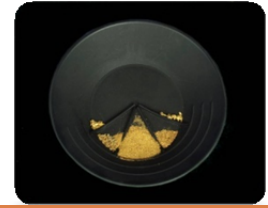


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015



DAHLONEGA

GEORGIA, USA



MAIN STREET



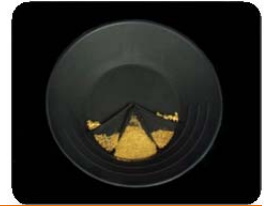
NATIONAL TRUST
for HISTORIC PRESERVATION



Explore and Enjoy Our Heritage



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, 2015

SUBMITTED BY:

FINANCE DEPARTMENT





DAHLONEGA

L G H F EST. 1833

FIRST MAJOR U.S. GOLD RUSH

INTRODUCTORY SECTION



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INTRODUCTORY SECTION

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Dahlonega
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO



ELECTED AND APPOINTED OFFICIALS

September 30, 2015

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

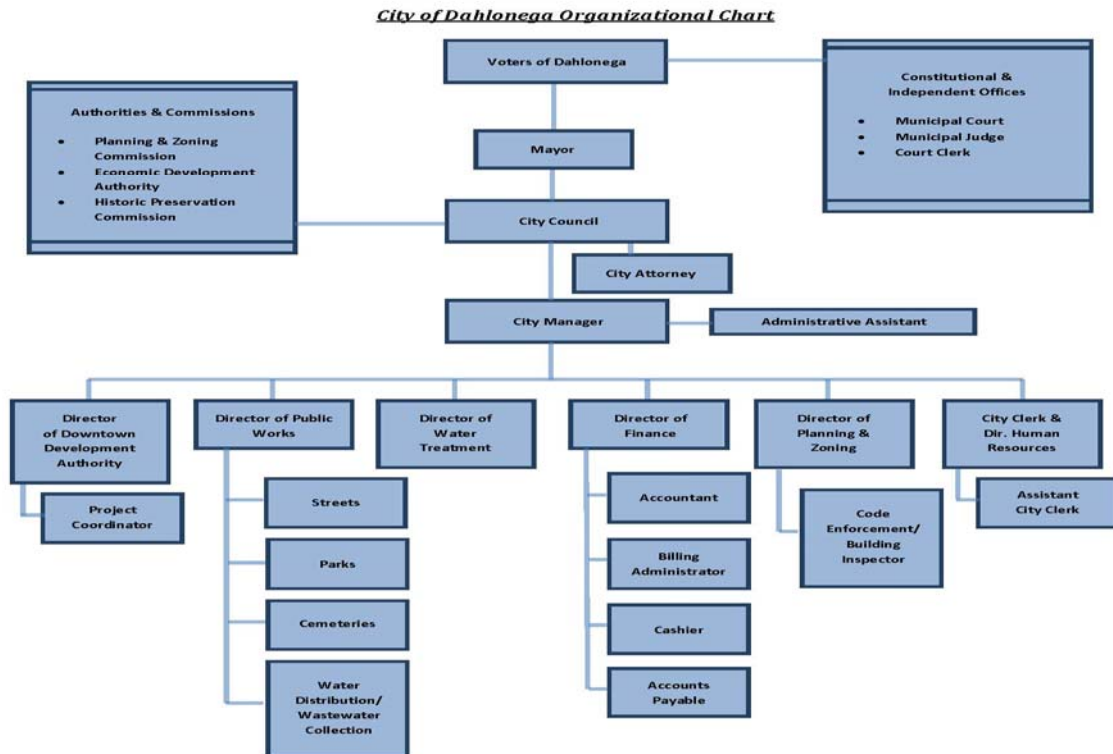
APPOINTED OFFICIALS

City Manager.....Bill Schmid
 City Attorney.....Doug Parks
 City Clerk.....Kym Smith
 Public Works Director..... Mark Buchanan
 Water Plant Superintendent.....John Jarrard
 Planning Director.....Patricia Head
 Downtown Development Authority
 Director.....Joel Cordle



CITY OF DAHLONEGA ORGANIZATION CHART

September 30, 2015





February 22, 2016

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, 2015 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 seventh 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 2015. The audit issued an unmodified opinion for the 2015 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. As of 2014 the US Bureau of the Census estimated the population of Dahlonega to be 6,337. 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. The University of North Georgia, 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 17,000 undergraduate and graduate students across five campuses.



The City of Dahlonega has been honored with being designated a Preserve America Community. It is one of thirty-eight 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, tourism event sponsorship, historic preservation planning, zoning, code enforcement, and parking enforcement.

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. For numerous reasons over the past several years, the tourism industry in Dahlonega has grown. With historic interests, outdoor recreational activities, five local wineries and vineyards, and seven wine tasting rooms, Dahlonega attracts many different types of tourists. For several years the City has dedicated all of the Hotel/Motel tax proceeds to promoting its number one industry.

Another important sector in Dahlonega's economy is the location of The University of North Georgia within the city limits of

Dahlonega. The City supports over 7,000 resident and commuter students on the Dahlonega campus.

In 2015 Dahlonega has had tentative signs of recovery from the downturned economy with unemployment rates decreasing to 4.8%. 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) |
|------|-------------------------------|-------------------------------|
| 2015 | 4.8% | 78 |
| 2014 | 7.3% | 156 |
| 2013 | 8.3% | 175 |
| 2012 | 8.3% | 47 |
| 2011 | 10.3% | 47 |
| 2010 | 9.9% | 47 |
| 2009 | 11.5% | 69 |
| 2008 | 7.0% | 77 |

Building permits remained steady during 2015. The housing and banking crisis had led to a continued slowing of much development within the City, but recovery appears to be prevalent as developers are finishing projects and starting new ones.

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

LONG-TERM FINANCIAL PLANNING

Unassigned fund balance in the General Fund is \$2,996,915 or 92 percent of the 2015 annual revenue budget. The City maintains these funds to provide cash flow throughout the year and as a buffer against unforeseen events. During the year the City assigned \$1.2 million of its fund balance to upcoming downtown streetscape projects.

The Water and Sewage fund issued revenue bonds during 2008 to construct a new water treatment facility. This facility was completed in June of 2010. This plant replaced the City's only water treatment

plant which was approaching the end of its useful life. The new plant can produce up to six million gallons of potable water daily and can be expanded to ten million gallons daily in the future. This plant will provide ample safe drinking water for future growth. In 2015 a refinancing of these bonds occurred to improve interest rates and restructure payment terms.

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 continues the planning and design for the downtown streetscape projects with planned construction to begin in FY 2016. The City's most recent grant award for Streetscape is \$5.1 million awarded from Federal Highway for the continuance of the downtown streetscape initiatives.

In addition to streetscape initiatives the City is undertaking a thorough review of capital needs through a more formalized capital improvement planning process. FY 2016 budget began this assembling of data and the FY 2017 budget process will bring more structure and revenue planning to the process.

AWARDS AND ACKNOWLEDGEMENTS

The City has submitted its last six Comprehensive Annual Financial Reports to the Governmental Finance Officers

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

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

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

Respectfully,

City of Dahlonoga
City Manager



Bill Schmid

FINANCIAL SECTION



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 18 through 25 and 78 through 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Dahlonega, Georgia's basic financial statements for the year ended September 30, 2014, which are not presented with the accompanying financial statements. In our report dated February 9, 2015, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dahlonega, Georgia's basic financial statements as a whole. The individual fund financial statements and schedules related to the 2014 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 2014 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 2014 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 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 22, 2016, on our consideration of the City of Dahlonega, Georgia internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dahlonega, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
February 22, 2016



FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2015

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, 2015. 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 \$21,903,667. Of this, \$9,112,332 (41.6%) 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 \$9,957,406. This represents an increase of \$243,593 (2.51%) 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 \$11,946,261. This represents a decrease of \$1,382,336 (10.3%) under the prior year net position balance for business-type activities.

