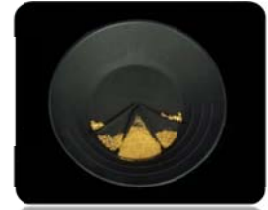


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013



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, 2013

SUBMITTED BY:

BRUCE GEORGIA

CITY MANAGER





DAHLONEGA

L G H F EST. 1833

FIRST MAJOR U.S. GOLD RUSH

INTRODUCTORY SECTION



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INTRODUCTORY SECTION

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Government Finance Officers Association

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

Presented to

**City of Dahlonega
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO



ELECTED AND APPOINTED OFFICIALS

September 30, 2013

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

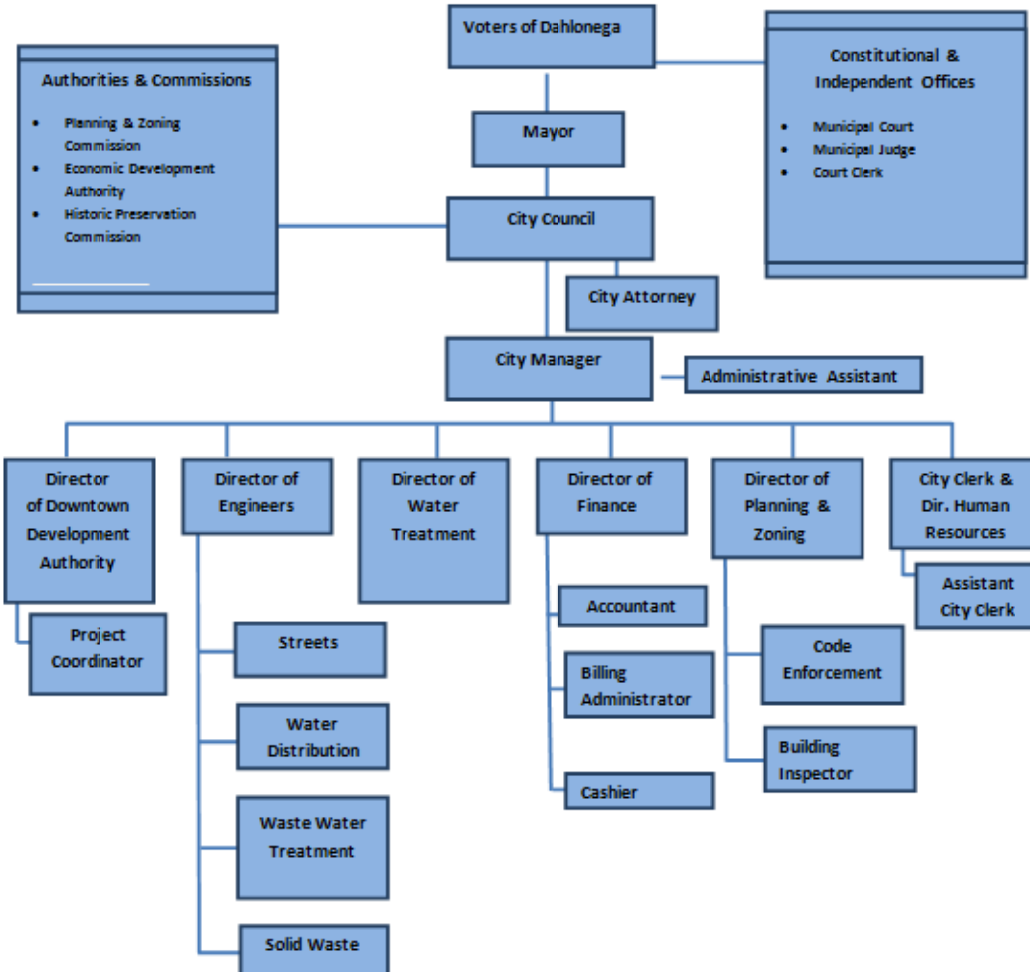
City Manager.....Bruce Georgia
 City Attorney.....Doug Parks
 City Clerk.....Lou Stewart
 Public Works Director..... Ricky Stewart
 Water Plant Superintendent.....John Jarrard
 Planning Director.....Patricia Head
 Downtown Development Authority
 Director.....Joel Cordle



CITY OF DAHLONEGA ORGANIZATION CHART

September 30, 2013

City of Dahlonoga Organizational Chart





February 19, 2014

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, 2013 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 fifth 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 2013. The audit issued an unmodified opinion for the 2013 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 5,860. Dahlonega was incorporated December 21, 1833 and was the site of the first major gold rush in the United States. A US Branch Mint minted Half Eagle, Quarter Eagle, the Gold Dollar (72,529) and the Three Dollar Gold Coin here between 1838 and 1861. North Georgia College and State University, founded in 1873 in the abandoned Mint Building, was the first state-supported college in Georgia to grant a degree to a woman and is now one of 6 senior military colleges in the US with an enrollment of over 15,000 undergraduate and graduate students.



The City of Dahlonega has been honored with being designated a Preserve America Community. It is one of thirty seven communities in the State of Georgia to earn this designation. The City was awarded this honor due to its ongoing commitment to preserve its unique heritage and history. The City was also designated as a National Main Street Community as well as an Appalachian Trail Community and a Tree Community.



The government of the City of Dahlonega is vested in a City Council composed of a mayor and six council members. Each member serves a four year term of office and there are no limits on the amount of terms they may serve. The Council appoints a City

Manager to supervise and coordinate all activities of the City. The City has the authority to levy property tax on both real and personal property located within its boundaries.

The City provides many services including a water and sewer utility, solid waste collection, recycling program, cemetery



services, maintenance of highways and streets, recreational facilities, and tourism event sponsorship.

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

The City of Dahlonega develops and adopts a balanced budget for each fiscal year. The

City Manager and the Finance Department develop this document which is submitted to the mayor and City Council for adoption. The City includes all governmental funds (General, SPLOST, Multiple Grant, Hotel/Motel Tax, & Streetscape), enterprise funds (Water/Sewage & Solid Waste), and component units (Dahlonega Downtown Development Authority) in its budgeting process. Each fund is budgeted at the line item level but monitored at the legal level of control which is at the department level. The legal level of control is the level at which the budget must be balanced.

LOCAL ECONOMY

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



activities, five local wineries and vineyards, and two tasting rooms, Dahlonega attracts many different types of tourists. The City dedicates all of the Hotel/Motel tax proceeds to promoting its number one industry.

Another important sector in Dahlonega's economy is the location of North Georgia College and State University within the city limits of Dahlonega. The City supports over 15,000 resident and commuter students.

The 2013 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 8.3%. The manufacturing sector has rehired some of the previous years' layoffs but is not at full capacity to date

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

Building permits increased during 2013. The housing and banking crisis had led to a continued slowing of much development within the City, but developers are starting projects in 2013.

Throughout the poor economic news of 2013 the bright news has been that the tourism industry in Dahlonega has been relatively unaffected.

LONG-TERM FINANCIAL PLANNING

Unassigned fund balance in the General Fund is \$826,346 or 27 percent of the 2014 annual revenue budget. The City maintains these funds to provide cash flow throughout the year and as a buffer against unforeseen events.

The Water and Sewage fund issued revenue bonds during 2008 to construct a new water treatment facility. This facility was completed in June of 2010. This plant replaced the City's only water treatment plant which was approaching the end of its useful life. The new plant can produce up to six million gallons of potable water daily and can be expanded to ten million gallons daily in the future. This new plant will provide safe drinking water for future growth.

RELEVANT FINANCIAL POLICIES

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

MAJOR INITIATIVES

The City has temporarily suspended the planning stage for a new city hall building. A site has been chosen and land purchased. \$1.5 million of fund balance has been assigned for this purpose. The Council hopes to move forward with this project when funds are available and economic factors are in the City's favor.

The City 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 was completed during fiscal year 2013. Some of the funding for this project was provided by a grant.

AWARDS AND ACKNOWLEDGEMENTS

The City has submitted its last four Comprehensive Annual Financial Reports to the Governmental Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting award program. The City was awarded the Certificate of Achievement for Excellence in Financial Reporting each of the four years. In order to be awarded a Certificate of Achievement the government has to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements. The City

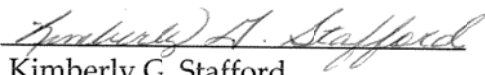
has made a commitment to the citizens to develop and cultivate a professional organization and this is one of many steps in achieving that goal.

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

The Comprehensive Annual Financial Report would not be possible without the constant efforts of the entire Finance Department staff. Appreciation is also expressed to the Mayor and Council for their support and dedication to providing the resources to deliver needed quality services and for improving the quality of life for Dahlonge's citizens.

Respectfully,

City of Dahlonge
Department of Finance

By: 
Kimberly G. Stafford

FINANCIAL SECTION





Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely present component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dahlonega, Georgia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, the special local option sales tax schedule of expenditures, and the statistical section 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 special local option sales tax schedule of expenditures 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, and the special purpose local option sales tax report are fairly stated in all material respects in relation to the financial statements as a whole.

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Dahlonega, Georgia's basic financial statements for the year ended September 30, 2012, which are not presented with the accompanying financial statements. In our report dated January 8, 2013, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dahlonega, Georgia's basic financial statements as a whole. The individual fund financial statements and schedules related to the 2012 basic financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and schedules related to the 2012 basic financial statements are the responsibility of management and were derived from and are related directly to the underlying accounting and other records used to prepare the 2012 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 2012 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2014, on our consideration of the City of Dahlonega, Georgia internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dahlonega, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
February 19, 2014



FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2013

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, 2013. 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 \$22,933,188. Of this, \$6,160,964 (26.86%) represents unrestricted net position which may be used to meet the City's ongoing obligations.
- At the close of the fiscal year, the net position of the City's governmental activities was \$9,174,756. This represents an increase of \$186,559 (2%) over the prior year net position balance for governmental activities.
- At the close of the fiscal year, the net position of the City's business-type activities was \$13,758,432. This represents a decrease of \$474,903 (3.34%) under the prior year net position balance for business-type activities.

Fund Financial Statements

- As of the close of the current fiscal year, the City of Dahlonega's governmental funds reported combined ending fund balances of \$3,635,088, a decrease of \$207,569 from the prior year. At the close of the fiscal year, the General Fund's unassigned fund balance, which is

available for spending at the City's discretion, is \$826,346 or 22.73% of the governmental funds' combined ending fund balance.

- The General Fund had revenues of \$3,261,894 for the current fiscal year. Of this amount \$924,957 (28.36%) was from property taxes and \$732,042 (22.44%) was from sales taxes.

Debt Obligations

- The City did not have any long-term debt obligations from the governmental activities during fiscal year 2013.
- Long-term debt obligations from the business-type activities decreased \$1,127,926 (3.18%) from \$35,471,612 at September 30, 2012, to \$34,343,686 at September 30, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government Wide Financial Statements

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

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

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

The government-wide financial statements can be found on pages 28 through 30 of this report.

Fund Financial Statements

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

Governmental Funds

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

Reconciliations between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are provided following the governmental fund financial statements.

The City has two major and three non-major governmental funds. The City's major governmental funds are the General Fund and 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 36 through 39 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42 through 74 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 76 through 111 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's net position for governmental activities increased \$186,559, or 2.08%, during the year ending September 30, 2013. Net investment in capital assets increased \$404,265, restricted net position decreased \$57,067, and unrestricted net position decreased \$160,639. Unrestricted net position is available to finance governmental operations. Although revenues for the City are rebounding, operating costs continue to rise resulting in the net asset decrease in FY 2013. The City maintains a large amount of its net position in cash to enable the City to have funds for emergencies and avoid short term borrowing.

Approximately 21.37% of the City's governmental activities revenues came from property taxes and approximately 45.40% came from sales and other taxes. Combined the City is dependent on taxes for approximately 66.77% of its governmental activities revenues.

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

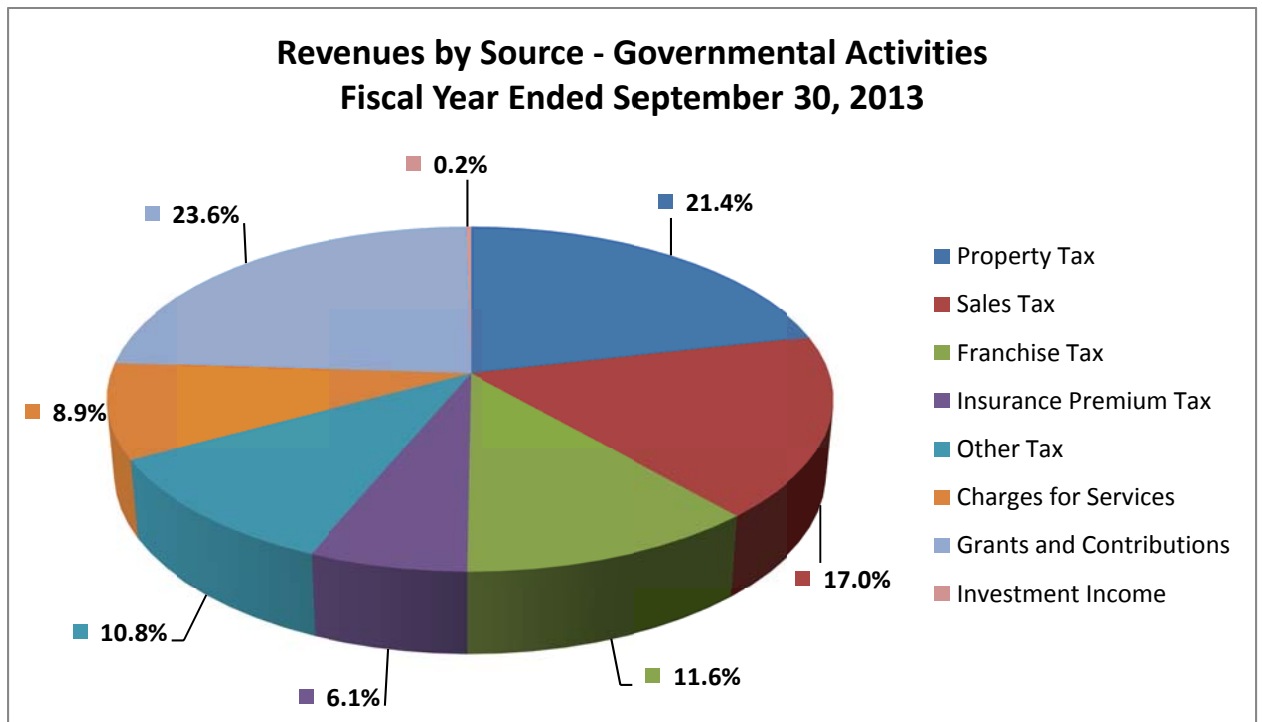
	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Current assets	\$4,868,831	\$4,717,443	\$ 6,442,710	\$ 5,763,573	\$11,311,541	\$10,481,016
Capital assets	5,542,733	5,168,468	42,080,067	43,746,394	47,622,800	48,914,862
Other noncurrent assets	0	0	0	570,966	0	570,966
Total assets	10,411,564	9,885,911	48,522,777	50,080,933	58,934,341	59,966,844
Current liabilities	434,499	888,533	1,681,740	1,507,352	2,116,239	2,395,885
Noncurrent liabilities	7,121	9,181	33,082,605	34,340,246	33,089,726	34,349,427
Total liabilities	441,620	897,714	34,764,345	35,847,598	35,205,965	36,745,312
Deferred inflows of resources	795,188	0	0	0	795,188	0
Net investment in capital assets	5,542,733	5,138,468	10,569,488	11,091,994	16,112,221	16,230,462
Restricted	459,082	516,149	200,921	194,395	660,003	710,544
Unrestricted	3,172,941	3,333,580	2,988,023	2,946,946	6,160,964	6,280,526
Total net position	\$9,174,756	\$8,988,197	\$13,758,432	\$14,233,335	\$22,933,188	\$23,221,532

Net position for business-type activities decreased \$474,903, or 3.34%. Restricted net position increased by \$6,526, or 3.36%. Unrestricted net position decreased by \$41,077, or 1.39%. 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 \$522,506, or 4.71%. The City uses these capital assets to provide services to the customers of the City; consequently, this net position is not available for future spending. This net position represents a capital investment in the business-type activities of the City. The decrease in this net position class is the effect of continued depreciation of the City's capital assets.

