>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	18,172	23,630
(Increase) decrease in accounts receivable	11,585	(10,233)
(Increase) decrease in prepaid items	(1,367)	(6,132)
Increase (decrease) in accounts payable	(3,108)	1,329
Increase (decrease) in payroll liabilities	(1,255)	(1,485)
	<hr/>	<hr/>
Total adjustments	24,027	7,109
	<hr/>	<hr/>
Net cash provided (used) by operating activities	<u>\$ 95,915</u>	<u>\$ 74,064</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, 2010 and 2009

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 172,605	\$ 181,458
Prepaid items	3,340	1,376
Restricted assets		
Cash and cash equivalents	3,731	5,369
Total assets	\$ 179,676	\$ 188,203
 LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable	\$ 5,232	\$ 466
Accrued salaries and payroll liabilities	324	1,135
Total liabilities	5,556	1,601
 Fund balances		
Reserved for prepaid items	3,340	1,376
Reserved for housing and development	3,731	5,369
Unreserved, undesignated	167,049	179,857
Total fund balances	174,120	186,602
Total liabilities and fund balances	\$ 179,676	\$ 188,203

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, 2010
(With comparative actual amounts for the fiscal year ended September 30, 2009)

	<u>2010</u>			<u>2009</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
REVENUES				
Intergovernmental	\$ 131,334	\$ 132,084	\$ 750	\$ 141,213
Charges for services	0	0	0	81,826
Interest	0	817	817	161
Contributions	6,000	1,507	(4,493)	5,573
Other	0	7,660	7,660	4,496
Total revenues	<u>137,334</u>	<u>142,068</u>	<u>4,734</u>	<u>233,269</u>
EXPENDITURES				
Current				
Housing and Development				
Personal services	86,809	82,624	4,185	83,180
Contract services	38,525	51,659	(13,134)	42,479
Supplies and materials	6,000	12,382	(6,382)	9,451
Capital outlay	8,100	7,885	215	0
Total expenditures	<u>139,434</u>	<u>154,550</u>	<u>(15,116)</u>	<u>135,110</u>
Excess of revenues over (under) expenditures	(2,100)	(12,482)	(10,382)	98,159
Fund balances, October 1	<u>2,100</u>	<u>186,602</u>	<u>184,502</u>	<u>88,443</u>
Fund balances, September 30	<u>\$ 0</u>	<u>\$ 174,120</u>	<u>\$ 174,120</u>	<u>\$ 186,602</u>



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.....106 - 119

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.....120 - 129

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

Debt Capacity.....130 - 135

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.....136 - 138

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.....139 - 141

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

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

CITY OF DAHLONEGA, GEORGIA

NET ASSETS BY COMPONENT

LAST SEVEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2004	2005	2006
Governmental activities			
Invested in capital assets, net of related debt	\$ 2,688,115	\$ 2,600,180	\$ 3,414,970
Restricted	0	0	0
Unrestricted	1,865,610	2,501,358	2,762,158
Total governmental activities net assets	<u>\$ 4,553,725</u>	<u>\$ 5,101,538</u>	<u>\$ 6,177,128</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 7,723,909	\$ 8,372,856	\$ 9,230,170
Restricted	76,201	74,647	74,330
Unrestricted	1,078,421	1,258,345	1,775,920
Total business-type activities net assets	<u>\$ 8,878,531</u>	<u>\$ 9,705,848</u>	<u>\$ 11,080,420</u>
Primary government			
Invested in capital assets, net of related debt	\$ 10,412,024	\$ 10,973,036	\$ 12,645,140
Restricted	76,201	74,647	74,330
Unrestricted	2,944,031	3,759,703	4,538,078
Total primary government net assets	<u>\$ 13,432,256</u>	<u>\$ 14,807,386</u>	<u>\$ 17,257,548</u>

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

Fiscal Year			
2007	2008	2009	2010
\$ 4,158,131	\$ 4,176,172	\$ 4,462,981	\$ 4,360,841
278,314	278,314	468,257	571,645
2,457,506	2,975,198	3,320,000	3,442,292
<u>\$ 6,893,951</u>	<u>\$ 7,429,684</u>	<u>\$ 8,251,238</u>	<u>\$ 8,374,778</u>
\$ 12,188,032	\$ 12,490,290	\$ 15,609,939	\$ 13,637,369
86,896	0	0	124,070
877,159	2,144,761	317,421	2,615,921
<u>\$ 13,152,087</u>	<u>\$ 14,635,051</u>	<u>\$ 15,927,360</u>	<u>\$ 16,377,360</u>
\$ 16,346,163	\$ 16,666,462	\$ 20,072,920	\$ 17,998,210
365,210	278,314	468,257	695,715
3,334,665	5,119,959	3,637,421	6,058,213
<u>\$ 20,046,038</u>	<u>\$ 22,064,735</u>	<u>\$ 24,178,598</u>	<u>\$ 24,752,138</u>