Fund Financial Statements

- As of the close of the current fiscal year, the City of Dahlonega's governmental funds reported combined ending fund balances of \$4,654,903, an increase of \$560,763 from the prior year. At the close of the fiscal year, the General Fund's unassigned fund balance, which is

available for spending at the City's discretion, is \$2,996,915 or 91% of the governmental funds' combined ending fund balance.

- The General Fund had revenues of \$3,635,859 for the current fiscal year. Of this amount \$1,055,550 (29.03%) was from property taxes and \$800,988 (22.03%) was from sales taxes.

Debt Obligations

- The City did not have any long-term debt obligations from the governmental activities during fiscal year 2015.
- Long-term debt obligations from the business-type activities increased by \$73,430 (.003%) from \$33,085,372 at September 30, 2014, to \$33,158,802 September 30, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Proprietary Funds

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

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

The basic proprietary fund financial statements can be found on pages 36 through 40 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 75 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 84 through 121 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's net position for governmental activities increased \$969,209, or 10.78%, during the year ending September 30, 2015. Net investment in capital assets increased \$667,003, restricted net position decreased \$67,452, and unrestricted net position increased \$369,658. Unrestricted net position is available to finance governmental operations. The City maintains a large amount of its net position in cash to enable the City to have funds for emergencies and avoid short term borrowing.

Approximately 29.03% of the City's governmental activities revenues came from property taxes and approximately 52.83% came from sales and other taxes. Combined the City is dependent on taxes for approximately 81.86% 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.

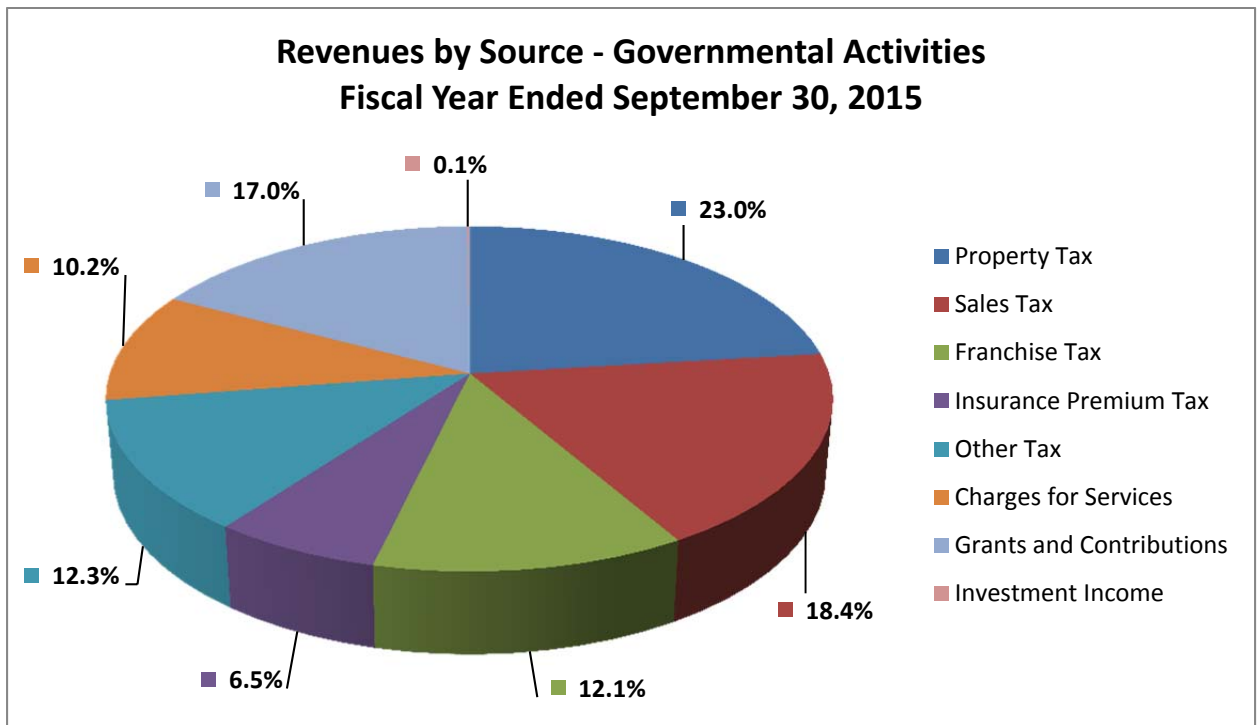
| | Governmental | | Business-Type | | Total | |
|----------------------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| | Activities | | Activities | | | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current assets | \$5,565,883 | \$5,108,593 | \$ 3,532,185 | \$ 6,493,720 | \$ 9,098,068 | \$11,602,313 |
| Capital assets | 5,805,471 | 5,598,272 | 39,084,945 | 40,502,302 | 44,890,416 | 46,100,574 |
| Deferred outflows | 143,781 | - | 3,574,879 | - | 3,718,660 | - |
| Total assets | <u>11,515,135</u> | <u>10,706,865</u> | <u>46,192,009</u> | <u>46,996,022</u> | <u>57,707,144</u> | <u>57,702,887</u> |
| Current liabilities | 161,917 | 262,647 | 1,356,257 | 1,978,701 | 1,518,174 | 2,241,348 |
| Noncurrent liabilities | 528,164 | 7,141 | 32,917,640 | 31,688,724 | 33,445,804 | 31,695,865 |
| Total liabilities | <u>690,081</u> | <u>269,788</u> | <u>34,273,897</u> | <u>33,667,425</u> | <u>34,963,978</u> | <u>33,937,213</u> |
| Deferred inflows of resources | 867,648 | 723,264 | 124,185 | 0 | 991,833 | 723,264 |
| Net investment in capital assets | 5,805,471 | 5,598,372 | 6,537,167 | 10,254,910 | 12,342,638 | 15,853,282 |
| Restricted | 448,697 | 252,358 | - | 136,705 | 448,697 | 389,063 |
| Unrestricted | <u>3,703,238</u> | <u>3,863,183</u> | <u>5,409,094</u> | <u>2,936,982</u> | <u>9,112,332</u> | <u>6,800,165</u> |
| Total net position | <u>\$9,957,406</u> | <u>\$9,713,913</u> | <u>\$11,946,261</u> | <u>\$13,328,597</u> | <u>\$21,903,667</u> | <u>\$23,042,510</u> |

Net position for business-type activities decreased \$2,287,074, or 16.07%. Restricted net position decreased by \$194,395, or 100%. Unrestricted net position increased by \$2,462,148, or 83.5%. 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 \$4,554,827, or 41.06%. 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.