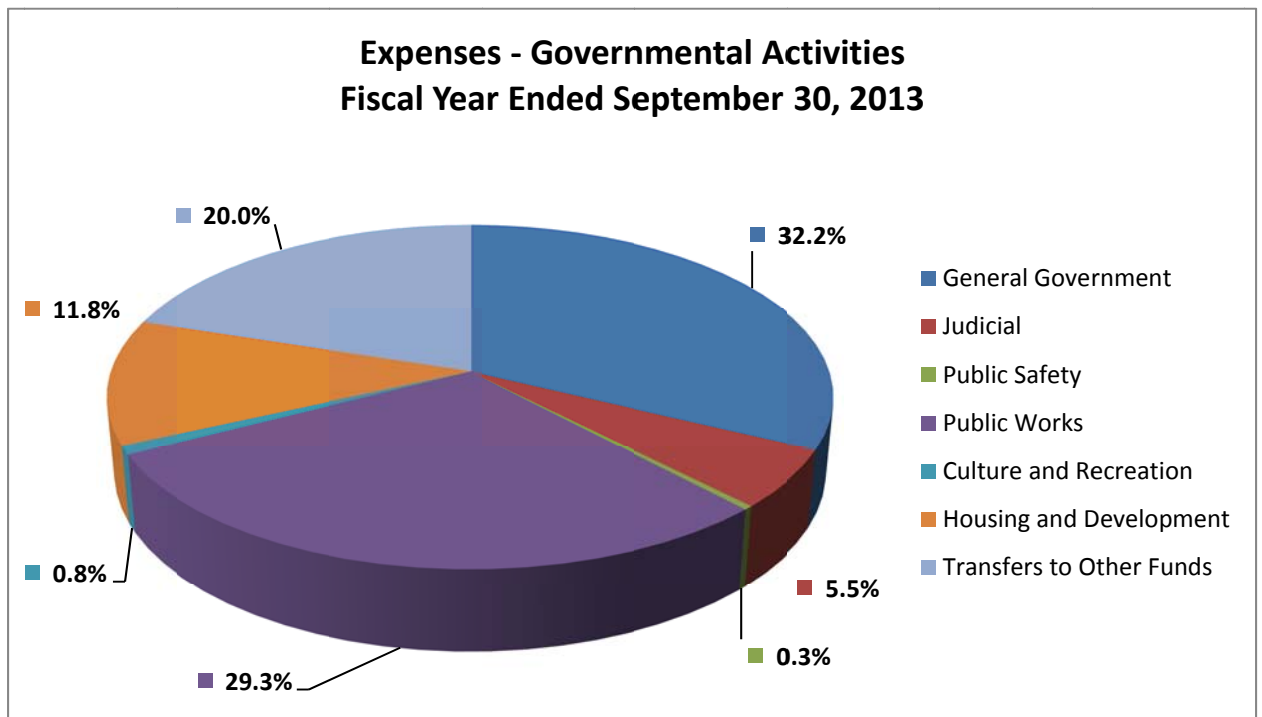
Following is a summary of the City's Statement of Activities as found on page 30 of this report.

Revenues	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	\$ 384,775	\$ 382,589	\$ 4,464,006	\$ 4,020,401	\$ 4,848,781	\$ 4,402,990
Operating grants and contributions	48,858	34,910	0	0	48,858	34,910
Capital grants and contributions	968,085	953,515	0	0	968,085	953,515
General revenues:						
Property taxes	919,297	861,790	0	0	919,297	861,790
Sales taxes	732,042	756,139	0	0	732,042	756,139
Other taxes	1,220,734	1,187,749	0	0	1,220,734	1,187,749
Interest and investment earnings	10,243	9,773	112,426	135,030	122,669	144,803
Miscellaneous revenue	17,088	46,030	1,279	4,390	18,367	50,420
Total revenues	4,301,122	4,232,495	4,577,711	4,159,821	8,878,833	8,392,316
Expenses						
General government	1,325,328	1,039,743	0	0	1,325,328	1,039,743
Judicial	226,361	225,240	0	0	226,361	225,240
Public Safety	14,336	80,483	0	0	14,336	80,483
Public Works	1,205,726	1,085,828	0	0	1,205,726	1,085,828
Culture and Recreation	33,482	26,427	0	0	33,482	26,427
Housing and Development	485,038	530,445	0	0	485,038	530,445
Interest on long-term debt	0	569	0	0	0	569
Water and Sewage	0	0	5,251,093	5,364,216	5,251,093	5,364,216
Solid Waste	0	0	480,443	470,213	480,443	470,213
Total expenses	3,290,271	2,988,735	5,731,536	5,834,429	9,021,807	8,823,164
Increase (decrease) in net position						
before special items and transfer	1,010,851	1,243,760	(1,153,825)	(1,674,608)	(142,974)	(430,848)
Special items	0	0	0	(296,937)	0	(296,937)
Transfers	(824,292)	(1,384,292)	824,292	1,384,292	0	0
Increase (decrease) in net position	186,559	(140,532)	(329,533)	(587,253)	(142,974)	(727,785)
Net position - beginning (original)	8,988,197	9,028,696	14,233,335	14,820,588	23,221,532	23,849,284
Prior period adjustments	0	100,033	(145,370)	0	(145,370)	100,033
Net position - beginning (restated)	8,988,197	9,128,729	14,087,965	14,820,588	23,076,162	23,949,317
Net position - ending	\$ 9,174,756	\$ 8,988,197	\$ 13,758,432	\$ 14,233,335	\$ 22,933,188	\$ 23,221,532

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



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



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

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

As of the close of the year, the City's governmental funds reported a combined ending fund balance of \$3,635,088, with \$75,731 reported as nonspendable, \$459,082 reported as restricted, \$2,273,929 reported as assigned, and the remaining amount of \$826,346 reported as unassigned.

The General Fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$826,346. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures for fiscal year 2013. Unassigned fund balance represents 26.8% of total General Fund expenditures. The net change in the General Fund's fund balance for the year ended September 30, 2013 was a decrease of \$266,114. The decrease, in part, is due to planned capital projects in street construction during fiscal year 2013; fund balance was used to complete these projects.

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 Dahlonga receives 17.3%. These funds are limited to paying debt service on bonds issued to finance a water treatment facility. The sales tax generated \$506,629 in

revenues and transfers to the Water and Sewage Fund totaling \$540,000 were made in fiscal year 2013 to fund debt service payments. The total fund balance for this fund at September 30, 2013 was \$88,764, which will be used to fund future debt service payments. The net change in the SPLOST Fund's fund balance for the year ended September 30, 2013 was a decrease of \$33,371. The decrease is due to the timing of transfers made to the Water and Sewage Fund.

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 position balance for the year ended September 30, 2013 was a decrease before transfers of \$1,153,825 and after transfers a decrease of \$329,533. Interest expense related to 2008 bond issue remains a large expense for the Water and Sewage Fund. The total net position for the Enterprise Funds at the beginning of the fiscal year was \$14,087,965 and net position at the end of the fiscal year was \$13,758,432.

BUDGETARY HIGHLIGHTS

The City revised the General Fund Budget at various times through the end of the fiscal year to reflect changes in estimated revenues and expenditures. Total amendments to the General Fund Budget increased revenues and other financing sources by approximately \$370,000 and increased expenditures and other financing uses by approximately \$438,000. The final budget reflected an anticipated \$266,114 use of prior fund balance.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

At September 30, 2013, the City reported \$47,622,800 in capital assets net of accumulated depreciation. This is a decrease of \$1,292,062 or 2.6% under fiscal year 2012.

Additional information on the City's capital assets can be found in Note 8 in the Notes to the Financial Statements beginning on page 62 of this report.

At September 30, 2013, the City reported long-term debt of \$34,343,686 net of unamortized bond discounts. This is a decrease of \$1,127,926 or 3.2% under fiscal year 2012. Additional information about the City's long-term debt activity can be found in Note 10 in the Notes to the Financial Statements beginning on page 64.

In conclusion, the City of Dahlonega finished the year with a decrease in fund balance and a decrease in net position. The property tax digest decreased while the property tax millage rate changed from 4.212 to 4.739. Fiscal management has been sound while providing the services that the citizens expect and deserve.

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

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



FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET POSITION
September 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,023,628	\$ 1,883,950	\$ 4,907,578	\$ 152,250
Restricted assets				
Cash and cash equivalents	365,590	1,013,246	1,378,836	11,382
Investments	0	2,235,322	2,235,322	0
Receivables (net)				
Accounts	0	585,546	585,546	0
Taxes	951,775	0	951,775	0
Fines	69,902	0	69,902	0
Intergovernmental	379,730	0	379,730	0
Notes	0	90,000	90,000	0
Inventory	16,589	150,142	166,731	0
Property held for resale	0	0	0	90,000
Prepaid items	59,142	486,979	546,121	5,208
Internal balances	2,475	(2,475)	0	0
Total current assets	4,868,831	6,442,710	11,311,541	258,840
Noncurrent assets				
Capital assets				
Non-depreciable	2,310,459	3,359,063	5,669,522	0
Depreciable (net)	3,232,274	38,721,004	41,953,278	0
Total noncurrent assets	5,542,733	42,080,067	47,622,800	0
Total assets	10,411,564	48,522,777	58,934,341	258,840
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current liabilities				
Payables				
Accounts	188,612	91,872	280,484	511
Intergovernmental	12,455	1,572	14,027	0
Interest	0	28,284	28,284	0
Accrued payroll liabilities	18,847	16,085	34,932	2,069
Unearned revenue	187,798	0	187,798	0
Compensated absences	26,787	53,962	80,749	2,299
Notes payable	0	695,425	695,425	90,000
Liabilities payable from restricted assets				
Interest payable	0	109,691	109,691	0
Customer deposits payable	0	104,849	104,849	0
Revenue bonds payable	0	580,000	580,000	0
Total current liabilities	434,499	1,681,740	2,116,239	94,879

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET POSITION
September 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Noncurrent liabilities				
Compensated absences	\$ 7,121	\$ 14,344	\$ 21,465	\$ 611
Notes payable	0	8,848,927	8,848,927	0
Revenue bonds payable	0	24,219,334	24,219,334	0
Total noncurrent liabilities	7,121	33,082,605	33,089,726	611
Total liabilities	441,620	34,764,345	35,205,965	95,490
Deferred inflows of resources				
Unavailable revenue - property taxes	795,188	0	795,188	0
NET POSITION				
Net investment in capital assets	5,542,733	10,569,488	16,112,221	0
Restricted for:				
General government	4,728	0	4,728	0
Public works	365,590	0	365,590	0
Housing and development	0	0	0	11,382
Debt service	88,764	200,921	289,685	0
Unrestricted	3,172,941	2,988,023	6,160,964	151,968
Total net position	\$ 9,174,756	\$ 13,758,432	\$ 22,933,188	\$ 163,350

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA

STATEMENT OF ACTIVITIES

For the fiscal year ended September 30, 2013

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General Government	\$ 1,325,328	\$ 91,347	\$ 5,000	\$ 0	\$ (1,228,981)
Judicial	226,361	182,597	0	0	(43,764)
Public Safety	14,336	0	0	0	(14,336)
Public Works	1,205,726	31,750	43,858	968,085	(162,033)
Culture and Recreation	33,482	0	0	0	(33,482)
Housing and Development	485,038	79,081	0	0	(405,957)
Total governmental activities	3,290,271	384,775	48,858	968,085	(1,888,553)
Business-type activities					
Water and Sewage	5,251,093	3,892,527	0	0	(1,358,566)
Solid Waste	480,443	571,479	0	0	91,036
Total business-type activities	5,731,536	4,464,006	0	0	(1,267,530)
Total primary government	9,021,807	4,848,781	48,858	968,085	(3,156,083)
Component Unit					
Downtown Development Authority					
Housing and Development	188,523	0	2,391	0	(186,132)
Primary Government					
	Governmental Activities	Business-Type Activities	Total	Component Unit	
Change in net position					
Net (expense) revenue	\$ (1,888,553)	\$ (1,267,530)	\$ (3,156,083)	\$ (186,132)	
General revenues					
Taxes					
Property	919,297	0	919,297	0	
Sales	732,042	0	732,042	0	
Franchise	497,013	0	497,013	0	
Insurance premium	261,157	0	261,157	0	
Intangibles	15,712	0	15,712	0	
Alcoholic beverage	174,592	0	174,592	0	
Occupational	116,076	0	116,076	0	
Hotel/Motel	154,565	0	154,565	0	
Other	1,619	0	1,619	0	
Payments from City of Dahlonega	0	0	0	157,150	
Interest and investment earnings	10,243	112,426	122,669	560	
Miscellaneous	17,088	1,279	18,367	391	
Transfers	(824,292)	824,292	0	0	
Total general revenues, special items, and transfers	2,075,112	937,997	3,013,109	158,101	
Change in net position	186,559	(329,533)	(142,974)	(28,031)	
Net position - beginning (original)	8,988,197	14,233,335	23,221,532	191,381	
Prior period adjustments	0	(145,370)	(145,370)	0	
Net position - beginning (restated)	8,988,197	14,087,965	23,076,162	191,381	
Net position - ending	\$ 9,174,756	\$ 13,758,432	\$ 22,933,188	\$ 163,350	