CITY OF DAHLONEGA, GEORGIA

CHANGES IN NET ASSETS

LAST SEVEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

Expenses	Fiscal Year		
	2004	2005	2006
Governmental activities:			
General Government	\$ 646,958	\$ 757,377	\$ 770,403
Judicial	99,057	119,779	178,877
Public Safety	0	0	3,705
Public Works	462,201	494,936	624,272
Culture and Recreation	141,645	178,544	183,599
Housing and Development	211,670	167,031	250,683
Interest on long-term debt	0	0	0
Total governmental activities expenses	<u>1,561,531</u>	<u>1,717,667</u>	<u>2,011,539</u>
Business-type activities:			
Water and Sewage	2,288,348	2,580,141	2,959,190
Solid Waste	391,923	384,201	418,636
Total business-type activities expenses	<u>2,680,271</u>	<u>2,964,342</u>	<u>3,377,826</u>
Total primary government expenses	<u>\$ 4,241,802</u>	<u>\$ 4,682,009</u>	<u>\$ 5,389,365</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General Government	\$ 25,766	\$ 42,372	\$ 64,627
Judicial	121,248	107,473	151,238
Public Works	0	0	0
Culture and Recreation	41,042	31,526	94,772
Housing and Development	86,866	110,768	62,600
Operating grants and contributions	7,925	565	1,069
Capital grants and contributions	49,605	0	280,349
Total governmental activities program revenues	<u>332,452</u>	<u>292,704</u>	<u>654,655</u>
Business-Type activities:			
Charges for services:			
Water and Sewage	2,348,629	3,073,112	2,805,964
Solid Waste	416,033	437,437	452,698
Capital grants and contributions	0	0	0
Total business-type activities program revenues	<u>2,764,662</u>	<u>3,510,549</u>	<u>3,258,662</u>
Total primary government program revenues	<u>\$ 3,097,114</u>	<u>\$ 3,803,253</u>	<u>\$ 3,913,317</u>

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

Fiscal Year			
2007	2008	2009	2010
\$ 853,427	\$ 1,034,756	\$ 1,000,735	\$ 1,041,292
208,731	185,803	253,877	282,317
0	85,007	105,371	60,651
684,195	788,450	821,886	909,630
83,646	50,405	64,597	47,874
534,461	664,948	508,066	490,080
5,770	2,117	1,938	1,399
<u>2,370,230</u>	<u>2,811,486</u>	<u>2,756,470</u>	<u>2,833,243</u>
3,017,628	3,218,598	3,293,531	4,068,774
472,945	504,539	468,490	451,793
<u>3,490,573</u>	<u>3,723,137</u>	<u>3,762,021</u>	<u>4,520,567</u>
<u>\$ 5,860,803</u>	<u>\$ 6,534,623</u>	<u>\$ 6,518,491</u>	<u>\$ 7,353,810</u>
\$ 56,644	\$ 66,905	\$ 83,755	\$ 77,355
171,700	135,489	186,801	262,317
52,940	45,800	29,900	30,950
0	0	0	0
129,677	70,473	27,729	36,343
18,959	6,366	24,747	6,410
0	31,500	906,645	524,614
<u>429,920</u>	<u>356,533</u>	<u>1,259,577</u>	<u>937,989</u>
3,368,076	3,219,289	2,878,205	3,520,548
476,076	494,200	532,465	523,681
<u>1,389,610</u>	<u>997,723</u>	<u>965,685</u>	<u>100,158</u>
<u>5,233,762</u>	<u>4,711,212</u>	<u>4,376,355</u>	<u>4,144,387</u>
<u>\$ 5,663,682</u>	<u>\$ 5,067,745</u>	<u>\$ 5,635,932</u>	<u>\$ 5,082,376</u>