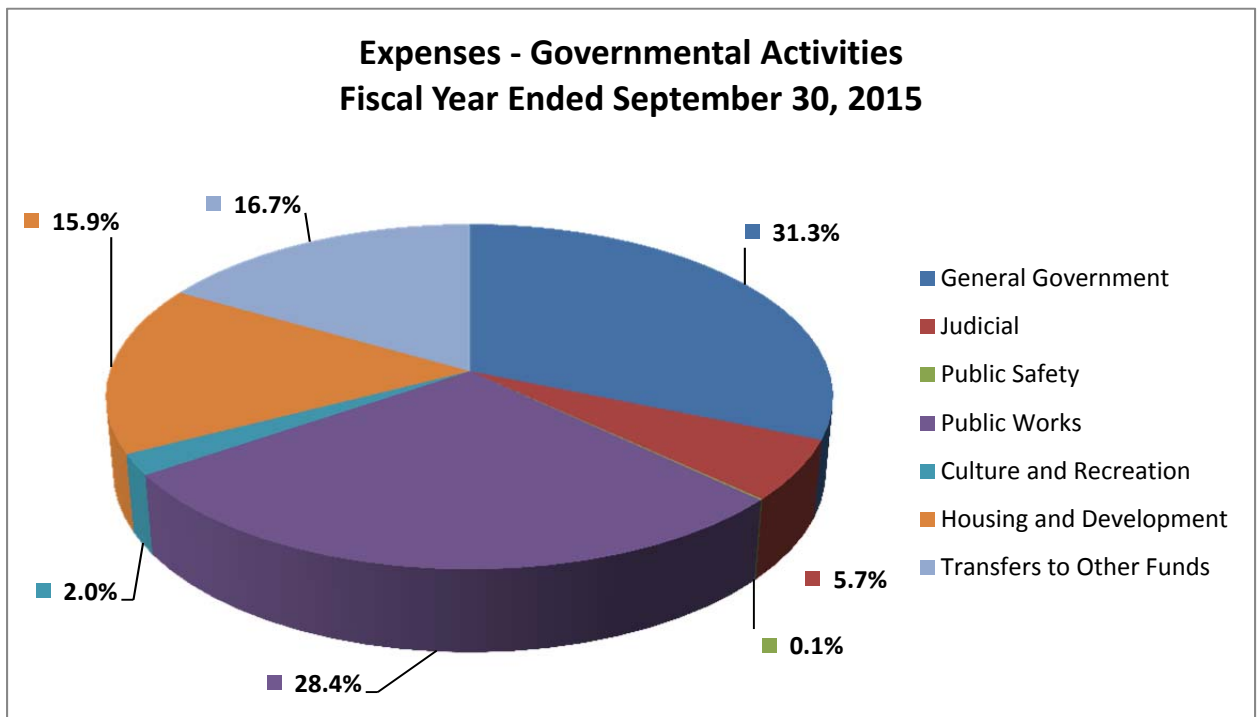
Following is a summary of the City's Statement of Activities as found on page 30 of this report.

| | Governmental | | Business-Type | | Total | |
|--|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| Revenues | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Program revenues: | | | | | | |
| Charges for services | \$ 446,324 | \$ 415,815 | \$ 4,977,852 | \$ 5,080,520 | \$ 5,424,176 | \$ 5,496,335 |
| Operating grants and contributions | 146,117 | 21,739 | 0 | 0 | 146,117 | 21,739 |
| Capital grants and contributions | 595,234 | 750,691 | 0 | 604 | 595,234 | 751,295 |
| General revenues: | | | | | | |
| Property taxes | 1,003,607 | 1,025,084 | 0 | 0 | 1,003,607 | 1,025,084 |
| Sales taxes | 800,988 | 745,133 | 0 | 0 | 800,988 | 745,133 |
| Other taxes | 1,346,032 | 1,240,803 | 0 | 0 | 1,346,032 | 1,240,803 |
| Interest and investment earnings | 5,176 | 5,202 | 95,800 | 105,522 | 100,976 | 110,724 |
| Miscellaneous revenue | 15,012 | 9,569 | 7,659 | 3,166 | 22,671 | 12,735 |
| Total revenues | 4,358,490 | 4,214,036 | 5,081,311 | 5,189,812 | 9,439,801 | 9,403,848 |
| Expenses | | | | | | |
| General government | 1,121,681 | 1,038,602 | 0 | 0 | 1,121,681 | 1,038,602 |
| Judicial | 203,102 | 235,365 | 0 | 0 | 203,102 | 235,365 |
| Public Safety | 3,257 | 7,420 | 0 | 0 | 3,257 | 7,420 |
| Public Works | 1,018,991 | 1,157,314 | 0 | 0 | 1,018,991 | 1,157,314 |
| Culture and Recreation | 70,498 | 39,822 | 0 | 0 | 70,498 | 39,822 |
| Housing and Development | 570,761 | 577,068 | 0 | 0 | 570,761 | 577,068 |
| Water and Sewage | 0 | 0 | 5,747,593 | 5,338,885 | 5,747,593 | 5,338,885 |
| Solid Waste | 0 | 0 | 710,897 | 657,150 | 710,897 | 657,150 |
| Total expenses | 2,988,290 | 3,055,591 | 6,458,490 | 5,996,035 | 9,446,780 | 9,051,626 |
| Increase (decrease) in net position | | | | | | |
| before transfers | 1,370,200 | 1,158,445 | (1,377,179) | (806,223) | (6,979) | 352,222 |
| Transfers | (597,532) | (619,388) | 597,532 | 619,388 | 0 | 0 |
| Increase (decrease) in net position | 772,668 | 539,057 | (779,647) | (186,835) | (6,979) | 352,222 |
| Net position - beginning (original) | 9,713,813 | 9,174,756 | 13,328,597 | 13,758,432 | 23,042,410 | 22,933,188 |
| Prior period adjustments | (529,075) | 0 | (602,689) | (243,000) | (1,131,764) | (243,000) |
| Net position - beginning (restated) | 9,184,738 | 9,174,756 | 12,725,908 | 13,515,432 | 21,910,646 | 22,690,188 |
| Net position - ending | \$ 9,957,406 | \$ 9,713,813 | \$ 11,946,261 | \$ 13,328,597 | \$ 21,903,667 | \$ 23,042,410 |

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



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



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

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

As of the close of the year, the City's governmental funds reported a combined ending fund balance of \$4,654,903, with \$56,447 reported as nonspendable, \$448,697 reported as restricted, \$1,152,844 reported as assigned, and the remaining amount of \$2,996,915 reported as unassigned.

The General Fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,996,915. 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 2015. Unassigned fund balance represents 91% of total General Fund expenditures. The net change in the General Fund's fund balance for the year ended September 30, 2015 was an increase of \$686,967. The increase, in part, is due to actual revenues exceeding budget projections and some delayed capital projects.

The 2014 SPLOST Fund is required by Georgia State law to account for the collection and expending of proceeds of a one percent Special Purpose Local Option Sales Tax. Of this one percent sales tax the City of Dahlonega receives 17.3%. The 2014 SPLOST fund generated revenues of \$508,826 and the fund balance at September 30, 2015 was \$442,747 as the City is accumulating 2014 SPLOST fund balance to continue to pay for improvements at the Wastewater Treatment Plant beginning in FY 2016.

Enterprise Funds

The Enterprise Funds are comprised of the Water and Sewage Fund and the Solid Waste Fund. The net change in the total Enterprise Funds' net position balance for the year ended September 30, 2015 was a decrease before transfers of \$1,377,179 and after transfers a decrease of \$779,647. Interest expense related to 2008 bond issue remains a large expense for the Water and Sewage Fund and was refinanced during FY 2015. The total net position for the Enterprise Funds at the beginning of the fiscal year was \$13,328,597 and net position at the end of the fiscal year was \$11,946,261.