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2013

	<u>General</u>	<u>SPLOST</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
ASSETS				
Cash and cash equivalents	\$ 2,968,137	\$ 2,172	\$ 53,319	\$ 3,023,628
Restricted cash and cash equivalents	365,590	0	0	365,590
Receivables (net)				
Taxes	937,453	0	14,322	951,775
Fines	69,902	0	0	69,902
Intergovernmental	2,646	86,592	290,492	379,730
Due from other funds	27,532	0	685	28,217
Inventory	16,589	0	0	16,589
Prepaid items	59,142	0	0	59,142
	<u>\$ 4,446,991</u>	<u>\$ 88,764</u>	<u>\$ 358,818</u>	<u>\$ 4,894,573</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Payables				
Accounts	\$ 157,422	\$ 0	\$ 31,190	\$ 188,612
Intergovernmental	12,455	0	0	12,455
Accrued salaries and payroll expenses	18,847	0	0	18,847
Due to other funds	4,399	0	21,343	25,742
Unearned revenue	187,798	0	0	187,798
	<u>380,921</u>	<u>0</u>	<u>52,533</u>	<u>433,454</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	826,031	0	0	826,031
Fund balances				
Nonspendable:				
Inventory	16,589	0	0	16,589
Prepaid items	59,142	0	0	59,142
Restricted for:				
General government	0	0	4,728	4,728
Public works	365,590	0	0	365,590
Debt service	0	88,764	0	88,764
Assigned to:				
Public works	0	0	32,288	32,288
Capital outlay	100,000	0	269,269	369,269
City Hall construction	1,500,000	0	0	1,500,000
Subsequent year's budget	372,372	0	0	372,372
Unassigned	826,346	0	0	826,346
	<u>3,240,039</u>	<u>88,764</u>	<u>306,285</u>	<u>3,635,088</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,446,991</u>	<u>\$ 88,764</u>	<u>\$ 358,818</u>	<u>\$ 4,894,573</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 POSITION
September 30, 2013

Total fund balance - total governmental funds	\$	3,635,088
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of \$7,927,112, net of accumulated depreciation of (\$2,384,379), are not financial resources and, therefore, are not reported in the funds.		5,542,733
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These include unavailable deferred property taxes of \$30,843.		30,843
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are compensated absences of (\$33,908).		<u>(33,908)</u>
Net position of governmental activities	\$	<u><u>9,174,756</u></u>

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2013

	General	SPLOST	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	\$ 2,707,456	\$ 0	\$ 154,565	\$ 2,862,021
Licenses and permits	170,428	0	0	170,428
Fines, fees and forfeitures	182,597	0	0	182,597
Charges for services	31,750	0	0	31,750
Intergovernmental	142,604	506,506	367,710	1,016,820
Interest	9,972	123	271	10,366
Other	17,087	0	0	17,087
Total revenues	3,261,894	506,629	522,546	4,291,069
EXPENDITURES				
Current				
General Government	1,289,474	0	4,961	1,294,435
Judicial	226,361	0	0	226,361
Public Safety	14,336	0	0	14,336
Public Works	1,190,632	0	12,000	1,202,632
Culture and Recreation	24,955	0	0	24,955
Housing and Development	334,513	0	194,635	529,148
Capital outlay	0	0	382,479	382,479
Total expenditures	3,080,271	0	594,075	3,674,346
Excess (deficiency) of revenues over (under) expenditures	181,623	506,629	(71,529)	616,723
Other financing sources (uses)				
Transfers in (out)	(447,737)	(540,000)	163,445	(824,292)
Net change in fund balances	(266,114)	(33,371)	91,916	(207,569)
Fund balances, October 1	3,506,153	122,135	214,369	3,842,657
Fund balances, September 30	\$ 3,240,039	\$ 88,764	\$ 306,285	\$ 3,635,088

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, 2013

Net change in fund balances - total governmental funds \$ (207,569)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$754,975 exceed depreciation of (\$380,710) in the current period.	374,265
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.	10,052
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 (\$9,811) in compensated absences.	<u>9,811</u>
Change in net position of governmental activities	<u><u>\$ 186,559</u></u>

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, 2013

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes	\$ 2,531,000	\$ 2,701,355	\$ 2,707,456	\$ 6,101
Licenses and permits	101,000	158,600	170,428	11,828
Fines, fees and forfeitures	200,000	200,000	182,597	(17,403)
Charges for services	42,500	42,500	31,750	(10,750)
Intergovernmental	0	142,000	142,604	604
Interest	8,500	8,500	9,972	1,472
Other	11,300	11,300	17,087	5,787
Total revenues	2,894,300	3,264,255	3,261,894	(2,361)
EXPENDITURES				
Current				
General Government				
Legislative	156,085	160,385	160,336	49
Executive	192,874	202,474	202,393	81
Elections	1,000	2,700	2,655	45
General Administration	470,936	924,136	924,090	46
Judicial				
Municipal Court	226,441	226,441	226,361	80
Public Safety				
Law Enforcement	116,000	16,000	14,336	1,664
Public Works				
Street Maintenance	491,075	508,375	508,372	3
Street Construction	371,340	521,740	521,731	9
Shop Department	76,820	70,020	69,900	120
Cemetery	74,384	90,744	90,629	115
Culture and Recreation				
Parks	15,020	25,020	24,955	65
Housing and Development				
Building Inspections	176,047	177,447	177,363	84
Downtown Development Authority	157,150	157,150	157,150	0
Total expenditures	2,525,172	3,082,632	3,080,271	2,361
Excess (deficiency) of revenues over (under) expenditures	369,128	181,623	181,623	0
Other financing sources (uses)				
Transfers out	(447,737)	(447,737)	(447,737)	0
Contingency	(120,000)	0	0	0
Total other financing sources (uses)	(567,737)	(447,737)	(447,737)	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(198,609)	(266,114)	(266,114)	0
Fund balances, October 1	198,609	266,114	3,506,153	3,240,039
Fund balances, September 30	\$ 0	\$ 0	\$ 3,240,039	\$ 3,240,039

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2013

	Water and Sewage	Solid Waste	Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,634,992	\$ 248,958	\$ 1,883,950
Restricted assets			
Cash and cash equivalents	1,013,246	0	1,013,246
Investments	2,235,322	0	2,235,322
Accounts receivable (net)	506,519	79,027	585,546
Notes receivable	90,000	0	90,000
Due from other funds	17,955	1,183	19,138
Inventory	150,142	0	150,142
Prepaid items	474,319	12,660	486,979
Total current assets	<u>6,122,495</u>	<u>341,828</u>	<u>6,464,323</u>
Noncurrent assets			
Capital assets			
Non-depreciable	3,359,063	0	3,359,063
Depreciable (net)	38,238,432	482,572	38,721,004
Total noncurrent assets	<u>41,597,495</u>	<u>482,572</u>	<u>42,080,067</u>
Total assets	<u>47,719,990</u>	<u>824,400</u>	<u>48,544,390</u>
LIABILITIES			
Current liabilities			
Payables			
Accounts	63,894	27,978	91,872
Intergovernmental	1,572	0	1,572
Interest	28,284	0	28,284
Accrued salaries and payroll expenses	13,067	3,018	16,085
Compensated absences	45,756	8,206	53,962
Due to other funds	18,187	3,426	21,613
Notes payable	695,425	0	695,425
Liabilities payable from restricted assets:			
Interest payable	109,691	0	109,691
Customer deposits payable	104,849	0	104,849
Revenue bonds payable	580,000	0	580,000
Total current liabilities	<u>1,660,725</u>	<u>42,628</u>	<u>1,703,353</u>
Noncurrent liabilities			
Compensated absences	12,163	2,181	14,344
Notes payable	8,848,927	0	8,848,927
Revenue bonds payable	24,219,334	0	24,219,334
Total noncurrent liabilities	<u>33,080,424</u>	<u>2,181</u>	<u>33,082,605</u>
Total liabilities	<u>34,741,149</u>	<u>44,809</u>	<u>34,785,958</u>
NET POSITION			
Net investment in capital assets	10,086,916	482,572	10,569,488
Restricted for debt service	200,921	0	200,921
Unrestricted	2,691,004	297,019	2,988,023
Total net position	<u>\$ 12,978,841</u>	<u>\$ 779,591</u>	<u>\$ 13,758,432</u>

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2013

	Water and Sewage	Solid Waste	Totals
OPERATING REVENUES			
Charges for sales and services	\$ 3,892,527	\$ 571,479	\$ 4,464,006
Other	1,279	0	1,279
Total operating revenues	3,893,806	571,479	4,465,285
OPERATING EXPENSES			
Costs of sales and services	831,731	173,103	1,004,834
Personal services	963,100	246,775	1,209,875
Depreciation	1,728,315	60,565	1,788,880
Total operating expenses	3,523,146	480,443	4,003,589
Operating income (loss)	370,660	91,036	461,696
Non-operating revenues (expenses)			
Interest revenue	111,991	435	112,426
Interest expense	(1,709,247)	0	(1,709,247)
Other	(18,700)	0	(18,700)
Total non-operating revenues (expenses)	(1,615,956)	435	(1,615,521)
Income (loss) before transfers	(1,245,296)	91,471	(1,153,825)
Transfers in (out)			
Transfers in	824,292	0	824,292
Change in net position	(421,004)	91,471	(329,533)
Net position, October 1 (original)	13,545,215	688,120	14,233,335
Prior period adjustments	(145,370)	0	(145,370)
Net position, October 1 (restated)	13,399,845	688,120	14,087,965
Net position, September 30	\$ 12,978,841	\$ 779,591	\$ 13,758,432

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2013

	Water and Sewage	Solid Waste	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 3,929,327	\$ 570,793	\$ 4,500,120
Payments to suppliers	(803,800)	(145,519)	(949,319)
Payments to employees	(956,707)	(237,403)	(1,194,110)
Other receipts	1,279	0	1,279
Net cash provided (used) by operating activities	<u>2,170,099</u>	<u>187,871</u>	<u>2,357,970</u>
Cash flows from non-capital financing activities:			
Receipts from other funds	300,123	0	300,123
Payments to other funds	(17,955)	(1,460)	(19,415)
Net cash provided (used) by non-capital financing activities	<u>282,168</u>	<u>(1,460)</u>	<u>280,708</u>
Cash flows from capital and related financing activities:			
Receipts from other funds	540,000	0	540,000
Payments for acquisitions of capital assets	(105,620)	(23,176)	(128,796)
Proceeds from the sale of capital assets	6,243	0	6,243
Principal payments - revenue bonds	(475,000)	0	(475,000)
Principal payments - promissory notes	(667,481)	0	(667,481)
Payment of capital leases	(2,711)	0	(2,711)
Interest paid	(1,696,218)	0	(1,696,218)
Net cash provided (used) by capital and related financing activities	<u>(2,400,787)</u>	<u>(23,176)</u>	<u>(2,423,963)</u>
Cash flows from investing activities:			
Proceeds from sale of investments	15,617,908	0	15,617,908
Purchases of investments	(15,624,159)	0	(15,624,159)
Interest received	111,991	435	112,426
Net cash provided (used) by investing activities	<u>105,740</u>	<u>435</u>	<u>106,175</u>
Net increase (decrease) in cash and cash equivalents	157,220	163,670	320,890
Cash and cash equivalents, October 1	<u>2,491,018</u>	<u>85,288</u>	<u>2,576,306</u>
Cash and cash equivalents, September 30	<u><u>\$ 2,648,238</u></u>	<u><u>\$ 248,958</u></u>	<u><u>\$ 2,897,196</u></u>

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2013

	<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)	\$ 370,660	\$ 91,036	\$ 461,696
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,728,315	60,565	1,788,880
(Increase) decrease in accounts receivable	34,050	(686)	33,364
(Increase) decrease in inventory	25,961	0	25,961
(Increase) decrease in prepaid items	(1,154)	313	(841)
Increase (decrease) in accounts payable	3,124	27,271	30,395
Increase (decrease) in payroll liabilities	6,393	9,372	15,765
Increase (decrease) in deposits payable	2,750	0	2,750
Total adjustments	<u>1,799,439</u>	<u>96,835</u>	<u>1,896,274</u>
Net cash provided (used) by operating activities	<u>\$ 2,170,099</u>	<u>\$ 187,871</u>	<u>\$ 2,357,970</u>
Cash and cash equivalents reconciliation:			
Cash and cash equivalents	\$ 1,634,992	\$ 248,958	\$ 1,883,950
Restricted assets			
Cash and cash equivalents	<u>1,013,246</u>	<u>0</u>	<u>1,013,246</u>
Total cash and cash equivalents	<u>\$ 2,648,238</u>	<u>\$ 248,958</u>	<u>\$ 2,897,196</u>

Noncash capital and related financing and investing activities:

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



NOTES TO THE FINANCIAL STATEMENTS



1. DESCRIPTION OF GOVERNMENT UNIT

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity, continued

City of Dahlonega Downtown Development Authority

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

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

C. Basis of Presentation – Government-wide Financial Statements

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

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements, continued

Governmental Fund Types

Additionally, the City reports the following fund types:

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

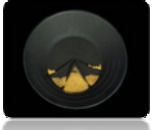
Capital Projects Funds – This fund type is used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

Component Unit

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

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements, continued

Component Unit, continued

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

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

E. Measurement Focus and Basis of Accounting

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

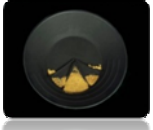
E. Measurement Focus and Basis of Accounting, continued

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

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

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Revenues and Expenditures/Expenses

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

G. Budgets and Budgetary Accounting

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting, continued

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

The legal level of budgetary control is the departmental level. Any increases in total appropriations of a department require approval and amendment of the budget by the City Council. Except as indicated on the major fund budgetary comparison statement, budget amounts included in this report are as amended as of September 30, 2013.

H. Cash and Investments

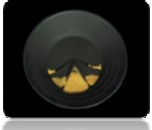
Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the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

I. Intergovernmental Receivables

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

J. Inventories

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2012 are recorded as prepaid items. Prepaid items in the governmental funds are recorded as expenditures when consumed.

L. Capital Assets

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

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets, continued

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

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

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

M. Deferred Outflows/Inflows of Resources

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources, continued

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

N. Net Position Flow Assumption

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

O. Fund Balance Flow Assumption

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Restricted Assets and Restricted Net Position

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

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

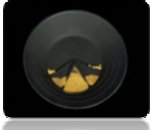
Q. Fund Balances of Governmental Funds

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

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

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balances of Governmental Funds, continued

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

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balances of Governmental Funds, continued

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

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Compensation for Future Absences

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

S. Long-Term Obligations

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

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

T. Capital Contributions

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City’s financial position and operations. Certain 2012 amounts have been reclassified to conform with the 2013 presentation.