CITY OF DAHLONEGA, GEORGIA

CHANGES IN NET ASSETS LAST SEVEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2004	2005	2006
Net (expense)/revenue			
Governmental activities	\$ (1,229,079)	\$ (1,424,963)	\$ (1,356,884)
Business-type activities	84,391	546,207	(119,164)
Total primary government net (expense)/revenue	<u>(1,144,688)</u>	<u>(878,756)</u>	<u>(1,476,048)</u>
General revenues and other changes in net assets			
Governmental activities:			
Taxes			
Property	440,247	454,066	646,490
Local option sales	714,983	708,370	899,995
Franchise	352,622	369,402	437,200
Insurance premium	156,271	169,355	182,204
Intangibles	12,685	12,081	16,951
Alcoholic beverages	118,244	149,611	140,133
Occupational	108,363	108,937	112,213
Hotel/Motel	83,218	87,929	107,244
Investment earnings	40,797	63,025	123,885
Gain on sale of assets	3,965	0	0
Miscellaneous	0	0	0
Transfers	(336,530)	(150,000)	(233,841)
Total governmental activities	<u>1,694,865</u>	<u>1,972,776</u>	<u>2,432,474</u>
Business-type activities			
Investment earnings	20,429	42,585	57,244
Grants and contributions not restricted to specific programs	465,520	88,525	1,056,641
Gain on sale of assets	0	0	0
Miscellaneous	0	0	1,175
Transfers	336,530	150,000	233,841
Total business-type activities	<u>822,479</u>	<u>281,110</u>	<u>1,348,901</u>
Total primary government	<u>2,517,344</u>	<u>2,253,886</u>	<u>3,781,375</u>
Change in net assets			
Governmental activities	465,786	547,813	1,075,590
Business-type activities	906,870	827,317	1,229,737
Total primary government	<u>1,372,656</u>	<u>1,375,130</u>	<u>2,305,327</u>
Net assets - beginning			
Governmental activities	4,087,939	4,553,725	5,101,538
Business-type activities	7,971,661	8,878,531	9,705,848
Total primary government	<u>12,059,600</u>	<u>13,432,256</u>	<u>14,807,386</u>
Prior period adjustment			
Governmental activities	0	0	0
Business-type activities	0	0	144,835
Total primary government	<u>0</u>	<u>0</u>	<u>144,835</u>
Net assets - ending			
Governmental activities	4,553,725	5,101,538	6,177,128
Business-type activities	8,878,531	9,705,848	11,080,420
Total primary government	<u>\$ 13,432,256</u>	<u>\$ 14,807,386</u>	<u>\$ 17,257,548</u>

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

Fiscal Year			
2007	2008	2009	2010
\$ (1,940,310)	\$ (2,454,953)	\$ (1,496,893)	\$ (1,895,254)
1,743,189	988,075	614,334	(376,180)
<u>(197,121)</u>	<u>(1,466,878)</u>	<u>(882,559)</u>	<u>(2,271,434)</u>
839,600	878,253	929,774	903,412
837,951	832,447	723,690	744,801
454,128	488,607	493,335	460,629
190,631	198,849	203,612	201,702
23,432	28,148	8,306	11,854
147,210	156,736	166,266	176,223
117,176	123,662	126,506	110,811
115,031	129,217	119,547	121,833
121,675	102,272	50,981	41,210
0	294,980	67,352	0
10,510	41,811	47,647	47,543
<u>(215,647)</u>	<u>(284,296)</u>	<u>(618,569)</u>	<u>(801,224)</u>
<u>2,641,697</u>	<u>2,990,686</u>	<u>2,318,447</u>	<u>2,018,794</u>
70,758	78,261	29,226	22,442
0	0	0	0
1,123	6,685	12,521	0
0	5,405	17,659	2,514
<u>215,647</u>	<u>284,296</u>	<u>618,569</u>	<u>801,224</u>
<u>287,528</u>	<u>374,647</u>	<u>677,975</u>	<u>826,180</u>
<u>2,929,225</u>	<u>3,365,333</u>	<u>2,996,422</u>	<u>2,844,974</u>
701,387	535,733	821,554	123,540
2,030,717	1,362,722	1,292,309	450,000
<u>2,732,104</u>	<u>1,898,455</u>	<u>2,113,863</u>	<u>573,540</u>
6,177,128	6,893,951	7,429,684	8,251,238
11,080,420	13,152,087	14,635,051	15,927,360
<u>17,257,548</u>	<u>20,046,038</u>	<u>22,064,735</u>	<u>24,178,598</u>
15,436	0	0	0
40,950	120,242	0	0
<u>56,386</u>	<u>120,242</u>	<u>0</u>	<u>0</u>
6,893,951	7,429,684	8,251,238	8,374,778
13,152,087	14,635,051	15,927,360	16,377,360
<u>\$ 20,046,038</u>	<u>\$ 22,064,735</u>	<u>\$ 24,178,598</u>	<u>\$ 24,752,138</u>

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

Fiscal Year	Property Tax	Intangible Tax	Franchise Tax	Occupational Tax
2004	\$ 440,247	\$ 12,685	\$ 352,622	\$ 108,363
2005	454,066	12,081	369,402	108,937
2006	646,490	16,951	437,200	112,213
2007	839,600	23,432	454,128	117,176
2008	878,253	28,148	488,607	123,662
2009	929,774	8,306	493,335	126,506
2010	903,412	11,854	460,629	110,811
Change 2004 - 2010	105.21%	-6.55%	30.63%	2.26%