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 \$304,000 and increased expenditures and other financing uses by approximately \$410,000. The final budget reflected an anticipated \$508,406 use of prior fund balance with actual fund balance increasing by \$298,884.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

At September 30, 2015, the City reported \$44,890,416 in capital assets net of accumulated depreciation. This is a decrease of \$1,210,158 or 2.6% under fiscal year 2014.

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

At September 30, 2015, the City reported long-term debt of \$33,158,802 net of unamortized bond discounts. This is an increase of \$73,430 or .22% over fiscal year 2014. Additional information about the City's long-term debt activity can be found in Note 9 in the Notes to the Financial Statements beginning on page 63.

In conclusion, the City of Dahlonega finished the year with an increase in fund balance and an increase in net position. The property tax digest decreased and the millage 5.781. 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, 2015

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|-------------------|--------------------------------------|
| | Governmental Activities | Business-type Activities | Total | Downtown Development Authority |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 4,477,714 | \$ 1,686,626 | \$ 6,164,340 | \$ 73,397 |
| Restricted assets | | | | |
| Cash and cash equivalents | 5,225 | 823,356 | 828,581 | 5,813 |
| Receivables (net) | | | | |
| Accounts | 5,567 | 609,405 | 614,972 | 235 |
| Taxes | 910,268 | 0 | 910,268 | 0 |
| Fines | 69,119 | 0 | 69,119 | 0 |
| Intergovernmental | 89,745 | 0 | 89,745 | 0 |
| Inventory | 10,227 | 116,053 | 126,280 | 0 |
| Prepaid items | 46,220 | 248,543 | 294,763 | 7,351 |
| Internal balances | (48,202) | 48,202 | 0 | 0 |
| | <u>5,565,883</u> | <u>3,532,185</u> | <u>9,098,068</u> | <u>86,796</u> |
| Total current assets | | | | |
| Noncurrent assets | | | | |
| Capital assets | | | | |
| Non-depreciable | 2,365,207 | 3,646,379 | 6,011,586 | 0 |
| Depreciable (net) | 3,440,264 | 35,438,566 | 38,878,830 | 0 |
| | <u>5,805,471</u> | <u>39,084,945</u> | <u>44,890,416</u> | <u>0</u> |
| Total noncurrent assets | | | | |
| Total assets | <u>11,371,354</u> | <u>42,617,130</u> | <u>53,988,484</u> | <u>86,796</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension contributions subsequent to measurement date | 143,781 | 152,334 | 296,115 | 13,831 |
| Deferred charges on refunding | 0 | 3,574,879 | 3,574,879 | 0 |
| | <u>143,781</u> | <u>3,727,213</u> | <u>3,870,994</u> | <u>13,831</u> |
| Total deferred outflows of resources | | | | |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Payables | | | | |
| Accounts | 104,758 | 40,937 | 145,695 | 441 |
| Intergovernmental | 7,583 | 4,034 | 11,617 | 0 |
| Interest | 0 | 13,831 | 13,831 | 0 |
| Accrued payroll liabilities | 24,159 | 26,063 | 50,222 | 3,168 |
| Compensated absences | 25,417 | 61,622 | 87,039 | 3,372 |
| Unearned revenue | 0 | 145,000 | 145,000 | 0 |
| Notes payable | 0 | 119,964 | 119,964 | 0 |
| Liabilities payable from restricted assets | | | | |
| Interest payable | 0 | 77,526 | 77,526 | 0 |
| Customer deposits payable | 0 | 177,280 | 177,280 | 0 |
| Revenue bonds payable | 0 | 690,000 | 690,000 | 0 |
| | <u>161,917</u> | <u>1,356,257</u> | <u>1,518,174</u> | <u>6,981</u> |
| Total current liabilities | | | | |

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET POSITION
September 30, 2015

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|----------------------|--------------------------------------|
| | Governmental Activities | Business-type Activities | Total | Downtown Development Authority |
| Noncurrent liabilities | | | | |
| Net pension liability | \$ 521,408 | \$ 552,422 | \$ 1,073,830 | \$ 50,157 |
| Compensated absences | 6,756 | 16,380 | 23,136 | 896 |
| Notes payable | 0 | 5,412,450 | 5,412,450 | 0 |
| Revenue bonds payable | 0 | 26,936,388 | 26,936,388 | 0 |
| Total noncurrent liabilities | 528,164 | 32,917,640 | 33,445,804 | 51,053 |
| Total liabilities | 690,081 | 34,273,897 | 34,963,978 | 58,034 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred revenue - property taxes | 750,435 | 0 | 750,435 | 0 |
| Pension assumption changes | 15,598 | 16,526 | 32,124 | 1,500 |
| Pension investment return differences | 58,035 | 61,487 | 119,522 | 5,583 |
| Pension experience differences | 43,580 | 46,172 | 89,752 | 4,192 |
| Total deferred inflows of resources | 867,648 | 124,185 | 991,833 | 11,275 |
| NET POSITION | | | | |
| Net investment in capital assets | 5,805,471 | 6,537,167 | 12,342,638 | 0 |
| Restricted for: | | | | |
| Service awards for citizens | 5,225 | 0 | 5,225 | 0 |
| Dahlonega 2000 operations | 0 | 0 | 0 | 5,813 |
| Employee wellness program | 725 | 0 | 725 | 0 |
| Capital outlay | 442,747 | 0 | 442,747 | 0 |
| Unrestricted | 3,703,238 | 5,409,094 | 9,112,332 | 25,505 |
| Total net position | \$ 9,957,406 | \$ 11,946,261 | \$ 21,903,667 | \$ 31,318 |

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA

STATEMENT OF ACTIVITIES

For the fiscal year ended September 30, 2015

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | | Net (Expense) Revenue |
|--------------------------------------|------------------------------------|-------------------------------------|--|--|-----------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government | | | | | |
| Governmental activities | | | | | |
| General Government | \$ 1,121,681 | 103,408 | 6,000 | 0 | \$ (1,012,273) |
| Judicial | 203,102 | 143,331 | 0 | 0 | (59,771) |
| Public Safety | 3,257 | 0 | 0 | 0 | (3,257) |
| Public Works | 1,018,991 | 73,745 | 120,117 | 595,234 | (229,895) |
| Culture and Recreation | 70,495 | 0 | 20,000 | 0 | (50,495) |
| Housing and Development | 570,761 | 125,840 | 0 | 0 | (444,921) |
| Total governmental activities | <u>2,988,287</u> | <u>446,324</u> | <u>146,117</u> | <u>595,234</u> | <u>(1,800,612)</u> |
| Business-type activities | | | | | |
| Water and Sewage | 5,747,593 | 4,368,609 | 0 | 0 | (1,378,984) |
| Solid Waste | 710,897 | 609,243 | 0 | 0 | (101,654) |
| Total business-type activities | <u>6,458,490</u> | <u>4,977,852</u> | <u>0</u> | <u>0</u> | <u>(1,480,638)</u> |
| Total primary government | <u>9,446,777</u> | <u>5,424,176</u> | <u>146,117</u> | <u>595,234</u> | <u>(3,281,250)</u> |
| Component Unit | | | | | |
| Downtown Development Authority | | | | | |
| Housing and Development | 195,879 | 0 | 1,180 | 0 | (194,699) |
| Primary Government | | | | | |
| | Governmental Activities | Business-Type Activities | Total | Component Unit | |
| Change in net position | | | | | |
| Net (expense) revenue | \$ (1,800,612) | \$ (1,480,638) | \$ (3,281,250) | \$ (194,699) | |
| General revenues | | | | | |
| Taxes | | | | | |
| Property | 1,003,607 | 0 | 1,003,607 | 0 | |
| Sales | 800,988 | 0 | 800,988 | 0 | |
| Franchise | 528,287 | 0 | 528,287 | 0 | |
| Insurance premium | 282,726 | 0 | 282,726 | 0 | |
| Intangibles | 20,582 | 0 | 20,582 | 0 | |
| Alcoholic beverage | 193,583 | 0 | 193,583 | 0 | |
| Occupational | 109,168 | 0 | 109,168 | 0 | |
| Hotel/Motel | 205,626 | 0 | 205,626 | 0 | |
| Other | 6,057 | 0 | 6,057 | 0 | |
| Payments from City of Dahlonega | 0 | 0 | 0 | 157,150 | |
| Investment income (loss) | 5,176 | 95,800 | 100,976 | 192 | |
| Miscellaneous | 15,012 | 7,659 | 22,671 | 291 | |
| Transfers | (597,532) | 597,532 | 0 | 0 | |
| Total general revenues and transfers | <u>2,573,280</u> | <u>700,991</u> | <u>3,274,271</u> | <u>157,633</u> | |
| Change in net position | <u>772,668</u> | <u>(779,647)</u> | <u>(6,979)</u> | <u>(37,066)</u> | |
| Net position - beginning (original) | 9,713,813 | 13,328,597 | 23,042,410 | 123,105 | |
| Prior period adjustments | (529,075) | (602,689) | (1,131,764) | (54,721) | |
| Net position - beginning (restated) | <u>9,184,738</u> | <u>12,725,908</u> | <u>21,910,646</u> | <u>68,384</u> | |
| Net position - ending | <u>\$ 9,957,406</u> | <u>\$ 11,946,261</u> | <u>\$ 21,903,667</u> | <u>\$ 31,318</u> | |