3. DEPOSIT AND INVESTMENT RISK

Custodial Credit Risk – Deposits

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

Investment Policies

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

Credit Risk

At September 30, 2013, the City’s investments in securities were as follows:

Investment	Fair Value	Average Maturity (in years)	Standard and Poor's Credit Rating
FED NATL MTG ASSN Note (FDIC Guaranteed)	\$ 2,235,322	< 1	AA+



3. DEPOSIT AND INVESTMENT RISK (CONTINUED)

Interest Rate Risk

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

Concentration of Credit Risk

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

Foreign currency risk

The City has no investments denominated in a foreign currency.

4. ACCOUNTS RECEIVABLE

Net accounts receivable at September 30, 2013 consist of the following:

Major Funds

Enterprise Funds

Water and Sewage	\$ 539,332
Less: Allowances for Uncollectibles	(32,813)
Solid Waste	86,195
Less: Allowances for Uncollectibles	<u>(7,168)</u>
Total Primary Government	<u>\$ 585,546</u>



CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2013

5. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at September 30, 2013 consist of the following:

Major Funds

General Fund

Army Contracting Agency, Southern Region	\$	1,609	
Lumpkin County Board of Commissioners		907	
Dahlonega Housing Authority		130	\$ 2,646

SPLOST Capital Projects Fund

Lumpkin County Board of Commissioners			86,592
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Nonmajor Funds

Streetscape Capital Projects Fund

State of Georgia Department of Transportation			290,492
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Total Primary Government

\$ 379,730

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 2012, based upon the assessments of January 1, 2012, were levied on August 21, 2012, billed on September 15, 2012, and due on November 15, 2012. Taxes were delinquent and subject to liens on November 16, 2012.

Property taxes for digest year 2013, based upon the assessments of January 1, 2013, were levied on September 17, 2013, billed on October 9, 2013, and due on December 9, 2013. Taxes were delinquent and subject to liens on December 10, 2013. The property taxes for digest year 2013 are for the 2014 budget and unavailable for 2013.



CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of interfund receivables and payables as of September 30, 2013 is as follows:

	Due from:				
	Major Funds			Nonmajor Funds	
	General Fund	Water and Sewage	Solid Waste	Governmental	Total
Due to:					
Major Funds					
General	\$ 0	\$ 2,955	\$ 1,183	\$ 261	\$ 4,399
Water and Sewage	2,904	15,000	0	283	18,187
Solid Waste	3,285	0	0	141	3,426
Nonmajor Funds					
Governmental	21,343	0	0	0	21,343
Total	\$ 27,532	\$ 17,955	\$ 1,183	\$ 685	\$ 47,355

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



CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

A summary of interfund transfers as of September 30, 2013 is as follows:

	<u>Transfers out:</u>		
	<u>Major Funds</u>		
	<u>General</u>	<u>SPLOST</u>	<u>Total</u>
Transfers in:			
Major Funds			
Water and Sewage	\$ 284,292	\$ 540,000	\$ 824,292
Nonmajor Funds			
Streetscape	<u>163,445</u>	<u>0</u>	<u>163,445</u>
Total	<u>\$ 447,737</u>	<u>\$ 540,000</u>	<u>\$ 987,737</u>

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



CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

8. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended September 30, 2013 was as follows:

	<u>Balance 9/30/2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 9/30/2013</u>
Governmental activities				
Non-depreciable assets				
Land	\$ 2,207,123	\$ 0	\$ 0	\$ 2,207,123
Construction in progress	<u>111,377</u>	<u>103,696</u>	<u>(111,737)</u>	<u>103,336</u>
Total non-depreciable assets	<u>2,318,500</u>	<u>103,696</u>	<u>(111,737)</u>	<u>2,310,459</u>
Depreciable assets				
Buildings and improvements	1,850,601	162,503	0	2,013,104
Equipment	783,126	69,425	0	852,551
Infrastructure	<u>2,219,910</u>	<u>531,088</u>	<u>0</u>	<u>2,750,998</u>
Total depreciable assets	<u>4,853,637</u>	<u>763,016</u>	<u>0</u>	<u>5,616,653</u>
Accumulated depreciation				
Buildings and improvements	(955,859)	(54,393)	0	(1,010,252)
Equipment	(549,528)	(84,140)	0	(633,668)
Infrastructure	<u>(498,282)</u>	<u>(242,177)</u>	<u>0</u>	<u>(740,459)</u>
Total accumulated depreciation	<u>(2,003,669)</u>	<u>(380,710)</u>	<u>0</u>	<u>(2,384,379)</u>
Total depreciable assets, net	<u>2,849,968</u>	<u>382,306</u>	<u>0</u>	<u>3,232,274</u>
Governmental activities capital assets, net	<u>\$ 5,168,468</u>	<u>\$ 486,002</u>	<u>\$ (111,737)</u>	<u>\$ 5,542,733</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 3,323,896	\$ 9,243	\$ 0	\$ 3,333,139
Construction in progress	<u>0</u>	<u>25,924</u>	<u>0</u>	<u>25,924</u>
Total Non-depreciable assets	<u>3,323,896</u>	<u>35,167</u>	<u>0</u>	<u>3,359,063</u>
Depreciable assets				
Buildings	22,502,653	0	0	22,502,653
Improvements	3,856,423	0	0	3,856,423
Equipment and vehicles	5,690,676	93,629	(49,560)	5,734,745
Water and sewer infrastructure	<u>21,267,752</u>	<u>0</u>	<u>(58,140)</u>	<u>21,209,612</u>
Total depreciable assets	<u>53,317,504</u>	<u>93,629</u>	<u>(107,700)</u>	<u>53,303,433</u>
Accumulated depreciation				
Buildings	(2,307,221)	(734,883)	0	(3,042,104)
Improvements	(1,450,568)	(108,142)	0	(1,558,710)
Equipment and vehicles	(3,531,528)	(315,796)	49,562	(3,797,762)
Water and sewer infrastructure	<u>(5,605,689)</u>	<u>(630,059)</u>	<u>51,895</u>	<u>(6,183,853)</u>
Total accumulated depreciation	<u>(12,895,006)</u>	<u>(1,788,880)</u>	<u>101,457</u>	<u>(14,582,429)</u>
Total depreciable assets, net	<u>40,422,498</u>	<u>(1,695,251)</u>	<u>(6,243)</u>	<u>38,721,004</u>
Business-type activities capital assets, net	<u>\$ 43,746,394</u>	<u>\$ (1,660,084)</u>	<u>\$ (6,243)</u>	<u>\$ 42,080,067</u>



CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

8. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

General Government	\$ 53,610
Public Works	313,837
Culture and Recreation	12,191
Housing and Development	<u>1,072</u>
Total depreciation expense for governmental activities	<u>\$ 380,710</u>

Business-type activities

Water and Sewage	\$ 1,728,315
Solid Waste	<u>60,565</u>
Total depreciation expense for business-type activities	<u>\$ 1,788,880</u>

9. NOTES RECEIVABLE

On April 3, 2013 the Downtown Development Authority entered into an agreement with the City of Dahlonega for the sale of 6.245 acres of land in the original amount of \$90,000. The City has the option to repurchase the property or the Authority can transfer the property back to the City. Payment is due in full on December 31, 2013. At September 30, 2013, the balance of the note receivable was \$90,000.



10. LONG-TERM DEBT

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

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at September 30, 2013:

- \$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
2014	\$ 580,000	\$ 1,316,294	\$ 1,896,294
2015	685,000	1,293,094	1,978,094
2016	105,000	1,265,694	1,370,694
2017	150,000	1,261,494	1,411,494
2018	155,000	1,255,119	1,410,119
2019-2023	3,305,000	5,975,963	9,280,963
2024-2028	4,925,000	4,969,213	9,894,213
2029-2033	7,450,000	3,440,013	10,890,013
2034-2037	7,820,000	1,104,122	8,924,122
Totals	\$ 25,175,000	\$ 21,881,006	\$ 47,056,006



10. LONG-TERM DEBT (CONTINUED)

Notes Payable

The City has entered into 9 borrowings with the Georgia Environmental Facilities Authority for expansion of the City’s water and sewage system. At September 30, 2013 the original amounts of these borrowings were \$9,493,375, with a total outstanding balance of \$3,782,528. Monthly installments of principal and interest are due through October 1, 2030; interest at 3.75% to 5.56%.

Additionally, the City has entered into an agreement with the Georgia Environmental Facilities Authority for land and construction of a reservoir, in the original amount of \$6,433,843. At September 30, 2013, the balance of this note is \$5,761,824. Monthly installments of principal and interest are due through January 1, 2045; interest at 3.00%. The payments for this note payable are currently funded through transfers from the General Fund.

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

Year Ending September 30,	Principal	Interest	Total
2014	\$ 695,425	\$ 327,250	\$ 1,022,675
2015	724,627	298,025	1,022,652
2016	745,110	267,664	1,012,774
2017	695,841	237,768	933,609
2018	591,952	210,520	802,472
2019-2023	1,398,553	837,873	2,236,426
2024-2028	964,041	645,679	1,609,720
2029-2033	1,015,835	484,077	1,499,912
2034-2038	1,093,104	328,374	1,421,478
2039-2043	1,269,768	151,710	1,421,478
2044-2046	350,096	6,707	356,803
Totals	\$ 9,544,352	\$ 3,795,647	\$ 13,339,999



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, 2013:

	<u>Balance</u> <u>9/30/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/2013</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities					
Compensated absences	\$ 43,719	\$ 33,908	\$ 43,719	\$ 33,908	\$ 26,787
Business-type activities					
Notes payable	\$ 10,211,833	\$ 0	\$ 667,481	\$ 9,544,352	\$ 695,425
Revenue bonds	25,650,000	0	475,000	25,175,000	580,000
Unamortized bond discount	(392,932)	0	(17,266)	(375,666)	0
Capital lease obligations	2,711	0	2,711	0	0
Compensated absences	65,846	68,306	65,846	68,306	53,962
Total business-type activities	\$ 35,537,458	\$ 68,306	\$ 1,193,772	\$ 34,411,992	\$ 1,329,387

Revenue bond issue costs and discounts/premiums are amortized over the life of the related debt using the straight-line method. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund. The total interest incurred and charged to expense for the fiscal year ended September 30, 2013 was \$1,709,247 for business-type activities.

11. CHANGES IN BEGINNING BALANCES

Business-type Activities

Water and Sewage Enterprise Fund

A prior period adjustment has been made to expense the beginning balance of debt issue costs and related accumulated amortization. This adjustment was required with the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The 2012 amounts for debt issue costs and unrestricted net position have been restated to reflect this adjustment. This adjustment decreased beginning net position by \$145,370.



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.



12. PENSION PLAN (CONTINUED)

Vested employees who have reached the age of 65 and have completed five years of credited service are eligible to receive a monthly benefit, payable for life. The benefit is equal to 2.25% of the employee's average salary for the five highest years of employment multiplied by the years of credited service. The plan also provides benefits in the event of death or disability. These benefits provisions were established by an adoption agreement executed by the City Council. Vested employees who have reached age 55 with at least 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	20
Terminated vested participants entitled to but not yet receiving benefits	9
Active participants	44
Total number of participants	73

Funding Policy

The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The current rate is 23.11% of annual covered payroll. The Plan is a noncontributory participant plan. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of GASB Statement No. 27. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The actuarial value of plan assets was determined by using the prior year's actuarial value, plus current year activity, plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. The unfunded actuarially accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at January 1, 2012 varies for the bases, with a net effective amortization period of 10 years. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.



12. PENSION PLAN (CONTINUED)

Annual Pension Cost

For fiscal year 2013, the City's annual pension cost of \$366,526 was equal to the City's recommended and actual contributions. The required contribution was \$366,526. The recommended contribution (projected to October 1, 2012) was computed as part of an actuarial valuation as of January 1, 2012. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 5.5 percent per year compounded annually (3.5 percent and 2.0 percent attributable to merit and inflation, respectively), (c) no post-retirement benefit increases.

Historical Trend Information

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

Pension Cost Information			
Funding Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2008	189,671	100%	0
9/30/2009	282,269	100%	0
9/30/2010	380,869	100%	0
9/30/2011	363,128	100%	0
9/30/2012	367,821	100%	0
9/30/2013	366,526	100%	0



12. PENSION PLAN (CONTINUED)

Schedule of Funding Progress

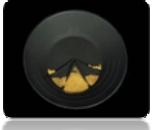
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Funded) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
5/1/2008	\$ 2,524,647	\$ 3,483,911	\$ 959,264	72.47%	\$ 1,472,806	65.13%
5/1/2009	1,875,376	3,740,153	1,864,777	50.14%	1,518,853	122.78%
1/1/2010	2,571,306	3,900,120	1,328,814	65.93%	1,596,682	83.22%
1/1/2011	2,964,150	4,240,874	1,276,724	69.89%	1,549,377	82.40%
1/1/2012	3,335,273	4,679,631	1,344,358	71.27%	1,545,896	86.96%
1/1/2013	3,701,217	5,069,167	1,367,950	73.01%	1,428,476	95.76%

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. DEFERRED COMPENSATION PLANS

The City has established the GMA 401(a) Defined Contribution Plan for the City Manager. The Plan was created under Internal Revenue Code Section 401(a). The plan is administered by the Georgia Municipal Association ("GMA"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating cities in Georgia. Under the terms of the Plan, the City contributes 12.71% of the eligible employee's salary each year. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

The Plan is a noncontributory participant plan. Funds vest 100% at the time of contribution. Amounts held in the Plan are not available to the employees until termination, retirement, or death. During the year, the City contributed \$5,603 to the Plan based on covered salaries of \$23,593. The plan member did not make any voluntary contributions during fiscal year 2013.



13. DEFERRED COMPENSATION PLANS (CONTINUED)

The City has no fiduciary relationship with the Plan, and Plan assets are not available to the City or its general creditors. The Plan assets are held in trust by the administrator for the exclusive benefit of the participants of the Plan.

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

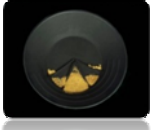
During the year, plan members made voluntary contributions of \$23,338.

The City has no fiduciary relationship with the Plans, and Plan assets are not available to the City or its general creditors. The Plan assets are held in trust by the administrators for the exclusive benefit of the participants of the Plans. Beginning on January 1, 2013 the City no longer contributes to any of the deferred compensation plans.

14. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(3). The City is required to spend an amount equal to the amount by which the total taxes collected under the Code section exceed the taxes which would be collected at a rate of 3 percent for the purpose of promoting tourism, conventions, and trade shows. A summary of the transactions for the year ending September 30, 2013 follows:

Lodging Tax Receipts	\$154,565
Disbursements to the Dahlonega – Lumpkin County Chamber of Commerce	\$154,565 100% of tax receipts



15. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During its fiscal year ended September 30, 2013, the City paid \$5,769 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from Georgia Mountains Regional Commission, PO Box 1720, Gainesville, GA 30503.