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

<u>Insurance Premium Tax</u>		<u>Alcoholic Beverages Tax</u>		<u>Hotel/Motel Tax</u>		<u>Local Option Sales Tax</u>		<u>Total</u>	
\$	156,271	\$	118,244	\$	83,218	\$	714,983	\$	1,986,633
	169,355		149,611		87,929		708,370		2,059,751
	182,204		140,133		107,244		899,995		2,542,430
	190,631		147,210		115,031		837,951		2,725,159
	198,849		156,736		129,217		832,447		2,835,919
	203,612		166,266		119,547		723,690		2,771,036
	201,702		176,223		121,833		744,801		2,731,265
	29.07%		49.03%		46.40%		4.17%		37.48%

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

	Fiscal Year			
	2001	2002	2003	2004
General fund				
Reserved	\$ 15,304	\$ 23,294	\$ 28,352	\$ 26,647
Unreserved	941,248	1,189,505	1,434,183	1,872,188
Total general fund	<u>956,552</u>	<u>1,212,799</u>	<u>1,462,535</u>	<u>1,898,835</u>
All other governmental funds				
Unreserved, reported in:				
Special revenue funds	0	4,647 ⁽¹⁾	12,500	1,611
Capital project funds	0	0	0	0
Total all other governmental funds	<u>0</u>	<u>4,647</u>	<u>12,500</u>	<u>1,611</u>
Total governmental funds	<u>\$ 956,552</u>	<u>\$ 1,217,446</u>	<u>\$ 1,475,035</u>	<u>\$ 1,900,446</u>

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

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

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

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 32,466	\$ 35,104	\$ 315,793 ⁽²⁾	\$ 316,579	\$ 346,729	\$ 357,608
<u>2,432,607</u>	<u>2,360,698</u>	<u>2,459,781</u>	<u>2,961,152</u>	<u>3,265,866</u>	<u>3,413,767</u>
<u>2,465,073</u>	<u>2,395,802</u>	<u>2,775,574</u>	<u>3,277,731</u>	<u>3,612,595</u>	<u>3,771,375</u>
94,917	3,579	(3,564)	3,238	18,608	4,253
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>165,993 ⁽³⁾</u>	<u>259,819</u>
<u>94,917</u>	<u>3,579</u>	<u>(3,564)</u>	<u>3,238</u>	<u>184,601</u>	<u>264,072</u>
<u>\$ 2,559,990</u>	<u>\$ 2,399,381</u>	<u>\$ 2,772,010</u>	<u>\$ 3,280,969</u>	<u>\$ 3,797,196</u>	<u>\$ 4,035,447</u>

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

	Fiscal Year		
	2004	2005	2006
Revenues			
Taxes	\$ 1,961,456	\$ 2,050,164	\$ 2,517,103
Licenses and permits	110,159	151,726	126,486
Fines, fees and forfeitures	121,248	107,473	151,238
Charges for services	19,129	15,740	71,190
Intergovernmental	73,723	15,717	299,616
Interest	40,797	63,025	123,885
Contributions	0	0	0
Other	24,386	17,200	24,323
Total revenues	<u>2,350,898</u>	<u>2,421,045</u>	<u>3,313,841</u>
Expenditures			
General Government	588,167	707,006	1,407,922
Judicial	100,098	119,474	178,877
Public Safety	0	0	9772
Public Works	560,297	461,076	1,144,822
Culture and Recreation	149,007	153,738	160,024
Housing and Development	195,353	170,207	343,823
Debt Service			
Principal	0	0	0
Interest	0	0	0
Capital outlay	0	0	0
Total expenditures	<u>1,592,922</u>	<u>1,611,501</u>	<u>3,245,240</u>
Excess of revenues over (under) expenditures	<u>757,976</u>	<u>809,544</u>	<u>68,601</u>
Other financing sources (uses)			
Transfers in	16,231	112,000	139,772
Transfers out	(352,761)	(262,000)	(373,613)
Issuance of capital leases	0	0	0
Sales of capital assets	3,965	0	4,631
Total other financing sources (uses)	<u>(332,565)</u>	<u>(150,000)</u>	<u>(229,210)</u>
Net change in fund balances	425,411	659,544	(160,609)
Fund balance, October 1 (original)	1,475,035	1,900,446	2,559,990
Prior period adjustments	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance , September 30	<u><u>1,900,446</u></u>	<u><u>2,559,990</u></u>	<u><u>2,399,381</u></u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%