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015

| | <u>General</u> | <u>2014 SPLOST</u> | <u>Nonmajor Governmental Funds</u> | <u>Totals</u> |
|--|---------------------|--------------------|--|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 3,621,711 | \$ 412,986 | \$ 443,017 | \$ 4,477,714 |
| Restricted cash and cash equivalents | 5,225 | 0 | 0 | 5,225 |
| Receivables (net) | | | | |
| Accounts | 5,567 | 0 | 0 | 5,567 |
| Taxes | 892,058 | 0 | 18,210 | 910,268 |
| Fines | 69,119 | 0 | 0 | 69,119 |
| Intergovernmental | 44 | 89,701 | 0 | 89,745 |
| Due from other funds | 11,738 | 0 | 843 | 12,581 |
| Inventory | 10,227 | 0 | 0 | 10,227 |
| Prepaid items | 46,220 | 0 | 0 | 46,220 |
| | <u>4,661,909</u> | <u>502,687</u> | <u>462,070</u> | <u>5,626,666</u> |
| Total assets | \$ 4,661,909 | \$ 502,687 | \$ 462,070 | \$ 5,626,666 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Payables | | | | |
| Accounts | \$ 46,257 | \$ 0 | \$ 58,501 | \$ 104,758 |
| Intergovernmental | 7,583 | 0 | 0 | 7,583 |
| Accrued salaries and payroll expenses | 24,159 | 0 | 0 | 24,159 |
| Due to other funds | 843 | 59,940 | 0 | 60,783 |
| | <u>78,842</u> | <u>59,940</u> | <u>58,501</u> | <u>197,283</u> |
| Total liabilities | 78,842 | 59,940 | 58,501 | 197,283 |
| Deferred inflows of resources | | | | |
| Unavailable revenue - property taxes | 774,480 | 0 | 0 | 774,480 |
| | <u>774,480</u> | <u>0</u> | <u>0</u> | <u>774,480</u> |
| Fund balances | | | | |
| Nonspendable: | | | | |
| Inventory | 10,227 | 0 | 0 | 10,227 |
| Prepaid items | 46,220 | 0 | 0 | 46,220 |
| Restricted for: | | | | |
| Service awards for citizens | 5,225 | 0 | 0 | 5,225 |
| Employee wellness program | 0 | 0 | 725 | 725 |
| Capital outlay | 0 | 442,747 | 0 | 442,747 |
| Assigned to: | | | | |
| Capital outlay | 100,000 | 0 | 402,844 | 502,844 |
| City Hall construction | 650,000 | 0 | 0 | 650,000 |
| Unassigned | 2,996,915 | 0 | 0 | 2,996,915 |
| | <u>3,808,587</u> | <u>442,747</u> | <u>403,569</u> | <u>4,654,903</u> |
| Total fund balances | 3,808,587 | 442,747 | 403,569 | 4,654,903 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 4,661,909 | \$ 502,687 | \$ 462,070 | \$ 5,626,666 |

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, 2015

Total fund balance - total governmental funds \$ 4,654,903

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

Capital assets of \$8,938,741, net of accumulated depreciation of (\$3,133,270), are not financial resources and, therefore, are not reported in the funds. 5,805,471

Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These include unavailable property taxes of \$24,045. 24,045

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:

Deferred outflows of resources:

Pension contributions subsequent to measurement date \$ 143,781

Deferred inflows of resources:

Pension assumption changes (15,598)

Pension investment return differences (58,035)

Pension experience differences (43,580) 26,568

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

These are compensated absences of (\$32,173) and net pension liability of (\$521,408). (553,581)

Net position of governmental activities \$ 9,957,406

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2015

| | General | 2014 SPLOST | Nonmajor Governmental Funds | Totals |
|--|---------------------|-------------------|-----------------------------------|---------------------|
| REVENUES | | | | |
| Taxes | \$ 2,976,359 | \$ 0 | \$ 205,626 | \$ 3,181,985 |
| Licenses and permits | 229,248 | 0 | 0 | 229,248 |
| Fines, fees and forfeitures | 143,331 | 0 | 0 | 143,331 |
| Charges for services | 73,745 | 0 | 0 | 73,745 |
| Intergovernmental | 192,987 | 508,468 | 39,537 | 740,992 |
| Interest | 5,176 | 358 | 0 | 5,534 |
| Other | 15,013 | 0 | 0 | 15,013 |
| Total revenues | 3,635,859 | 508,826 | 245,163 | 4,389,848 |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | 1,101,806 | 0 | 5,040 | 1,106,846 |
| Judicial | 204,662 | 0 | 0 | 204,662 |
| Public Safety | 3,257 | 0 | 0 | 3,257 |
| Public Works | 1,123,710 | 0 | 9,734 | 1,133,444 |
| Culture and Recreation | 39,890 | 0 | 20,000 | 59,890 |
| Housing and Development | 391,554 | 0 | 205,626 | 597,180 |
| Capital outlay | 0 | 0 | 166,052 | 166,052 |
| Total expenditures | 2,864,879 | 0 | 406,452 | 3,271,331 |
| Excess (deficiency) of revenues over (under) expenditures | 770,980 | 508,826 | (161,289) | 1,118,517 |
| Other financing sources (uses) | | | | |
| Transfers in | 0 | 0 | 220,124 | 220,124 |
| Transfers out | (472,096) | (313,240) | (32,320) | (817,656) |
| Total other financing sources (uses) | (472,096) | (313,240) | 187,804 | (597,532) |
| Net change in fund balances | 298,884 | 195,586 | 26,515 | 520,985 |
| Fund balances, October 1 (original) | 3,410,525 | 247,161 | 436,454 | 4,094,140 |
| Prior period adjustments | 99,178 | 0 | (59,400) | 39,778 |
| Fund balances, October 1 (restated) | 3,509,703 | 247,161 | 377,054 | 4,133,918 |
| Fund balances, September 30 | \$ 3,808,587 | \$ 442,747 | \$ 403,569 | \$ 4,654,903 |

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, 2015

| | | |
|---|----|-----------------------|
| Net change in fund balances - total governmental funds | \$ | 520,985 |
| 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 \$566,094 exceed depreciation of (\$358,895) in the current period. | | 207,199 |
| 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 revenue. | | (31,361) |
| Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This the amount by which pension contributions of \$143,781 exceed the cost of benefits earned net of employee contributions of (\$69,767). | | 74,013 |
| 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 in compensated absences. | | <u>1,832</u> |
| Change in net position of governmental activities | \$ | <u><u>772,668</u></u> |

See accompanying notes to the financial statements.