On March 6, 1998, the City of Dahlonega, Georgia (City), Lumpkin County (County) and the Lumpkin County Water and Sewage Authority (Authority) formed a joint authority to construct a reservoir. The City and County have signed an agreement to each own 54% and 46% undivided interest in the reservoir assets, respectively. The responsibility of constructing the reservoir and liability for the debt was divided between the City (47.59%), the County (52.41%) and the Authority (0%). A Georgia Environmental Facilities Authority note for which the City and County will be responsible for based on the preceding debt percentages originally funded the project. The City has been paying principal and interest payments based on their percentage of 47.59% during fiscal year 2013.

16. RELATED ORGANIZATIONS

The Housing Authority of the City of Dahlonega is considered a related organization to the City of Dahlonega. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Dahlonega. The City received \$1,093 as payment-in-lieu-of-taxes for 2013. Separate financial statements may be obtained from Housing Authority of the City of Dahlonega, 90 Thompson Circle, Dahlonega, GA 30553.



17. RISK MANAGEMENT

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

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

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

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

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, 2013, the City has no losses that are probable or estimable and accordingly has not recognized any liability.



18. COMMITMENTS AND CONTINGENCIES

Commitments

The City has active construction projects as of September 30, 2013. At fiscal year end, the City's commitments with contractors are as follows:

Project	Amount Spent to Date	Remaining Commitment
Dahlonega Diving Bell Pavilion Contract	\$111,737	\$38,487
Streetscape Design Phase I	0	65,000
Total	<u>\$111,737</u>	<u>\$103,487</u>

Contingencies

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

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF DAHLONEGA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2013

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Multiple Grant	Hotel/Motel Tax	Streetscape	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 36,568	\$ 16,751	\$ 0	\$ 53,319
Receivables (net)				
Taxes	0	14,322	0	14,322
Intergovernmental	0	0	290,492	290,492
Due from other funds	565	0	120	685
Total assets	\$ 37,133	\$ 31,073	\$ 290,612	\$ 358,818
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 117	\$ 31,073	\$ 0	\$ 31,190
Due to other funds	0	0	21,343	21,343
Total liabilities	117	31,073	21,343	52,533
Fund balances				
Restricted for:				
General government	4,728	0	0	4,728
Assigned to:				
Public works	32,288	0	0	32,288
Capital outlay	0	0	269,269	269,269
Total fund balances	37,016	0	269,269	306,285
Total liabilities and fund balances	\$ 37,133	\$ 31,073	\$ 290,612	\$ 358,818

CITY OF DAHLONEGA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2013

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Multiple Grant	Hotel/Motel Tax	Streetscape	
REVENUES				
Taxes	\$ 0	\$ 154,565	\$ 0	\$ 154,565
Intergovernmental	17,000	0	350,710	367,710
Interest	271	0	0	271
Total revenues	17,271	154,565	350,710	522,546
EXPENDITURES				
Current				
General Government	4,961	0	0	4,961
Public Works	12,000	0	0	12,000
Housing and Development	40,070	154,565	0	194,635
Capital outlay	0	0	382,479	382,479
Total expenditures	57,031	154,565	382,479	594,075
Excess (deficiency) of revenues over (under) expenditures	(39,760)	0	(31,769)	(71,529)
Other financing sources (uses)				
Transfers in	0	0	163,445	163,445
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	(39,760)	0	131,676	91,916
Fund balances, October 1	76,776	0	137,593	214,369
Fund balances, September 30	\$ 37,016	\$ 0	\$ 269,269	\$ 306,285



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, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 2,968,137	\$ 2,950,273
Receivables (net)		
Accounts	0	647
Taxes	937,453	837,943
Fines	69,902	79,159
Intergovernmental	2,646	4,797
Inventory	16,589	24,425
Prepaid items	59,142	58,493
Due from other funds	27,532	6,059
Restricted assets		
Cash and cash equivalents	365,590	359,076
	\$ 4,446,991	\$ 4,320,872
Total assets		
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Payables		
Accounts	\$ 157,422	\$ 57,733
Intergovernmental	12,455	12,330
Accrued salaries and payroll expenses	18,847	2,956
Due to other funds	4,399	0
Unearned revenue	187,798	0
	380,921	73,019
Total liabilities		
Deferred inflows of resources		
Unavailable revenue - property taxes	826,031	741,700
	826,031	741,700
Fund balances		
Nonspendable:		
Inventory	16,589	24,425
Prepaid items	59,142	58,493
Restricted for public works	365,590	359,076
Assigned to:		
Capital outlay	100,000	100,000
City Hall construction	1,500,000	1,500,000
Subsequent year's budget	372,372	198,609
Unassigned	826,346	1,265,550
	3,240,039	3,506,153
Total fund balances		
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,446,991	\$ 4,320,872

CITY OF DAHLONEGA, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30, 2013 and 2012

	2013	2012
REVENUES		
Taxes	\$ 2,707,456	\$ 2,661,049
Licenses and permits	170,428	97,404
Fines, fees and forfeitures	182,597	197,935
Charges for services	31,750	87,250
Intergovernmental	142,604	69,278
Interest	9,972	9,493
Other	17,087	46,030
	3,261,894	3,168,439
EXPENDITURES		
Current		
General Government	1,289,474	1,019,621
Judicial	226,361	225,240
Public Safety	14,336	80,483
Public Works	1,190,632	1,275,639
Culture and Recreation	24,955	14,625
Housing and Development	334,513	376,872
Debt Service	0	10,776
	3,080,271	3,003,256
Excess of revenues over expenditures	181,623	165,183
Other financing sources (uses)		
Transfers in (out)		
Water and Sewage Enterprise Fund	(284,292)	(284,292)
Streetscape Capital Projects Fund	(163,445)	(100,000)
	(447,737)	(384,292)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(266,114)	(219,109)
Fund balances, October 1	3,506,153	3,725,262
Fund balances, September 30	\$ 3,240,039	\$ 3,506,153

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES

BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2013

(With comparative actual amounts for the fiscal year ended September 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	\$ 803,500	\$ 781,954	\$ (21,546)	\$ 836,635
Real estate transfer tax	8,000	15,712	7,712	12,388
Motor vehicle tax	124,100	120,567	(3,533)	23,390
Cost, penalties, and interest	6,000	6,724	724	6,509
Total general property taxes	941,600	924,957	(16,643)	878,922
Local option sales tax	750,000	732,042	(17,958)	756,139
Franchise tax	460,655	497,013	36,358	505,998
Insurance premium tax	261,100	261,157	57	245,897
Alcoholic beverage excise tax	174,500	174,592	92	162,457
Occupational tax	113,500	116,076	2,576	111,636
Other taxes	0	1,619	1,619	0
Total taxes	2,701,355	2,707,456	6,101	2,661,049
Licenses and Permits				
Alcohol licenses	80,000	91,347	11,347	82,110
Building permits	78,600	79,081	481	15,294
Total licenses and permits	158,600	170,428	11,828	97,404
Fines, fees and forfeitures	200,000	182,597	(17,403)	197,935
Charges for Services				
Cemetery	42,500	31,750	(10,750)	87,250
Intergovernmental	142,000	142,604	604	69,278
Interest	8,500	9,972	1,472	9,493
Other	11,300	17,087	5,787	46,030
Total revenues	<u>\$ 3,264,255</u>	<u>\$ 3,261,894</u>	<u>\$ (2,361)</u>	<u>\$ 3,168,439</u>

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2013

(With comparative actual amounts for the fiscal year ended September 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
General Government				
Legislative				
Personal services	\$ 123,505	\$ 123,426	\$ 79	\$ 121,243
Contract services	27,323	27,369	(46)	32,604
Supplies and materials	9,557	9,541	16	4,785
Total Legislative	<u>160,385</u>	<u>160,336</u>	<u>49</u>	<u>158,632</u>
Executive				
Personal services	172,402	172,462	(60)	192,502
Contract services	26,429	26,314	115	30,011
Supplies and materials	3,643	3,617	26	1,512
Total Executive	<u>202,474</u>	<u>202,393</u>	<u>81</u>	<u>224,025</u>
Elections				
Contract services	2,005	1,978	27	1,398
Supplies and materials	695	677	18	44
Total Elections	<u>2,700</u>	<u>2,655</u>	<u>45</u>	<u>1,442</u>
General Administration				
Personal services	209,641	209,638	3	216,595
Contract services	667,479	667,438	41	345,004
Supplies and materials	36,320	36,319	1	42,223
Capital outlay	10,696	10,695	1	31,700
Total General Administration	<u>924,136</u>	<u>924,090</u>	<u>46</u>	<u>635,522</u>
Total General Government	<u>1,289,695</u>	<u>1,289,474</u>	<u>221</u>	<u>1,019,621</u>
Judicial				
Municipal Court				
Personal services	7,751	7,751	0	7,781
Contract services	153,690	151,864	1,826	144,649
Supplies and materials	0	840	(840)	1,553
Payments to other agencies	65,000	65,906	(906)	71,257
Total Judicial	<u>226,441</u>	<u>226,361</u>	<u>80</u>	<u>225,240</u>

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2013

(With comparative actual amounts for the fiscal year ended September 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
Public Safety				
Law Enforcement				
Contract services	\$ 14,978	\$ 13,296	\$ 1,682	\$ 79,529
Supplies and materials	1,022	1,040	(18)	954
Total Public Safety	<u>16,000</u>	<u>14,336</u>	<u>1,664</u>	<u>80,483</u>
Public Works				
Street Maintenance				
Personal services	390,675	390,671	4	363,232
Contract services	26,788	26,793	(5)	34,848
Supplies and materials	90,912	90,908	4	101,658
Total Street Maintenance	<u>508,375</u>	<u>508,372</u>	<u>3</u>	<u>499,738</u>
Street Construction				
Personal services	184,380	184,379	1	166,395
Contract services	12,500	12,500	0	5,536
Supplies and materials	24,448	24,448	0	38,529
Capital outlay	300,412	300,404	8	383,827
Total Street Construction	<u>521,740</u>	<u>521,731</u>	<u>9</u>	<u>594,287</u>
Shop Department				
Personal services	56,340	56,343	(3)	56,015
Contract services	2,549	2,456	93	2,438
Supplies and materials	11,131	11,101	30	17,594
Total Shop Department	<u>70,020</u>	<u>69,900</u>	<u>120</u>	<u>76,047</u>
Cemetery				
Personal services	68,702	68,827	(125)	65,879
Contract services	3,023	2,565	458	1,525
Supplies and materials	6,735	6,671	64	11,733
Capital outlay	12,284	12,566	(282)	26,430
Total Cemetery	<u>90,744</u>	<u>90,629</u>	<u>115</u>	<u>105,567</u>
Total Public Works	<u>1,190,879</u>	<u>1,190,632</u>	<u>247</u>	<u>1,275,639</u>

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2013

(With comparative actual amounts for the fiscal year ended September 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
Culture and Recreation				
Parks				
Personal services	\$ 0	\$ 0	\$ 0	\$ 119
Contract services	2,316	2,320	(4)	1,353
Supplies and materials	19,079	18,969	110	13,153
Capital outlay	3,625	3,666	(41)	0
	25,020	24,955	65	14,625
Total Culture and Recreation				
Housing and Development				
Building Inspections				
Personal services	150,977	150,683	294	141,428
Contract services	16,080	16,481	(401)	32,506
Supplies and materials	5,461	5,404	57	7,090
Capital outlay	4,929	4,795	134	0
	177,447	177,363	84	181,024
Total Building Inspections				
Better Home Towns				
Contract services	0	0	0	38,630
Supplies and materials	0	0	0	68
	0	0	0	38,698
Total Better Home Towns				
Downtown Development Authority				
Payment to others	157,150	157,150	0	157,150
	157,150	157,150	0	157,150
Total Housing and Development				
Debt Service				
General Government				
General Administration	0	0	0	3,824
Public Works				
Street Maintenance	0	0	0	6,952
	0	0	0	10,776
Total Debt Service				
	0	0	0	10,776
Total expenditures	\$ 3,082,632	\$ 3,080,271	\$ 2,361	\$ 3,003,256



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, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 36,568	\$ 37,937
Restricted cash and cash equivalents	0	18,894
Intergovernmental receivable	0	50,063
Due from other funds	565	0
Total assets	\$ 37,133	\$ 106,894
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 117	\$ 30,118
Fund balances		
Restricted for:		
General government	4,728	4,689
Housing and development	0	30,249
Assigned to:		
Public works	32,288	32,666
Housing and development	0	9,172
Total fund balances	37,016	76,776
Total liabilities and fund balances	\$ 37,133	\$ 106,894

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, 2013

(With comparative actual amounts for the fiscal year ended September 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 17,000	\$ 17,000	\$ 0	\$ 65,632
Interest	270	271	1	280
Contributions	0	0	0	50,175
Total revenues	17,270	17,271	1	116,087
EXPENDITURES				
Current				
General Government	4,961	4,961	0	3,585
Public Works	12,000	12,000	0	10,631
Housing and Development	40,070	40,070	0	111,737
Total expenditures	57,031	57,031	0	125,953
Excess (deficiency) of revenues over (under) expenditures	(39,761)	(39,760)	1	(9,866)
Fund balances, October 1	39,761	76,776	37,015	86,642
Fund balances, September 30	\$ 0	\$ 37,016	\$ 37,016	\$ 76,776

CITY OF DAHLONEGA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16,751	\$ 14,369
Taxes receivable	14,322	15,580
Total assets	\$ 31,073	\$ 29,949
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 31,073	\$ 29,949

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, 2013

(With comparative actual amounts for the fiscal year ended September 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/Motel taxes	\$ 154,565	\$ 154,565	\$ 0	\$ 149,373
Total revenues	<u>154,565</u>	<u>154,565</u>	<u>0</u>	<u>149,373</u>
EXPENDITURES				
Current				
Housing and Development				
Tourism				
Chamber of Commerce	154,565	154,565	0	149,373
Total expenditures	<u>154,565</u>	<u>154,565</u>	<u>0</u>	<u>149,373</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 City.