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

Fiscal Year			
2007	2008	2009	2010
\$ 2,721,488	\$ 2,824,520	\$ 2,750,812	\$ 2,752,538
186,291	137,327	111,484	113,675
171,700	135,489	186,801	262,317
52,970	45,851	29,900	30,973
18,827	11,740	534,270	527,429
121,675	102,272	50,981	43,897
132	1,126	747	908
10,510	41,811	47,647	47,543
<u>3,283,593</u>	<u>3,300,136</u>	<u>3,712,642</u>	<u>3,779,280</u>
1,243,109	1,007,524	1,342,371	1,001,586
208,740	185,931	256,045	283,124
0	85,007	105,371	60,651
646,641	758,950	782,237	770,852
75,841	135,478	54,167	33,446
546,511	663,407	518,510	500,446
2,454	11,740	11,739	12,279
445	1,938	1,938	1,399
0	0	0	76,022
<u>2,723,741</u>	<u>2,849,975</u>	<u>3,072,378</u>	<u>2,739,805</u>
<u>559,852</u>	<u>450,161</u>	<u>640,264</u>	<u>1,039,475</u>
2,000	0	48,869	160,363
(217,647)	(284,296)	(667,438)	(961,587)
12,988	48,114	0	0
0	294,980	494,532	0
<u>(202,659)</u>	<u>58,798</u>	<u>(124,037)</u>	<u>(801,224)</u>
357,193	508,959	516,227	238,251
2,399,381	2,772,010	3,280,969	3,797,196
15,436	0	0	0
<u>2,772,010</u>	<u>3,280,969</u>	<u>3,797,196</u>	<u>4,035,447</u>
0.17%	0.55%	0.64%	0.59%

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

Fiscal Year	Property Tax	Intangibles Tax	Franchise Tax	Occupational Tax
2004	\$ 431,263	\$ 12,685	\$ 352,622	\$ 108,363
2005	459,631	12,081	369,402	108,937
2006	639,352	16,951	437,200	112,213
2007	812,855	23,432	454,128	117,176
2008	895,002	28,148	488,607	123,662
2009	917,856	8,306	493,335	126,506
2010	924,685	11,854	460,629	110,811
Change 2004 - 2010	114.41%	-6.55%	30.63%	2.26%

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

<u>Insurance Premium Tax</u>	<u>Alcoholic Beverages Tax</u>	<u>Hotel/Motel Tax</u>	<u>Local Option Sales Tax</u>	<u>Total</u>
\$ 156,271	\$ 118,244	\$ 83,218	\$ 714,983	\$ 1,977,650
169,355	149,611	87,929	708,370	2,065,316
182,204	140,133	107,244	899,995	2,535,292
190,631	147,210	115,031	837,951	2,698,414
198,849	156,736	129,217	832,447	2,852,668
203,612	166,266	119,547	723,690	2,759,118
201,702	176,223	121,833	744,801	2,752,538
29.07%	49.03%	46.40%	4.17%	39.18%

CITY OF DAHLONEGA, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Personal Property				Exemption Adjustments
	Real Property	Motor Vehicles	Mobile Homes	Heavy Equipment	
2001	\$ 87,857,700	\$ 2,971,784	\$ 401,777	\$0	\$ (1,896,760)
2002	96,641,574	3,030,670	393,488	0	(2,001,642)
2003 (1)	137,665,207	3,196,860	487,989	0	(1,856,336)
2004	143,662,554	3,441,780	382,201	0	(1,606,240)
2005	153,850,631	3,863,360	578,594	0	(2,403,839)
2006	172,218,674	4,114,840	539,731	0	(2,450,446)
2007	191,169,276	4,479,710	416,297	15,385	(2,759,674)
2008 (1)	223,443,124	4,070,310	409,680	0	(2,542,905)
2009	236,400,584	5,429,330	447,042	0	(3,359,688)
2010	242,256,781	6,236,220	455,958	0	(3,996,620)

Source: Georgia Department of Revenue, Property Tax Division

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

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

<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 89,334,501	3.99	\$ 223,336,253	40%
98,064,090	3.88	245,160,225	40%
139,493,720	2.93	348,734,300	40%
145,880,295	2.90	364,700,738	40%
155,888,746	2.87	389,721,865	40%
174,422,799	3.62	436,056,998	40%
193,320,994	4.37	483,302,485	40%
225,380,209	3.96	563,450,523	40%
238,917,268	3.95	597,293,170	40%
244,952,339	3.95	612,380,848	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	
2000	2001	3.986	16.000	0.250
2001	2002	3.883	16.750	0.250
2002	2003	2.931	13.250	0.250
2003	2004	2.900	13.250	0.250
2004	2005	2.867	14.250	0.250
2005	2006	3.620	14.190	0.250
2006	2007	4.370	14.190	0.250
2007	2008	3.959	11.860	0.250
2008	2009	3.950	11.840	0.250
2009	2010	3.950	12.800	0.250

Source: Lumpkin County Tax Commissioners Office.