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, 2015

| | Budget | | Actual | Variance with |
|--|------------------|------------------|---------------------|---------------------|
| | Original | Final | | Final Budget |
| REVENUES | | | | |
| Taxes | \$ 2,656,626 | \$ 2,728,330 | \$ 2,976,359 | \$ 248,029 |
| Licenses and permits | 118,000 | 220,000 | 229,248 | 9,248 |
| Fines, fees and forfeitures | 120,000 | 120,000 | 143,331 | 23,331 |
| Charges for services | 34,000 | 34,000 | 73,745 | 39,745 |
| Intergovernmental | 18,600 | 149,778 | 192,987 | 43,209 |
| Interest | 5,000 | 5,000 | 5,176 | 176 |
| Other | 4,950 | 4,950 | 15,013 | 10,063 |
| Total revenues | <u>2,957,176</u> | <u>3,262,058</u> | <u>3,635,859</u> | <u>373,801</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | | | | |
| Legislative | 189,010 | 189,355 | 141,108 | 48,247 |
| Executive | 400,280 | 400,687 | 222,553 | 178,134 |
| Elections | 1,470 | 1,470 | 837 | 633 |
| General Administration | 631,930 | 738,081 | 737,308 | 773 |
| Judicial | | | | |
| Municipal Court | 147,375 | 204,778 | 204,662 | 116 |
| Public Safety | | | | |
| Law Enforcement | 0 | 3,300 | 3,257 | 43 |
| Public Works | | | | |
| Street Maintenance | 446,810 | 0 | 0 | 0 |
| Street Construction | 371,720 | 1,165,974 | 1,003,882 | 162,092 |
| Shop Department | 98,290 | 99,096 | 71,213 | 27,883 |
| Cemetery | 48,350 | 48,695 | 48,615 | 80 |
| Culture and Recreation | | | | |
| Parks | 27,660 | 39,960 | 39,890 | 70 |
| Housing and Development | | | | |
| Building Inspections | 248,210 | 249,822 | 234,404 | 15,418 |
| Downtown Development Authority | 157,150 | 157,150 | 157,150 | 0 |
| Total expenditures | <u>2,768,255</u> | <u>3,298,368</u> | <u>2,864,879</u> | <u>433,489</u> |
| Excess (deficiency) of revenues over (under) expenditures | 188,921 | (36,310) | 770,980 | 807,290 |
| Other financing sources (uses) | | | | |
| Transfers out | (468,292) | (472,096) | (472,096) | 0 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (279,371) | (508,406) | 298,884 | 807,290 |
| Fund balances, October 1 | 279,371 | 508,406 | 3,509,703 | 3,001,297 |
| Fund balances, September 30 | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 3,808,587</u> | <u>\$ 3,808,587</u> |

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

| | Water and Sewage | Solid Waste | Totals |
|--|---------------------|----------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 1,605,948 | \$ 80,678 | \$ 1,686,626 |
| Restricted assets | | | |
| Cash and cash equivalents | 823,356 | 0 | 823,356 |
| Accounts receivable (net) | 514,570 | 94,835 | 609,405 |
| Due from other funds | 59,940 | 0 | 59,940 |
| Inventory | 116,053 | 0 | 116,053 |
| Prepaid items | 233,081 | 15,462 | 248,543 |
| Total current assets | <u>3,352,948</u> | <u>190,975</u> | <u>3,543,923</u> |
| Noncurrent assets | | | |
| Capital assets | | | |
| Non-depreciable | 3,646,379 | 0 | 3,646,379 |
| Depreciable (net) | 35,021,442 | 417,124 | 35,438,566 |
| Total noncurrent assets | <u>38,667,821</u> | <u>417,124</u> | <u>39,084,945</u> |
| Total assets | <u>42,020,769</u> | <u>608,099</u> | <u>42,628,868</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension contributions subsequent to measurement date | 114,014 | 38,320 | 152,334 |
| Deferred charges on refunding | 3,574,879 | 0 | 3,574,879 |
| Total deferred outflows of resources | <u>3,688,893</u> | <u>38,320</u> | <u>3,727,213</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | | | |
| Accounts | 40,591 | 346 | 40,937 |
| Intergovernmental | 4,034 | 0 | 4,034 |
| Interest | 13,831 | 0 | 13,831 |
| Accrued salaries and payroll expenses | 18,801 | 7,262 | 26,063 |
| Compensated absences | 50,438 | 11,184 | 61,622 |
| Due to other funds | 6,290 | 5,448 | 11,738 |
| Unearned revenue | 145,000 | 0 | 145,000 |
| Notes payable | 119,964 | 0 | 119,964 |
| Liabilities payable from restricted assets: | | | |
| Interest payable | 77,526 | 0 | 77,526 |
| Customer deposits payable | 177,280 | 0 | 177,280 |
| Revenue bonds payable | 690,000 | 0 | 690,000 |
| Total current liabilities | <u>1,343,755</u> | <u>24,240</u> | <u>1,367,995</u> |
| Noncurrent liabilities | | | |
| Net pension liability | 413,459 | 138,963 | 552,422 |
| Compensated absences | 13,407 | 2,973 | 16,380 |
| Notes payable | 5,412,450 | 0 | 5,412,450 |
| Revenue bonds payable | 26,936,388 | 0 | 26,936,388 |
| Total noncurrent liabilities | <u>32,775,704</u> | <u>141,936</u> | <u>32,917,640</u> |
| Total liabilities | <u>34,119,459</u> | <u>166,176</u> | <u>34,285,635</u> |

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

| | Water and Sewage | Solid Waste | Totals |
|--|-----------------------------|------------------------|----------------------|
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension assumption changes | \$ 12,369 | \$ 4,157 | \$ 16,526 |
| Pension investment return differences | 46,020 | 15,467 | 61,487 |
| Pension experience differences | 34,557 | 11,615 | 46,172 |
| Total deferred inflows of resources | <u>92,946</u> | <u>31,239</u> | <u>124,185</u> |
| NET POSITION | | | |
| Net investment in capital assets | 6,120,043 | 417,124 | 6,537,167 |
| Unrestricted | 5,377,214 | 31,880 | 5,409,094 |
| Total net position | <u>\$ 11,497,257</u> | <u>\$ 449,004</u> | <u>\$ 11,946,261</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, 2015