CITY OF DAHLONEGA, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 2,172	\$ 29,185
Intergovernmental receivable	86,592	92,950
Total assets	\$ 88,764	\$ 122,135
 LIABILITIES AND FUND BALANCES		
Liabilities		
Fund balances		
Restricted for debt service	\$ 88,764	\$ 122,135
Total liabilities and fund balances	\$ 88,764	\$ 122,135

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, 2013 and 2012

	2013	2012
REVENUES		
Intergovernmental	\$ 506,506	\$ 523,223
Interest	123	729
	506,629	523,952
Total revenues	506,629	523,952
Other financing uses		
Transfers out		
Water and Sewage Enterprise Fund	(540,000)	(1,100,000)
	(540,000)	(1,100,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	(33,371)	(576,048)
Fund balances, October 1	122,135	698,183
Fund balances, September 30	\$ 88,764	\$ 122,135

CITY OF DAHLONEGA, GEORGIA
STREETSCAPE CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 0	\$ 109,337
Intergovernmental receivable	290,492	28,256
Due from other funds	120	0
Total assets	\$ 290,612	\$ 137,593
 LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other funds	\$ 21,343	\$ 0
Fund balances		
Assigned to capital outlay	269,269	137,593
Total liabilities and fund balances	\$ 290,612	\$ 137,593

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

For the fiscal years ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
REVENUES		
Intergovernmental	\$ 350,710	\$ 279,388
Total revenues	<u>350,710</u>	<u>279,388</u>
EXPENDITURES		
Capital outlay		
Public works	<u>382,479</u>	<u>301,626</u>
Total expenditures	<u>382,479</u>	<u>301,626</u>
Excess (deficiency) of revenues over (under) expenditures	(31,769)	(22,238)
Other financing sources		
Transfers in		
General Fund	<u>163,445</u>	<u>100,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	131,676	77,762
Fund balances, October 1	<u>137,593</u>	<u>59,831</u>
Fund balances, September 30	<u><u>\$ 269,269</u></u>	<u><u>\$ 137,593</u></u>



ENTERPRISE FUNDS

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

Water and Sewage Fund

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

Solid Waste Fund

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

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
September 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,634,992	\$ 1,486,569
Accounts receivable (net)	506,519	540,569
Notes receivable	90,000	0
Due from other funds	17,955	0
Inventory	150,142	176,103
Property held for resale	0	90,000
Prepaid items	474,319	491,865
Total current assets	2,873,927	2,785,106
Restricted assets		
Debt Redemption		
Cash and cash equivalents	310,612	306,065
Investments	2,235,322	2,229,071
Construction Fund		
Cash and cash equivalents	597,785	596,285
Customer Deposits		
Cash and cash equivalents	104,849	102,099
Total restricted assets	3,248,568	3,233,520
Capital assets		
Land	3,333,139	3,323,896
Construction in progress	25,924	0
Improvements	3,844,840	3,844,840
Buildings	22,247,587	22,247,587
Water and sewer lines and towers	21,209,612	21,267,752
Machinery and equipment	5,009,861	4,988,971
Accumulated depreciation	(14,073,468)	(12,446,613)
Total capital assets (net of accumulated depreciation)	41,597,495	43,226,433
Total assets	47,719,990	49,245,059

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
September 30, 2013 and 2012

	2013	2012
LIABILITIES		
Current liabilities		
Payables		
Accounts	\$ 63,894	\$ 60,770
Intergovernmental	1,572	1,572
Interest	28,284	30,542
Accrued salaries and payroll expenses	13,067	2,191
Compensated absences	45,756	49,298
Due to other funds	18,187	2,356
Notes payable	695,425	667,482
Capital leases payable	0	2,711
	866,185	816,922
Current liabilities payable from restricted assets		
Interest payable	109,691	111,670
Customer deposits payable	104,849	102,099
Revenue bonds payable	580,000	475,000
	794,540	688,769
Noncurrent liabilities		
Compensated absences	12,163	13,104
Notes payable	8,848,927	9,544,351
Revenue bonds payable	24,219,334	24,782,068
	33,080,424	34,339,523
Total liabilities	34,741,149	35,845,214
NET POSITION		
Net investment in capital assets	10,086,916	10,572,033
Restricted for debt service	200,921	194,395
Unrestricted	2,691,004	2,633,417
	12,978,841	13,399,845
Total net position	\$ 12,978,841	\$ 13,399,845

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

For the fiscal years ended September 30, 2013 and 2012

	2013	2012
OPERATING REVENUES		
Charges for sales and services		
Water sales	\$ 2,022,574	\$ 2,034,867
Sewer charges	1,399,668	1,368,306
Tap fees	470,285	50,833
Other	1,279	2,421
	3,893,806	3,456,427
OPERATING EXPENSES		
Cost of sales and services	831,731	856,895
Personal services	963,100	985,250
Depreciation	1,728,315	1,741,114
	3,523,146	3,583,259
Operating income (loss)	370,660	(126,832)
Non-operating revenues (expenses)		
Interest revenue	111,991	134,390
Interest expense	(1,709,247)	(1,755,513)
Gain (loss) on sale of property held for resale	0	1,955
Other	(18,700)	(18,966)
	(1,615,956)	(1,638,134)
Net income (loss) before special items and transfers	(1,245,296)	(1,764,966)
Special items		
Unrealized loss on property held for resale	0	(296,937)
	(1,245,296)	(2,061,903)
Net income (loss) before transfers	(1,245,296)	(2,061,903)
Transfers in (out)		
General Fund	284,292	284,292
SPLOST Capital Projects Fund	540,000	1,100,000
	824,292	1,384,292
Change in net position	(421,004)	(677,611)
Net position, October 1 (original)	13,399,845	14,229,304
Prior period adjustments	0	(151,848)
Net position, October 1 (restated)	13,399,845	14,077,456
Net position, September 30	\$ 12,978,841	\$ 13,399,845

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Receipts from customers	\$ 3,929,327	\$ 3,447,408
Payments to suppliers	(803,800)	(934,874)
Payments to employees	(956,707)	(985,789)
Other receipts	1,279	2,421
	<u>2,170,099</u>	<u>1,529,166</u>
Cash flows from non-capital financing activities:		
Receipts from other funds	300,123	408,024
Payments to other funds	(17,955)	0
	<u>282,168</u>	<u>408,024</u>
Cash flows from capital and related financing activities:		
Receipts from other funds	540,000	1,100,000
Payments for acquisitions of capital assets	(105,620)	(61,247)
Proceeds from the sale of assets	6,243	0
Principal payments - revenue bonds	(475,000)	(380,000)
Principal payments - promissory notes	(667,481)	(640,479)
Payment of capital leases	(2,711)	(17,274)
Interest paid	(1,696,218)	(1,741,526)
	<u>(2,400,787)</u>	<u>(1,740,526)</u>
Cash flows from investing activities:		
Proceeds from sale of property held for resale	0	1,955
Proceeds from sale of investments	15,617,908	8,908,253
Purchases of investments	(15,624,159)	(8,913,671)
Interest received	111,991	134,390
	<u>105,740</u>	<u>130,927</u>
Net increase (decrease) in cash and cash equivalents	157,220	327,591
Cash and cash equivalents, October 1	<u>2,491,018</u>	<u>2,163,427</u>
Cash and cash equivalents, September 30	<u><u>\$ 2,648,238</u></u>	<u><u>\$ 2,491,018</u></u>

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2013 and 2012

	2013	2012
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 370,660	\$ (126,832)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,728,315	1,741,114
(Increase) decrease in accounts receivable	34,050	(9,120)
(Increase) decrease in inventory	25,961	(44,505)
(Increase) decrease in prepaid items	(1,154)	(4,006)
Increase (decrease) in accounts payable	3,124	(29,736)
Increase (decrease) in intergovernmental payable	0	268
Increase (decrease) in payroll liabilities	6,393	(539)
Increase (decrease) in deposits payable	2,750	2,522
Total adjustments	1,799,439	1,655,998
Net cash provided (used) by operating activities	\$ 2,170,099	\$ 1,529,166
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	\$ 1,634,992	\$ 1,486,569
Debt Redemption		
Cash and cash equivalents	310,612	306,065
Construction Fund		
Cash and cash equivalents	597,785	596,285
Customer Deposits		
Cash and cash equivalents	104,849	102,099
Total cash and cash equivalents	\$ 2,648,238	\$ 2,491,018

Noncash capital and related financing and investing activities:

Unrealized loss on property held for resale totaled \$296,937 for the fiscal year ended September 30, 2012.

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

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
September 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 248,958	\$ 85,288
Accounts receivable (net)	79,027	78,341
Due from other funds	1,183	0
Prepaid items	12,660	12,973
Total current assets	341,828	176,602
Capital assets		
Improvements	11,583	11,583
Buildings	255,066	255,066
Machinery and equipment	724,882	701,705
Accumulated depreciation	(508,959)	(448,393)
Total capital assets (net of accumulated depreciation)	482,572	519,961
Total assets	824,400	696,563
LIABILITIES		
Current liabilities		
Accounts payable	27,978	707
Accrued salaries and payroll expenses	3,018	589
Compensated absences	8,206	2,721
Due to other funds	3,426	3,703
Total current liabilities	42,628	7,720
Noncurrent liabilities		
Compensated absences	2,181	723
Total liabilities	44,809	8,443
NET POSITION		
Investment in capital assets	482,572	519,961
Unrestricted	297,019	168,159
Total net position	\$ 779,591	\$ 688,120

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

For the fiscal years ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Charges for sales and services	\$ 571,479	\$ 566,395
Other	0	14
Total operating revenues	<u>571,479</u>	<u>566,409</u>
OPERATING EXPENSES		
Cost of sales and services	173,103	167,870
Personal services	246,775	267,684
Depreciation	60,565	34,659
Total operating expenses	<u>480,443</u>	<u>470,213</u>
Operating income (loss)	91,036	96,196
Non-operating revenues (expenses)		
Interest revenue	435	640
Change in net position	91,471	96,836
Net position, October 1	<u>688,120</u>	<u>591,284</u>
Net position, September 30	<u><u>\$ 779,591</u></u>	<u><u>\$ 688,120</u></u>

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Receipts from customers	\$ 570,793	\$ 565,290
Payments to suppliers	(145,519)	(173,120)
Payments to employees	(237,403)	(267,364)
Other receipts	0	14
	<hr/>	<hr/>
Net cash provided (used) by operating activities	187,871	124,820
	<hr/>	<hr/>
Cash flows from non-capital financing activities:		
Payments to other funds	(1,460)	(123,648)
	<hr/>	<hr/>
Cash flows from capital and related financing activities:		
Payments for acquisitions of capital assets	(23,176)	(333,652)
	<hr/>	<hr/>
Cash flows from investing activities:		
Interest received	435	640
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	163,670	(331,840)
Cash and cash equivalents, October 1	85,288	417,128
	<hr/>	<hr/>
Cash and cash equivalents, September 30	<u>\$ 248,958</u>	<u>\$ 85,288</u>
	<hr/>	<hr/>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 91,036	\$ 96,196
	<hr/>	<hr/>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	60,565	34,659
(Increase) decrease in accounts receivable	(686)	(1,105)
(Increase) decrease in prepaid items	313	(628)
Increase (decrease) in accounts payable	27,271	(4,622)
Increase (decrease) in payroll liabilities	9,372	320
	<hr/>	<hr/>
Total adjustments	96,835	28,624
	<hr/>	<hr/>
Net cash provided (used) by operating activities	<u>\$ 187,871</u>	<u>\$ 124,820</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, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 152,250	\$ 187,505
Accounts receivable (net)	0	795
Intergovernmental receivable	0	397
Prepaid items	5,208	2,793
Restricted assets		
Cash and cash equivalents	11,382	4,073
Property held for resale	90,000	0
Total assets	\$ 258,840	\$ 195,563
 LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable	\$ 511	\$ 1,611
Accrued salaries and payroll liabilities	2,069	458
Notes payable	90,000	0
Total liabilities	92,580	2,069
 Fund balances		
Nonspendable:		
Prepaid items	5,208	2,793
Restricted for housing and development	11,382	4,073
Assigned to:		
Redevelopment projects	116,670	153,628
Operations	33,000	33,000
Total fund balances	166,260	193,494
Total liabilities and fund balances	\$ 258,840	\$ 195,563

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, 2013
(With comparative actual amounts for the fiscal year ended September 30, 2012)

	2013			2012
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	\$ 157,150	\$ 157,150	\$ 0	\$ 157,150
Interest	500	560	60	682
Contributions	2,300	2,391	91	2,365
Other	0	391	391	865
Total revenues	159,950	160,492	542	161,062
EXPENDITURES				
Current				
Housing and Development				
Personal services	116,200	116,107	93	109,519
Contract services	61,700	61,673	27	46,340
Supplies and materials	9,950	9,946	4	8,761
Total expenditures	187,850	187,726	124	164,620
Excess of revenues over (under) expenditures	(27,900)	(27,234)	666	(3,558)
Fund balances, October 1	27,900	193,494	165,594	197,052
Fund balances, September 30	\$ 0	\$ 166,260	\$ 166,260	\$ 193,494



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.