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

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

Overlapping Rates

Lumpkin County				Total Direct & Overlapping Rates
Operating Millage (Unincorporated)	Operating Millage (Incorporated)	Special Assesment	Total County Millage	
11.590	12.740	0	24.330	44.566
11.995	13.150	0	25.145	46.028
7.483	8.360	0	15.843	32.274
7.308	8.275	0	15.583	31.983
7.277	8.275	0	15.552	32.919
8.052	9.068	0.411	17.531	35.591
8.346	9.385	0.226	17.957	36.767
6.912	7.724	0.187	14.823	30.892
6.893	7.707	0.178	14.778	30.818
6.947	7.842	0.600	15.389	32.389

CITY OF DAHLONEGA, GEORGIA
PRINCIPAL TAXPAYERS
September 30, 2010

Taxpayer	Fiscal Year					
	2010			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.)	\$ 10,216,483	1	4.28%	\$ 10,627,229	1	6.09%
Green, Sherman & Roberta	9,136,464	2	3.82%	6,858,267	2	3.93%
Birch River Chesatee Co. LLC	8,275,105	3	3.46%			
Milson Group	4,067,095	4	1.70%			
Dahlonega Group LLC	3,718,498	5	1.56%			
Chestatee Holding Co. LLC	3,624,846	6	1.52%			
Windstream Standard Inc.	2,632,790	7	1.10%	3,593,834	5	2.06%
Southern Health Corp of Dahlonega Inc	2,511,773	8	1.05%	2,135,008	6	1.22%
Wal-Mart Stores East Inc.	2,459,483	9	1.03%	6,105,495	3	3.50%
Creekside Resources Inc.	2,311,738	10	0.97%			
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%
Georgia Power Company				1,599,824	10	0.92%
Total	<u>\$ 48,954,275</u>		<u>20.49%</u>	<u>\$ 39,412,432</u>		<u>17.07%</u>

Source: 2009 and 2005 Lumpkin County Tax Commissioner's Digest - Dahlonega District.

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

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

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

<u>Fiscal Year Ended September 30</u>	<u>Total Adjusted Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2003	\$ 408,856	\$ 392,381	95.97%	\$ 14,328	\$ 406,709	99.47%
2004	423,053	409,479	96.79%	10,430	419,909	99.26%
2005	446,933	439,029	98.23%	5,009	444,037	99.35%
2006	628,389	615,133	97.89%	12,648	627,781	99.90%
2007	847,944	837,121	98.72%	9,562	846,684	99.85%
2008	895,953	873,974	97.55%	20,821	894,796	99.87%
2009	951,193	891,905	93.77%	38,157	930,062	97.78%
2010	966,565	867,945	89.80%	0	867,945	89.80%

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

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

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

Commodity	2010			2009		
	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total
General	\$ 552,698	1	18.47%	\$ 632,180	1	21.12%
Food	433,504	2	14.49%	476,912	2	15.94%
Other Retail 3	360,584	3	12.05%	229,255	7	7.66%
Automotive	346,788	4	11.59%	355,432	3	11.88%
Miscellaneous						
Services	306,114	5	10.23%	265,123	5	8.86%
Utilities	298,788	6	9.98%	300,415	4	10.04%
Wholesale 3	256,572	7	8.57%	82,060	9	2.74%
Manufacturers	223,067	8	7.45%	241,531	6	8.07%
Home	107,528	9	3.59%	164,990	8	5.51%
Accomodations 3	44,399	10	1.48%	29,790		1.00%
Miscellaneous	34,203		1.14%	56,113		1.88%
Construction 3	28,377		0.95%	32,685		1.09%
Lumber				69,546	10	2.32%
Apparel				5,620		0.19%
Total	\$ 2,992,622		100%	\$ 2,941,650		98%

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.

2008			2007		
<u>Total</u>	<u>Rank</u>	<u>%</u>	<u>Total</u>	<u>Rank</u>	<u>%</u>
<u>Distributed</u>		<u>of Total</u>	<u>Distributed</u>		<u>of Total</u>
\$ 742,197	1	25.23%	\$ 772,755	3	23.67%
573,889	3	19.51%	715,107	1	21.90%
590,324	2	20.07%	509,795	2	15.61%
284,601	5	9.67%	158,846	7	4.87%
350,997	4	11.93%	313,995	6	9.62%
236,363	6	8.04%	277,504	9	8.50%
131,107	9	4.46%	136,036	8	4.17%
153,864	8	5.23%	199,886	5	6.12%
185,651	7	6.31%	390,883	4	11.97%
15,818	10	0.54%	16,062	10	0.49%
<u>\$ 3,264,811</u>		<u>111%</u>	<u>\$ 3,490,868</u>		<u>107%</u>