| | Water and Sewage | Solid Waste | Totals |
|--|---------------------|----------------|--------------------|
| OPERATING REVENUES | | | |
| Charges for sales and services | \$ 4,368,609 | \$ 609,243 | \$ 4,977,852 |
| Other | 5,388 | 2,271 | 7,659 |
| Total operating revenues | 4,373,997 | 611,514 | 4,985,511 |
| OPERATING EXPENSES | | | |
| Costs of sales and services | 1,014,551 | 249,979 | 1,264,530 |
| Personal services | 1,012,176 | 392,190 | 1,404,366 |
| Depreciation | 1,692,913 | 68,728 | 1,761,641 |
| Total operating expenses | 3,719,640 | 710,897 | 4,430,537 |
| Operating income (loss) | 654,357 | (99,383) | 554,974 |
| Non-operating revenues (expenses) | | | |
| Interest revenue | 95,658 | 142 | 95,800 |
| Interest expense | (1,575,371) | 0 | (1,575,371) |
| Loss on sale of capital assets | (79,935) | 0 | (79,935) |
| Debt issue costs | (372,647) | 0 | (372,647) |
| Total non-operating revenues (expenses) | (1,932,295) | 142 | (1,932,153) |
| Income (loss) before transfers | (1,277,938) | (99,241) | (1,377,179) |
| Transfers in (out) | | | |
| Transfers in | 597,532 | 0 | 597,532 |
| Change in net position | (680,406) | (99,241) | (779,647) |
| Net position -beginning (original) | 12,628,744 | 699,853 | 13,328,597 |
| Prior period adjustments | (451,081) | (151,608) | (602,689) |
| Net position - beginning (restated) | 12,177,663 | 548,245 | 12,725,908 |
| Net position - ending | \$ 11,497,257 | \$ 449,004 | \$ 11,946,261 |

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2015

| | Water and Sewage | Solid Waste | Totals |
|--|----------------------------|-------------------------|----------------------------|
| Cash flows from operating activities: | | | |
| Receipts from customers | \$ 4,394,268 | \$ 598,384 | \$ 4,992,652 |
| Payments to suppliers | (974,761) | (255,550) | (1,230,311) |
| Payments to employees | (1,056,479) | (404,121) | (1,460,600) |
| Other receipts | 5,388 | 2,271 | 7,659 |
| Net cash provided (used) by operating activities | <u>2,368,416</u> | <u>(59,016)</u> | <u>2,309,400</u> |
| Cash flows from non-capital financing activities: | | | |
| Receipts from other funds | 290,270 | 10,009 | 300,279 |
| Payments to other funds | (59,940) | 0 | (59,940) |
| Net cash provided (used) by non-capital financing activities | <u>230,330</u> | <u>10,009</u> | <u>240,339</u> |
| Cash flows from capital and related financing activities: | | | |
| Receipts from other funds | 313,240 | 0 | 313,240 |
| Payments for acquisitions of capital assets | (424,219) | 0 | (424,219) |
| Proceeds from debt issuance - revenue bonds | 27,626,388 | 0 | 27,626,388 |
| Principal payments - revenue bonds | (24,595,000) | 0 | (24,595,000) |
| Principal payments - promissory notes | (3,316,512) | 0 | (3,316,512) |
| Debt issue costs and deferred charges | (3,947,526) | 0 | (3,947,526) |
| Interest paid | (1,091,409) | 0 | (1,091,409) |
| Net cash provided (used) by capital and related financing activities | <u>(5,435,038)</u> | <u>0</u> | <u>(5,435,038)</u> |
| Cash flows from investing activities: | | | |
| Proceeds from sale of investments | 2,239,411 | 0 | 2,239,411 |
| Interest received | 95,658 | 142 | 95,800 |
| Net cash provided (used) by investing activities | <u>2,335,069</u> | <u>142</u> | <u>2,335,211</u> |
| Net increase (decrease) in cash and cash equivalents | (501,223) | (48,865) | (550,088) |
| Cash and cash equivalents, October 1 | <u>2,930,527</u> | <u>129,543</u> | <u>3,060,070</u> |
| Cash and cash equivalents, September 30 | <u><u>\$ 2,429,304</u></u> | <u><u>\$ 80,678</u></u> | <u><u>\$ 2,509,982</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, 2015

| | <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) | \$ 654,357 | \$ (99,383) | \$ 554,974 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation expense | 1,692,913 | 68,728 | 1,761,641 |
| (Increase) decrease in accounts receivable | (13,521) | (10,859) | (24,380) |
| (Increase) decrease in inventory | 30,167 | 0 | 30,167 |
| (Increase) decrease in prepaid items | 43,157 | (674) | 42,483 |
| (Increase) decrease in pension contributions subsequent to measurement date | (114,014) | (38,320) | (152,334) |
| Increase (decrease) in accounts payable | (33,815) | (4,897) | (38,712) |
| Increase (decrease) in intergovernmental payable | 281 | 0 | 281 |
| Increase (decrease) in payroll liabilities | 14,387 | 7,795 | 22,182 |
| Increase (decrease) in net pension liability | (37,622) | (12,645) | (50,267) |
| Increase (decrease) in pension assumption changes | 12,369 | 4,157 | 16,526 |
| Increase (decrease) in pension investment return differences | 46,020 | 15,467 | 61,487 |
| Increase (decrease) in pension experience differences | 34,557 | 11,615 | 46,172 |
| Increase (decrease) in deposits payable | 29,630 | 0 | 29,630 |
| Increase (decrease) in unearned revenue | 9,550 | 0 | 9,550 |
| Total adjustments | <u>1,714,059</u> | <u>40,367</u> | <u>1,754,426</u> |
| Net cash provided (used) by operating activities | <u>\$ 2,368,416</u> | <u>\$ (59,016)</u> | <u>\$ 2,309,400</u> |
| Cash and cash equivalents reconciliation: | | | |
| Cash and cash equivalents | \$ 1,605,948 | \$ 80,678 | \$ 1,686,626 |
| Restricted assets | | | |
| Cash and cash equivalents | <u>823,356</u> | <u>0</u> | <u>823,356</u> |
| Total cash and cash equivalents | <u>\$ 2,429,304</u> | <u>\$ 80,678</u> | <u>\$ 2,509,982</u> |

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS



1. DESCRIPTION OF GOVERNMENT UNIT

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity, continued

City of Dahlonega Downtown Development Authority

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

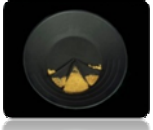
The City of Dahlonega Downtown Development Authority is reported in a separate column to emphasize that it is legally separate from the City. Individual financial statements are presented as part of the City's Annual Financial Report in the sections labeled "Component Unit". The City of Dahlonega Downtown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

C. Basis of Presentation – Government-wide Financial Statements

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements, continued

Governmental Fund Types

Additionally, the City reports the following fund types:

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

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

Component Unit

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

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

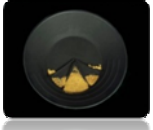
E. Measurement Focus and Basis of Accounting, continued

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.



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, 2015.

H. Cash and Investments

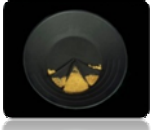
Cash and cash equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents and investments with an original maturity at three months or less. Investments are reported at fair value with accrued interest shown under a separate caption on the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

I. Intergovernmental Receivables

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

J. Inventories

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2015 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. The City reports deferred outflows of resources related to their defined benefit pension plans.



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 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. The City also reports deferred inflows of resources related to their defined benefit pension plans.

N. Net Position Flow Assumption

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

O. Fund Balance Flow Assumption

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Restricted Assets and Restricted Net Position

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

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

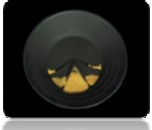
Q. Fund Balances of Governmental Funds

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

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

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balances of Governmental Funds, continued

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

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

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



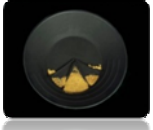
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balances of Governmental Funds, continued

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

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

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



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Compensation for Future Absences

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

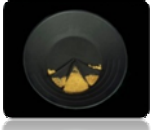
S. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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.