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Financial Trends.....116 - 129

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

Revenue Capacity.....130 - 139

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

Debt Capacity.....140 - 145

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

Demographic and Economic Information.....146 - 148

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

Operating Information.....149 - 151

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

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

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

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 2,688,115	\$ 2,600,180	\$ 3,414,970	\$ 4,158,131
Restricted	0	0	0	278,314
Unrestricted	1,865,610	2,501,358	2,762,158	2,457,506
Total governmental activities net position	<u>\$ 4,553,725</u>	<u>\$ 5,101,538</u>	<u>\$ 6,177,128</u>	<u>\$ 6,893,951</u>
Business-type activities				
Net investment in capital assets	\$ 7,723,909	\$ 8,372,856	\$ 9,230,170	\$ 12,188,032
Restricted	76,201	74,647	74,330	86,896
Unrestricted	1,078,421	1,258,345	1,775,920	877,159
Total business-type activities net position	<u>\$ 8,878,531</u>	<u>\$ 9,705,848</u>	<u>\$ 11,080,420</u>	<u>\$ 13,152,087</u>
Primary government				
Net investment in capital assets	\$ 10,412,024	\$ 10,973,036	\$ 12,645,140	\$ 16,346,163
Restricted	76,201	74,647	74,330	365,210
Unrestricted	2,944,031	3,759,703	4,538,078	3,334,665
Total primary government net position	<u>\$ 13,432,256</u>	<u>\$ 14,807,386</u>	<u>\$ 17,257,548</u>	<u>\$ 20,046,038</u>

Fiscal Year

2008	2009	2010	2011	2012	2013
\$ 4,176,172	\$ 4,462,981	\$ 4,360,841	\$ 4,477,984	\$ 5,138,468	\$ 5,542,733
278,314	468,257	571,645	1,061,542	516,149	459,082
2,975,198	3,320,000	3,442,292	3,489,170	3,333,580	3,172,941
<u>\$ 7,429,684</u>	<u>\$ 8,251,238</u>	<u>\$ 8,374,778</u>	<u>\$ 9,028,696</u>	<u>\$ 8,988,197</u>	<u>\$ 9,174,756</u>
\$ 12,490,290	\$ 15,609,939	\$ 13,637,369	\$ 11,446,338	\$ 11,091,994	\$ 10,569,488
0	0	124,070	22,823	194,395	200,921
2,144,761	317,421	2,615,921	3,351,427	2,946,946	2,988,023
<u>\$ 14,635,051</u>	<u>\$ 15,927,360</u>	<u>\$ 16,377,360</u>	<u>\$ 14,820,588</u>	<u>\$ 14,233,335</u>	<u>\$ 13,758,432</u>
\$ 16,666,462	\$ 20,072,920	\$ 17,998,210	\$ 15,924,322	\$ 16,230,462	\$ 16,112,221
278,314	468,257	695,715	1,084,365	710,544	660,003
5,119,959	3,637,421	6,058,213	6,840,597	6,280,526	6,160,964
<u>\$ 22,064,735</u>	<u>\$ 24,178,598</u>	<u>\$ 24,752,138</u>	<u>\$ 23,849,284</u>	<u>\$ 23,221,532</u>	<u>\$ 22,933,188</u>

CITY OF DAHLONEGA, GEORGIA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

Expenses	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
General Government	\$ 646,958	\$ 757,377	\$ 770,403	\$ 853,427
Judicial	99,057	119,779	178,877	208,731
Public Safety	0	0	3,705	0
Public Works	462,201	494,936	624,272	684,195
Culture and Recreation	141,645	178,544	183,599	83,646
Housing and Development	211,670	167,031	250,683	534,461
Interest on long-term debt	0	0	0	5,770
Total governmental activities expenses	<u>1,561,531</u>	<u>1,717,667</u>	<u>2,011,539</u>	<u>2,370,230</u>
Business-type activities:				
Water and Sewage	2,288,348	2,580,141	2,959,190	3,017,628
Solid Waste	391,923	384,201	418,636	472,945
Total business-type activities expenses	<u>2,680,271</u>	<u>2,964,342</u>	<u>3,377,826</u>	<u>3,490,573</u>
Total primary government expenses	<u>\$ 4,241,802</u>	<u>\$ 4,682,009</u>	<u>\$ 5,389,365</u>	<u>\$ 5,860,803</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General Government	\$ 25,766	\$ 42,372	\$ 64,627	\$ 56,644
Judicial	121,248	107,473	151,238	171,700
Public Works	0	0	0	52,940
Culture and Recreation	41042	31526	94772	0
Housing and Development	86,866	110,768	62,600	129,677
Operating grants and contributions	7,925	565	1,069	18,959
Capital grants and contributions	49,605	0	280,349	0
Total governmental activities program revenues	<u>332,452</u>	<u>292,704</u>	<u>654,655</u>	<u>429,920</u>
Business-Type activities:				
Charges for services:				
Water and Sewage	2,348,629	3,073,112	2,805,964	3,368,076
Solid Waste	416,033	437,437	452,698	476,076
Capital grants and contributions	0	0	0	1,389,610
Total business-type activities program revenues	<u>2,764,662</u>	<u>3,510,549</u>	<u>3,258,662</u>	<u>5,233,762</u>
Total primary government program revenues	<u>\$ 3,097,114</u>	<u>\$ 3,803,253</u>	<u>\$ 3,913,317</u>	<u>\$ 5,663,682</u>

Fiscal Year

	2008	2009	2010	2011	2012	2013
\$	1,034,756	\$ 1,000,735	\$ 1,041,292	\$ 1,036,537	\$ 1,039,743	\$ 1,325,328
	185,803	253,877	282,317	233,740	225,240	226,361
	85,007	105,371	60,651	84,785	80,483	14,336
	788,450	821,886	909,630	1,051,610	1,085,828	1,205,726
	50,405	64,597	47,874	23,294	26,427	33,482
	664,948	508,066	490,080	540,307	530,445	485,038
	2,117	1,938	1,399	834	569	0
	<u>2,811,486</u>	<u>2,756,470</u>	<u>2,833,243</u>	<u>2,971,107</u>	<u>2,988,735</u>	<u>3,290,271</u>
	3,218,598	3,293,531	4,068,774	5,555,316	5,364,216	5,251,093
	504,539	468,490	451,793	459,381	470,213	480,443
	<u>3,723,137</u>	<u>3,762,021</u>	<u>4,520,567</u>	<u>6,014,697</u>	<u>5,834,429</u>	<u>5,731,536</u>
\$	<u>6,534,623</u>	<u>\$ 6,518,491</u>	<u>\$ 7,353,810</u>	<u>\$ 8,985,804</u>	<u>\$ 8,823,164</u>	<u>\$ 9,021,807</u>
\$	66,905	\$ 83,755	\$ 77,355	\$ 80,081	\$ 82,110	\$ 91,347
	135,489	186,801	262,317	223,361	197,935	182,597
	45,800	29,900	30,950	40,150	87,250	31,750
	0	0	0	0	0	0
	70,473	27,729	36,343	50,674	15,294	79,081
	6,366	24,747	6,410	24,392	34,910	48,858
	<u>31,500</u>	<u>906,645</u>	<u>524,614</u>	<u>660,679</u>	<u>953,515</u>	<u>968,085</u>
	<u>356,533</u>	<u>1,259,577</u>	<u>937,989</u>	<u>1,079,337</u>	<u>1,371,014</u>	<u>1,401,718</u>
	3,219,289	2,878,205	3,520,548	3,555,939	3,454,006	3,892,527
	494,200	532,465	523,681	545,217	566,395	571,479
	<u>997,723</u>	<u>965,685</u>	<u>100,158</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>4,711,212</u>	<u>4,376,355</u>	<u>4,144,387</u>	<u>4,101,156</u>	<u>4,020,401</u>	<u>4,464,006</u>
\$	<u>5,067,745</u>	<u>\$ 5,635,932</u>	<u>\$ 5,082,376</u>	<u>\$ 5,180,493</u>	<u>\$ 5,391,415</u>	<u>\$ 5,865,724</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Net (expense)/revenue				
Governmental activities	\$ (1,229,079)	\$ (1,424,963)	\$ (1,356,884)	\$ (1,940,310)
Business-type activities	84,391	546,207	(119,164)	1,743,189
Total primary government net (expense)/revenue	<u>(1,144,688)</u>	<u>(878,756)</u>	<u>(1,476,048)</u>	<u>(197,121)</u>
General revenues and other changes in net assets				
Governmental activities:				
Taxes				
Property	440,247	454,066	646,490	839,600
Local option sales	714,983	708,370	899,995	837,951
Franchise	352,622	369,402	437,200	454,128
Insurance premium	156,271	169,355	182,204	190,631
Intangibles	12,685	12,081	16,951	23,432
Alcoholic beverage	118,244	149,611	140,133	147,210
Occupational	108,363	108,937	112,213	117,176
Hotel/Motel and other	83,218	87,929	107,244	115,031
Investment earnings	40,797	63,025	123,885	121,675
Gain on sale of assets	3,965	0	0	0
Miscellaneous	0	0	0	10,510
Transfers	(336,530)	(150,000)	(233,841)	(215,647)
Total governmental activities	<u>1,694,865</u>	<u>1,972,776</u>	<u>2,432,474</u>	<u>2,641,697</u>
Business-type activities				
Investment earnings	20,429	42,585	57,244	70,758
Grants and contributions not restricted to specific programs	465,520	88,525	1,056,641	0
Gain on sale of assets	0	0	0	1,123
Miscellaneous	0	0	1,175	0
Special items	0	0	0	0
Transfers	336,530	150,000	233,841	215,647
Total business-type activities	<u>822,479</u>	<u>281,110</u>	<u>1,348,901</u>	<u>287,528</u>
Total primary government	<u>2,517,344</u>	<u>2,253,886</u>	<u>3,781,375</u>	<u>2,929,225</u>
Change in net position				
Governmental activities	465,786	547,813	1,075,590	701,387
Business-type activities	906,870	827,317	1,229,737	2,030,717
Total primary government	<u>\$ 1,372,656</u>	<u>\$ 1,375,130</u>	<u>\$ 2,305,327</u>	<u>\$ 2,732,104</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ (2,454,953)	\$ (1,496,893)	\$ (1,895,254)	\$ (1,891,770)	\$ (1,617,721)	\$ (1,888,553)
988,075	614,334	(376,180)	(1,913,541)	(1,814,028)	(1,267,530)
<u>(1,466,878)</u>	<u>(882,559)</u>	<u>(2,271,434)</u>	<u>(3,805,311)</u>	<u>(3,431,749)</u>	<u>(3,156,083)</u>
878,253	929,774	903,412	890,743	861,790	919,297
832,447	723,690	744,801	763,535	756,139	732,042
488,607	493,335	460,629	478,013	505,998	497,013
198,849	203,612	201,702	195,840	245,897	261,157
28,148	8,306	11,854	8,191	12,388	15,712
156,736	166,266	176,223	164,240	162,457	174,592
123,662	126,506	110,811	115,560	111,636	116,076
129,217	119,547	121,833	149,661	149,373	156,184
102,272	50,981	41,210	10,755	9,773	10,243
294,980	67,352	0	0	0	0
41,811	47,647	47,543	53,442	46,030	17,088
(284,296)	(618,569)	(801,224)	(284,292)	(1,384,292)	(824,292)
<u>2,990,686</u>	<u>2,318,447</u>	<u>2,018,794</u>	<u>2,545,688</u>	<u>1,477,189</u>	<u>2,075,112</u>
78,261	29,226	22,442	67,471	135,030	112,426
0	0	0	0	0	0
6,685	12,521	0	0	0	0
5,405	17,659	2,514	5,006	4,390	1,279
0	0	0	0	(296,937)	-
284,296	618,569	801,224	284,292	1,384,292	824,292
<u>374,647</u>	<u>677,975</u>	<u>826,180</u>	<u>356,769</u>	<u>1,226,775</u>	<u>937,997</u>
<u>3,365,333</u>	<u>2,996,422</u>	<u>2,844,974</u>	<u>2,902,457</u>	<u>2,703,964</u>	<u>3,013,109</u>
535,733	821,554	123,540	653,918	(140,532)	186,559
1,362,722	1,292,309	450,000	(1,556,772)	(587,253)	(329,533)
<u>\$ 1,898,455</u>	<u>\$ 2,113,863</u>	<u>\$ 573,540</u>	<u>\$ (902,854)</u>	<u>\$ (727,785)</u>	<u>\$ (142,974)</u>

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

Fiscal Year	Property Tax	Intangible Tax	Franchise Tax	Occupational Tax
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
2011	890,743	8,191	478,013	115,560
2012	861,790	12,388	505,998	111,636
2013	919,297	15,712	497,013	116,076
Change 2004 - 2013	108.81%	23.86%	40.95%	7.12%

Insurance Premium Tax	Alcoholic Beverage Tax	Hotel/Motel and Other Tax	Local Option Sales Tax	Total
\$ 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
195,840	164,240	149,661	763,535	2,765,783
245,897	162,457	149,373	756,139	2,805,678
261,157	174,592	156,184	732,042	2,872,073
67.12%	47.65%	87.68%	2.39%	44.57%

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

	Fiscal Year			
	2004	2005	2006	2007
General fund				
Reserved	\$ 26,647	\$ 32,466	\$ 35,104 ⁽¹⁾	\$ 315,793
Unreserved	1,872,188	2,432,607	2,360,698	2,459,781
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Total general fund	<u>1,898,835</u>	<u>2,465,073</u>	<u>2,395,802</u>	<u>2,775,574</u>
All other governmental funds				
Unreserved, reported in:				
Special revenue funds	1,611	94,917	3,579	(3,564)
Capital project funds	0	0	0	0
Restricted	0	0	0	0
Assigned	0	0	0	0
Total all other governmental funds	<u>1,611</u>	<u>94,917</u>	<u>3,579</u>	<u>(3,564)</u>
Total governmental funds	<u>\$ 1,900,446</u>	<u>\$ 2,559,990</u>	<u>\$ 2,399,381</u>	<u>\$ 2,772,010</u>

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

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

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

Fiscal Year					
2008	2009	2010	2011	(3) 2012	2013
\$ 316,579	\$ 346,729	\$ 357,608	\$0	\$0	\$0
2,961,152	3,265,866	3,413,767	0	0	0
0	0	0	72,242	82,918	75,731
0	0	0	321,828	359,076	365,590
0	0	0	2,134,368	1,798,609	1,972,372
0	0	0	1,196,824	1,265,550	826,346
<u>3,277,731</u>	<u>3,612,595</u>	<u>3,771,375</u>	<u>3,725,262</u>	<u>3,506,153</u>	<u>3,240,039</u>
3,238	18,608	4,253	0	0	0
0	165,993 (2)	259,819	0	0	0
0	0	0	739,714	157,073	93,492
0	0	0	104,942	179,431	301,557
<u>3,238</u>	<u>184,601</u>	<u>264,072</u>	<u>844,656</u>	<u>336,504</u>	<u>395,049</u>
<u>\$ 3,280,969</u>	<u>\$ 3,797,196</u>	<u>\$ 4,035,447</u>	<u>\$ 4,569,918</u>	<u>\$ 3,842,657</u>	<u>\$ 3,635,088</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
Taxes	\$ 1,961,456	\$ 2,050,164	\$ 2,517,103	\$ 2,721,488
Licenses and permits	110,159	151,726	126,486	186,291
Fines, fees and forfeitures	121,248	107,473	151,238	171,700
Charges for services	19,129	15,740	71,190	52,970
Intergovernmental	73,723	15,717	299,616	18,827
Interest	40,797	63,025	123,885	121,675
Contributions	0	0	0	132
Other	24,386	17,200	24,323	10,510
Total revenues	<u>2,350,898</u>	<u>2,421,045</u>	<u>3,313,841</u>	<u>3,283,593</u>
Expenditures				
General Government	588,167	707,006	1,407,922	1,243,109
Judicial	100,098	119,474	178,877	208,740
Public Safety	0	0	9772	0
Public Works	560,297	461,076	1,144,822	646,641
Culture and Recreation	149,007	153,738	160,024	75,841
Housing and Development	195,353	170,207	343,823	546,511
Debt Service				
Principal	0	0	0	2,454
Interest	0	0	0	445
Capital outlay	0	0	0	0
Total expenditures	<u>1,592,922</u>	<u>1,611,501</u>	<u>3,245,240</u>	<u>2,723,741</u>
Excess of revenues over (under) expenditures	<u>757,976</u>	<u>809,544</u>	<u>68,601</u>	<u>559,852</u>
Other financing sources (uses)				
Transfers in	16,231	112,000	139,772	2,000
Transfers out	(352,761)	(262,000)	(373,613)	(217,647)
Issuance of capital leases	0	0	0	12,988
Sales of capital assets	3,965	0	4,631	0
Total other financing sources (uses)	<u>(332,565)</u>	<u>(150,000)</u>	<u>(229,210)</u>	<u>(202,659)</u>
Net change in fund balances	425,411	659,544	(160,609)	357,193
Fund balance, October 1 (original)	1,475,035	1,900,446	2,559,990	2,399,381
Prior period adjustments	0	0	0	15,436
Fund balance , September 30	<u>\$ 1,900,446</u>	<u>\$ 2,559,990</u>	<u>\$ 2,399,381</u>	<u>\$ 2,772,010</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.13%