CITY OF DAHLONEGA, GEORGIA
WATER & SEWAGE UTILITY TEN LARGEST SYSTEM CUSTOMERS
SEPTEMBER 30, 2010

<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	\$ 251,310	\$ 219,905	\$ 471,215	14.99%
Koyo Bearings USA (formally Timken USA Corp.)	Manufacturer - Automobile Parts	165,532	170,311	335,842	10.69%
Lumpkin County Board of Commissioners	Local Government	41,182	34,882	76,064	2.42%
Lumpkin County Board of Education	Local Government	40,130	28,497	68,625	2.18%
Chestatee Medical Center	Hospital	33,800	28,476	62,276	1.98%
Gold City Nursing Home	Nursing Home	18,226	15,619	33,844	1.08%
Camp Glisson	Not for Profit - Religious	16,917	10,600	27,516	0.88%
Gold City Personal Care Home	Assisted Living Home	13,656	12,955	26,611	0.85%
Tyson's	Manufacturer - Poultry Processor	12,773	13,617	26,390	0.84%
Holiday Inn Express	Hospitality - Hotel	9,333	9,048	18,381	0.58%
Total		<u>\$ 602,858</u>	<u>\$ 543,907</u>	<u>\$ 1,146,765</u>	<u>36.49%</u>
Total Water and Sewage sales:		<u><u>\$ 3,142,761</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 SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Governmental Activities		Business-Type Activities		
	General Obligation Bonds	Capital Leases	Water & Sewer Bonds	Notes Payable	Capital Leases
2004	\$0	\$0	\$ 225,000	\$ 7,061,120	\$0
2005	0	0	175,000	6,313,789	0
2006	0	0	120,000	13,181,845	0
2007	0	10,534	60,433	12,823,146	62,897
2008	0	47,067	26,890,682	12,581,247	115,208
2009	0	35,328	26,383,926	12,114,383	84,875
2010	0	23,050	26,315,000	11,466,004	53,155

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 136 and 137 for personal income and population data.

	Total Primary Government	Percentage of Personal Income	Per Capita⁽²⁾
\$	7,286,120	7.43%	1,760
	6,488,789	6.01%	1,522
	13,301,845	11.48%	2,993
	12,957,010	10.37%	2,843
	39,634,204	30.78%	8,522
	38,618,512	28.85%	8,098
	37,857,209	28.41%	7,815

CITY OF DAHLONEGA, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2010

<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	\$ 7,142,529	100%	\$ 7,142,529
Subtotal, overlapping debt			<u>7,142,529</u>
City of Dahlonega direct debt			<u>23,050</u>
Total direct and overlapping debt			<u><u>\$ 7,165,579</u></u>

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

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

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

Public Utilities Revenue Bonds						
Fiscal Year	Operating Revenue ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2001	\$ 1,840,320	\$ 1,160,686	\$ 679,634	\$ 295,858	\$ 303,380	1.13
2002	2,131,103	1,215,658	915,445	344,509	300,599	1.42
2003	1,955,869	1,271,124	684,745	375,761	369,401	0.92
2004	2,360,189	1,253,472	1,106,717	406,619	350,865	1.46
2005	3,115,122	1,549,567	1,565,555	415,836	311,765	2.15
2006	2,863,208	1,628,650	1,234,558	436,461	447,343	1.40
2007	3,438,834	1,709,249	1,729,585	572,598	487,986	1.63
2008	3,302,955	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

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				
	2001	2002	2003	2004	2005
Debt Limit	\$ 8,933,450	\$ 9,806,409	\$ 13,949,372	\$ 14,588,030	\$ 15,588,875
Total net debt applicable to limit	0	0	0	0	0
Legal debt margin	<u>\$ 8,933,450</u>	<u>\$ 9,806,409</u>	<u>\$ 13,949,372</u>	<u>\$ 14,588,030</u>	<u>\$ 15,588,875</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	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				
2006	2007	2008	2009	2010
\$ 17,442,280	\$ 19,332,099	\$ 22,538,021	\$ 23,891,727	\$ 24,495,234
0	0	0	0	0
<u>\$ 17,442,280</u>	<u>\$ 19,332,099</u>	<u>\$ 22,538,021</u>	<u>\$ 23,891,727</u>	<u>\$ 24,495,234</u>
0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2009

Total Assessed value	\$ 244,952,339
Debt limit (10% of total assessed value) ⁽¹⁾	24,495,234
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>\$ 24,495,234</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)
2001	21,914	3,767	83,403
2002	22,638	3,891	84,657
2003	23,542	4,047	87,588
2004	24,090	4,141	98,079
2005	24,801	4,263	107,905
2006	25,855	4,444	115,905
2007	26,511	4,557	124,988
2008	27,056	4,651	128,753
2009	27,743	4,769	133,873
2010	28,180	4,844	133,244

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

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

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

City of Dahlonega Per Capita Personal Income^(a)	Lumpkin County Public School Enrollment^(b)	Lumpkin County Unemployment Rate^(c)
22,141	3,232	3.3%
21,755	3,413	4.1%
21,644	3,497	3.9%
23,685	3,520	4.2%
25,311	3,675	4.7%
26,079	3,721	4.1%
27,427	3,344	4.2%
27,684	3,732	7.0%
28,072	3,822	11.5%
27,507	3,916	9.9%

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

<u>Employer</u>	<u>2010</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	810	1	7.68%	697	1	6.41%
Lumpkin County Board of Education	551	2	5.22%	615	2	5.66%
Wal-Mart Super Center	275	3	2.61%	265	5	2.44%
Chestatee Regional Hospital	250	4	2.37%	223	7	2.05%
Lumpkin County Board of Commissioners	207	5	1.96%	286	4	2.63%
Koyo Bearings USA (formally Timken USA Corp.)	155	6	1.47%	251	6	2.31%
RefigiWear, Inc.	100	7	0.95%	110	8	1.01%
Home Depot	96	8	0.91%	92	9	0.85%
The Louve Shop	93	9	0.88%			
Poly Portables	73	10	0.69%			
Mohawk Industries				350	3	3.22%
Ridge Creek School (formally Hidden Lake Academy)			0.00%	83	10	0.76%
Total	<u><u>2,610</u></u>		<u><u>23.90%</u></u>	<u><u>2,972</u></u>		<u><u>27.34%</u></u>

Source: 2010 employer data was based on a phone survey.

2006 employer data was obtained from Lumpkin County Board of Commissioners.

Note 1: Percentage of employment data in 2006 and 2010 was based on estimated annual average employment of 10,870 & 10,550, respectively, 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 SIX FISCAL YEARS

Function	Full-time Employees as of September 30,					
	2005	2006	2007	2008	2009	2010
Primary government						
General Government	4	5	6	7	7	7
Judicial	1	1	1	1	1	0
Public Works	8	10	11	11	10	10
Culture and Recreation	1	1	0	0	0	0
Housing and Development	3	3	3	2	2	2
Water and Sewer	17	15	15	17	15	15
Solid Waste	6	6	6	6	5	5
Total primary government	<u>40</u>	<u>41</u>	<u>42</u>	<u>44</u>	<u>40</u>	<u>39</u>
Component unit						
Housing and Development Dahlonega Downtown Development Authority	<u>0</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total employees	<u><u>40</u></u>	<u><u>42</u></u>	<u><u>43</u></u>	<u><u>45</u></u>	<u><u>41</u></u>	<u><u>40</u></u>

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

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

Function	Fiscal Year		
	2008	2009	2010
General Government			
Number of accounts payable checks issued	3,105	3,011	3,418
Number of payroll checks issued	2,634	2,567	2,430
Highways and streets			
Miles of right-of-way maintained	37.8	37.8	37.8
Sanitation			
Refuse collected (tons)	3,083	3,253	3,161
Recyclables collected (tons)	97	91	114
Water System (MGD -Millions of Gallons per Day)			
Number of service connections	2,066	2,102	2,074
Daily average consumption in gallons	0.910	0.898	0.924
Sewer System (MGD -Millions of Gallons per Day)			
Number of service connections	1,344	1,402	1,383
Daily average treatment in gallons	0.482	0.488	0.619

Source: Various City Departments.

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

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

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

Function	Fiscal Year		
	2008	2009	2010
Highways and streets			
Miles of streets	37.8	37.8	37.8
Culture and Recreation			
Parks	3	3	3
Park acreage	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
Number of fire hydrants	433	433	433
Number of water treatment plants	1	1	1
Number of wells	2	2	2
Maximum daily capacity of treatment plants in gallons	1.5 MGD	1.5 MGD	4.0 MGD
Sewer System:			
Miles of sanitary sewers	40	42	42
Number of wastewater treatment plants	1	1	1
Maximum daily capacity of treatment plant in gallons	1.1 MGD	1.1 MGD	1.1 MGD
Solid Waste			
Collection Trucks	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



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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of and for the fiscal year ended September 30, 2010, which collectively comprise the City of Dahlonega, Georgia's basic financial statements, and have issued our report thereon dated February 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dahlonega, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*:

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

Rushton & Company

Certified Public Accountants

Gainesville, Georgia
February 5, 2011

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, 2010

<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	\$ 621,693	\$ 515,000	\$ 1,136,693

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