Fiscal Year

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

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

Fiscal Year	Property Tax	Intangibles Tax	Franchise Tax	Occupational Tax
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
2011	889,776	8,191	478,013	115,560
2012	866,534	12,388	505,998	111,636
2013	909,245	15,712	497,013	116,076
Change 2004 - 2013	110.83%	23.86%	40.95%	7.12%

<u>Insurance Premium Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Hotel/Motel and Other Tax</u>	<u>Local Option Sales Tax</u>	<u>Total</u>
\$ 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
195,840	164,240	149,661	763,535	2,764,816
245,897	162,457	149,373	756,139	2,810,422
261,157	174,592	156,184	732,042	2,862,021
67.12%	47.65%	87.68%	2.39%	44.72%

CITY OF DAHLONEGA, GEORGIA

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

Fiscal Year Ended September 30,	Personal Property			
	Real Property	Motor Vehicles	Mobile Homes	Heavy Equipment
2004	\$ 143,662,554	\$ 3,441,780	\$ 382,201	\$0
2005	153,850,631	3,863,360	578,594	0
2006	172,218,674	4,114,840	539,731	0
2007	191,169,276	4,479,710	416,297	15,385
2008	(1) 223,443,124	4,070,310	409,680	0
2009	236,400,584	5,429,330	447,042	0
2010	(2) 242,256,781	6,236,220	455,958	0
2011	236,054,887	5,564,160	455,631	0
2012	226,846,158	5,666,920	290,325	0
2013	202,991,937	5,940,190	244,393	0

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

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

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

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

Exemption Adjustments	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$ (1,606,240)	\$ 145,880,295	2.90	\$ 364,700,738	40%
(2,403,839)	155,888,746	2.87	389,721,865	40%
(2,450,446)	174,422,799	3.62	436,056,998	40%
(2,759,674)	193,320,994	4.37	483,302,485	40%
(2,542,905)	225,380,209	3.96	563,450,523	40%
(3,359,688)	238,917,268	3.95	597,293,170	40%
(19,471,830)	229,477,129	3.95	573,692,823	40%
(19,687,619)	222,387,059	3.99	555,967,648	40%
(20,141,768)	212,661,635	4.21	531,654,088	40%
(23,345,456)	185,831,064	4.74	464,577,660	40%

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	
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
2010	2011	3.988	12.800	0.250
2011	2012	4.212	14.259	0.250
2012	2013	4.739	16.239	0.200

Source: Lumpkin County Tax Commissioners Office.

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

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

Overlapping Rates

Lumpkin County				Total Direct & Overlapping Rates
Operating Millage (Unincorporated)	Operating Millage (Incorporated)	Special Assesment	Total County Millage	
7.308	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
7.318	7.907	0.318	15.543	32.581
7.852	8.881	0.414	17.147	35.868
8.962	10.436	0.473	19.871	41.049

CITY OF DAHLONEGA, GEORGIA
PRINCIPAL TAXPAYERS
September 30, 2012

Taxpayer	Fiscal Year					
	2013			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.)	\$ 8,794,650	1	4.73%	\$ 10,627,229	1	6.09%
Birch River Chestatee Co. LLC	3,875,386	2	2.09%			
Dahlonega Group LLC	3,387,765	3	1.82%			
Wal-Mart Stores East Inc.	3,092,851	4	1.66%	6,105,495	3	3.50%
Georgia Power Company	2,881,136	5	1.55%	1,599,824	10	0.92%
Windstream Standard Inc.	2,152,836	6	1.16%	3,593,834	5	2.06%
Southern Health Corp of Dahlonega Inc	2,147,235	7	1.16%	2,135,008	6	1.22%
Community and Southern Bank	1,688,980	8	0.91%			
Greenbriar Apartments LLC	1,545,981	9	0.83%			
Sims Gold Nugget Lodge and Townhouses	1,436,055	10	0.77%			
Green, Sherman & Roberta				6,858,267	2	3.93%
Alladdin Manufacturing Corp.				3,621,645	4	2.08%
Bank of Dahlonega, BB&T				1,645,215	7	0.94%
Clark, E.L. etal				1,619,721	8	0.93%
Greenbriar of Dahlonega Shopping Center				1,606,194	9	0.92%
Total	\$ 31,002,875		16.68%	\$ 39,412,432		22.60%

Source: 2012 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 TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended September 30	Total Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 423,053	\$ 386,381	91.33%	\$ 10,436	\$ 396,817	93.80%
2005	446,933	414,374	92.72%	4,978	419,352	93.83%
2006	631,411	583,385	92.39%	12,511	595,896	94.38%
2007	844,813	794,985	94.10%	11,217	806,202	95.43%
2008	892,280	833,749	93.44%	24,304	858,053	96.16%
2009	943,723	878,664	93.11%	48,780	927,444	98.28%
2010	906,435	849,024	93.67%	29,495	878,519	96.92%
2011	886,880	848,725	95.70%	22,678	871,403	98.25%
2012	895,731	813,540	90.82%	11,125	824,665	92.07%
2013	871,631	830,405	95.27%	0	830,405	95.27%

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

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

Commodity	2013			2012			2011		
	Total	Rank	%	Total	Rank	%	Total	Rank	%
	Distributed		of Total	Distributed		of Total	Distributed		of Total
General	\$ 577,872	1	19.72%	\$ 550,564	1	18.20%	\$ 586,756	1	17.72%
Food	458,446	2	15.65%	403,961	3	13.35%	477,327	2	14.41%
Wholesale	342,749	3	11.70%	299,778	5	9.91%	368,513	5	11.13%
Miscellaneous									
Services	328,427	4	11.21%	297,345	6	9.83%	330,063	6	9.97%
Other Retail	327,106	5	11.17%	340,327	4	11.25%	386,448	4	11.67%
Utilities	312,642	6	10.67%	294,672	7	9.74%	326,876	7	9.87%
Automotive	226,592	7	7.73%	455,830	2	15.07%	422,388	3	12.75%
Manufacturers	152,410	8	5.20%	132,012	8	4.36%	175,356	8	5.29%
Home	98,441	9	3.36%	96,536	9	3.19%	114,015	9	3.44%
Miscellaneous	39,579	10	1.35%	86,651	10	2.86%	45,055		1.36%
Accomodations	49,098		1.68%	44,927		1.49%	53,216	10	1.61%
Construction	16,296		0.56%	22,419		0.74%	26,144		0.79%
Lumber									
Apparel									
Total	\$ 2,929,658		100%	\$ 3,025,022		100%	\$ 3,312,157		100%

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

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

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

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

2010			2009			2008			2007		
Total		%	Total		%	Total		%	Total		%
Distributed	Rank	of Total	Distributed	Rank	of Total	Distributed	Rank	of Total	Distributed	Rank	of Total
\$ 552,698	1	18.47%	\$ 632,180	1	21.49%	\$ 742,197	1	22.73%	\$ 772,755	1	22.14%
433,504	2	14.49%	476,912	2	16.21%	573,889	3	17.58%	715,107	2	20.49%
256,572	7	8.57%	82,060	9	2.79%						
306,114	5	10.23%	265,123	5	9.01%	284,601	5	8.72%	158,846	8	4.55%
360,584	3	12.05%	229,255	7	7.79%						
298,788	6	9.98%	300,415	4	10.21%	350,997	4	10.75%	313,995	5	8.99%
346,788	4	11.59%	355,432	3	12.08%	590,324	2	18.08%	509,795	3	14.60%
223,067	8	7.45%	241,531	6	8.21%	236,363	6	7.24%	277,504	6	7.95%
107,528	9	3.59%	164,990	8	5.61%	131,107	9	4.02%	136,036	9	3.90%
34,203		1.14%	56,113		1.91%	153,864	8	4.71%	199,886	7	5.73%
44,399	10	1.48%	29,790		1.01%						
28,377		0.95%	32,685		1.11%						
			69,546	10	2.36%	185,651	7	5.69%	390,883	4	11.20%
			5,620		0.19%	15,818	10	0.48%	16,062	10	0.46%
<u>\$ 2,992,622</u>		<u>100%</u>	<u>\$ 2,941,650</u>		<u>100%</u>	<u>\$ 3,264,811</u>		<u>100%</u>	<u>\$ 3,490,868</u>		<u>100%</u>



CITY OF DAHLONEGA, GEORGIA
WATER & SEWAGE UTILITY TEN LARGEST SYSTEM CUSTOMERS
SEPTEMBER 30, 2013

<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	\$ 290,704	\$ 280,281	\$ 570,985	16.68%
Koyo Bearings USA (formerly Timken USA Corp.)	Manufacturer - Automobile Parts	162,160	166,016	328,176	9.59%
Lumpkin County Board of Commissioners	Local Government	42,363	38,453	80,816	2.36%
Chestatee Medical Center	Hospital	37,162	35,019	72,181	2.11%
Lumpkin County Board of Education	Local Government	39,270	31,766	71,036	2.08%
Tyson's	Manufacturer - Poultry Processor	17,079	18,063	35,142	1.03%
Camp Glisson	Not for Profit - Religious	14,058	11,996	26,054	0.76%
Gold City Personal Care Home	Assisted Living Home	12,871	12,466	25,337	0.74%
Holiday Inn Express	Hospitality - Hotel	14,808	14,042	28,850	0.84%
Gold City Nursing Home	Nursing Home	14,838	12,889	27,727	0.81%
Total		<u>\$ 645,313</u>	<u>\$ 620,991</u>	<u>\$ 1,266,304</u>	<u>37.00%</u>

Total Water and Sewage sales: \$ 3,422,242

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

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

Fiscal Year	Governmental Activities		Business-Type Activities		
	General Obligation Bonds	Capital Leases	Water & Sewage Bonds	Notes Payable	Capital Leases
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	65,000	12,823,146	62,897
2008	0	47,067	26,890,682	12,581,247	115,208
2009	0	35,328	26,383,926	12,114,383	84,875
2010	0	23,050	25,886,883	11,466,004	53,155
2011	0	10,207	25,619,558	10,852,312	19,985
2012	0	0	25,257,068	10,211,833	2,711
2013	0	0	24,799,334	9,544,352	0

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
	12,961,577	10.37%	2,844
	39,634,204	30.78%	8,522
	38,618,512	28.85%	8,098
	37,429,092	28.09%	7,727
	36,502,062	40.26%	6,963
	35,471,612	44.15%	6,755
	34,343,686	42.75%	5,861

CITY OF DAHLONEGA, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Available</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: Lumpkin County Board of Commissioners	\$ 6,666,809	100%	\$ 6,666,809
Subtotal, overlapping debt			<u>6,666,809</u>
City of Dahlonega direct debt			<u>0</u>
Total direct and overlapping debt			<u><u>\$ 6,666,809</u></u>

Source: Debt outstanding data per 12/31/2012 Lumpkin County CAFR.

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

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

Fiscal Year	Public Utilities Revenue Bonds					Coverage
	Operating Revenue ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service		
				Principal	Interest	
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
2011	3,626,742	1,861,065	1,765,677	931,862	1,825,061	0.64
2012	3,590,817	1,842,145	1,748,672	1,037,753	1,755,513	0.63
2013	4,005,797	1,794,831	2,210,966	1,145,192	1,709,247	0.77

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			
	2004	2005	2006	2007
Debt Limit	\$ 14,588,030	\$ 15,588,875	\$ 17,442,280	\$ 19,332,099
Total net debt applicable to limit	0	0	0	0
Legal debt margin	\$ 14,588,030	\$ 15,588,875	\$ 17,442,280	\$ 19,332,099
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 22,538,021	\$ 23,891,727	\$ 22,947,713	\$ 22,238,706	\$ 21,266,164	\$ 18,583,106
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 22,538,021</u>	<u>\$ 23,891,727</u>	<u>\$ 22,947,713</u>	<u>\$ 22,238,706</u>	<u>\$ 21,266,164</u>	<u>\$ 18,583,106</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2013

Total Assessed value	\$ 185,831,064
Debt limit (10% of total assessed value) ⁽¹⁾	18,583,106
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>\$ 18,583,106</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)
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
2011	29,966	5,242	90,676
2012	30,031	5,251	80,337
2013	30,611	5,860	80,337

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

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

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

City of Dahlonega Per Capita Personal Income^(a)	Lumpkin County Public School Enrollment^(b)	Lumpkin County Unemployment Rate^(c)
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%
17,298	3,843	10.3%
19,353	3,834	8.3%
17,997	4,248	8.3%

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

<u>Employer</u>	<u>2013</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
North Georgia College & State University	699	1	5.77%	697	1	6.41%
Lumpkin County Board of Education	612	2	5.05%	615	2	5.66%
Lumpkin County Board of Commissioners	283	3	2.33%	286	4	2.63%
Wal-Mart Super Center	265	4	2.19%	265	5	2.44%
Koyo Bearings USA (formerly Timken USA Corp.)	243	5	2.00%	251	6	2.31%
Chestatee Regional Hospital	220	6	1.82%	223	7	2.05%
Aramark	132	7	1.09%			
RefigiWear, Inc.	112	8	0.92%	110	8	1.01%
The Louve Shop	100	9	0.83%			
Gold City Community Living	89	10	0.73%			
Mohawk Industries				350	3	3.22%
Home Depot				92	9	0.85%
Ridge Creek School (formerly Hidden Lake Academy)				83	10	0.76%
Total	<u><u>2,755</u></u>		<u><u>22.73%</u></u>	<u><u>2,972</u></u>		<u><u>27.34%</u></u>

Source: 2013 employer data was based on phone surveys and information obtained from the Georgia Dept. of Labor, Workforce Statistics & Economic Research, and business license applications. 2006 employer data was obtained from Lumpkin County Board of Commissioners.

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

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

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

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

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

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

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

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 SIX FISCAL YEARS

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

Source: Various City Departments.

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

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



OTHER REPORTING SECTION





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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Dahlonega, Georgia's the basic financial statements and have issued our report thereon dated February 19, 2014.

Internal Control over Financial Reporting

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

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

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia

February 19, 2014

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, 2013

<u>Project</u>	<u>Estimated Cost *</u>		<u>Expenditures</u>		
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
<u>2008 Referendum</u>					
Water Treatment Facilities					
Debt Service	\$ 4,359,600	\$ 4,359,600	\$ 2,236,693	\$ 540,000	\$ 2,776,693

* 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.