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 2014 amounts have been reclassified to conform with the 2015 presentation.

3. DEPOSIT AND INVESTMENT RISK

Custodial Credit Risk – Deposits

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

Investment Policies

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

Credit Risk

At September 30, 2015, the City has no credit risks.

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.



CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2015

3. DEPOSIT AND INVESTMENT RISK (CONTINUED)

Foreign currency risk

The City has no investments denominated in a foreign currency.

4. ACCOUNTS RECEIVABLE

Net accounts receivable at September 30, 2015 consist of the following:

| Major Funds | |
|-------------------------------------|-------------------|
| General Fund | \$ 5,567 |
| Enterprise Funds | |
| Water and Sewage | 580,869 |
| Less: Allowances for Uncollectibles | (66,299) |
| Solid Waste | 104,813 |
| Less: Allowances for Uncollectibles | <u>(9,978)</u> |
| Total Primary Government | <u>\$ 614,972</u> |

5. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at September 30, 2015 consist of the following:

| Major Funds | |
|---------------------------------------|------------------|
| General Fund | |
| Dahlonega Housing Authority | \$ 44 |
| SPLOST Capital Projects Fund | |
| Lumpkin County Board of Commissioners | <u>89,701</u> |
| Total Primary Government | <u>\$ 89,745</u> |



6. PROPERTY TAXES

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for digest year 2014, based upon the assessments of January 1, 2014, were levied on August 19, 2014, billed on September 17, 2014, and due on November 17, 2014. Taxes were delinquent and subject to liens on November 18, 2014.

Property taxes for digest year 2015, based upon the assessments of January 1, 2015, were levied on September 17, 2015, billed on October 1, 2015, and due on December 1, 2015. Taxes were delinquent and subject to liens on December 2, 2015. The property taxes for digest year 2015 are for the 2015 budget and unavailable for fiscal year 2015.

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of interfund receivables and payables as of September 30, 2015 is as follows:

| <u>Due To:</u> | <u>Due From:</u> | <u>Amount</u> |
|----------------------|------------------|------------------|
| General | Water and Sewage | \$ 6,290 |
| | Solid Waste | 5,448 |
| Water and Sewage | 2014 SPLOST | 59,940 |
| Nonmajor Fund | | |
| Multiple Grant | General | 843 |
| | | <u>\$ 72,521</u> |

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



**CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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

A summary of interfund transfers as of September 30, 2015 is as follows:

| | Transfers out: | | | |
|-----------------------|-------------------|-------------------|------------------|-------------------|
| | Major Funds | | Nonmajor Funds | |
| | General | 2014 SPLOST | Multiple Grant | Total |
| Transfers in: | | | | |
| Major Funds | | | | |
| Water and Sewage | \$ 284,292 | \$ 313,240 | \$ 0 | \$ 597,532 |
| Nonmajor Funds | | | | |
| Multiple Grant | 3,804 | 0 | 0 | 3,804 |
| Streetscape | 184,000 | 0 | 32,320 | 216,320 |
| Total | <u>\$ 472,096</u> | <u>\$ 313,240</u> | <u>\$ 32,320</u> | <u>\$ 817,656</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, 2015

8. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended September 30, 2015 was as follows:

| | Balance 9/30/2014 | Increases | Decreases | Balance 9/30/2015 |
|--|------------------------------|-----------------------|--------------------|------------------------------|
| Governmental activities | | | | |
| Non-depreciable assets | | | | |
| Land | \$ 2,206,762 | \$ 0 | \$ 0 | \$ 2,206,762 |
| Construction in progress | 0 | 158,445 | 0 | 158,445 |
| Total non-depreciable assets | <u>2,206,762</u> | <u>158,445</u> | <u>0</u> | <u>2,365,207</u> |
| Depreciable assets | | | | |
| Buildings and improvements | 2,013,104 | 22,714 | 0 | 2,035,818 |
| Equipment | 991,794 | 205,458 | 0 | 1,197,252 |
| Infrastructure | 3,160,987 | 179,477 | 0 | 3,340,464 |
| Total depreciable assets | <u>6,165,885</u> | <u>407,649</u> | <u>0</u> | <u>6,573,534</u> |
| Accumulated depreciation | | | | |
| Buildings and improvements | (1,066,635) | (58,196) | 0 | (1,124,831) |
| Equipment | (699,370) | (86,949) | 0 | (786,319) |
| Infrastructure | (1,008,370) | (213,750) | 0 | (1,222,120) |
| Total accumulated depreciation | <u>(2,774,375)</u> | <u>(358,895)</u> | <u>0</u> | <u>(3,133,270)</u> |
| Total depreciable assets, net | <u>3,391,510</u> | <u>48,754</u> | <u>0</u> | <u>3,440,264</u> |
| Governmental activities capital assets, net | <u>\$ 5,598,272</u> | <u>\$ 207,199</u> | <u>\$ 0</u> | <u>\$ 5,805,471</u> |
| Business-type activities | | | | |
| Non-depreciable assets | | | | |
| Land | \$ 3,333,139 | \$ 0 | \$ 0 | \$ 3,333,139 |
| Construction in progress | 0 | 313,240 | 0 | 313,240 |
| Total Non-depreciable assets | <u>3,333,139</u> | <u>313,240</u> | <u>0</u> | <u>3,646,379</u> |
| Depreciable assets | | | | |
| Buildings | 22,502,653 | 0 | 0 | 22,502,653 |
| Improvements | 3,856,423 | 0 | 0 | 3,856,423 |
| Equipment and vehicles | 5,915,527 | 110,979 | 0 | 6,026,506 |
| Water and sewer infrastructure | 21,250,980 | 0 | (263,655) | 20,987,325 |
| Total depreciable assets | <u>53,525,583</u> | <u>110,979</u> | <u>(263,655)</u> | <u>53,372,907</u> |
| Accumulated depreciation | | | | |
| Buildings | (3,790,264) | (741,650) | 0 | (4,531,914) |
| Improvements | (1,653,831) | (101,630) | 0 | (1,755,461) |
| Equipment and vehicles | (4,094,612) | (288,897) | 0 | (4,383,509) |
| Water and sewer infrastructure | (6,817,713) | (629,464) | 183,720 | (7,263,457) |
| Total accumulated depreciation | <u>(16,356,420)</u> | <u>(1,761,641)</u> | <u>183,720</u> | <u>(17,934,341)</u> |
| Total depreciable assets, net | <u>37,169,163</u> | <u>(1,650,662)</u> | <u>(79,935)</u> | <u>35,438,566</u> |
| Business-type activities capital assets, net | <u>\$ 40,502,302</u> | <u>\$ (1,337,422)</u> | <u>\$ (79,935)</u> | <u>\$ 39,084,945</u> |



8. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities

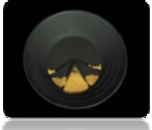
| | |
|--|-------------------|
| General Government | \$ 59,039 |
| Public Works | 277,143 |
| Culture and Recreation | 19,864 |
| Housing and Development | <u>2,849</u> |
| Total depreciation expense for governmental activities | <u>\$ 358,895</u> |

Business-type activities

| | |
|---|---------------------|
| Water and Sewage | \$ 1,692,913 |
| Solid Waste | <u>68,728</u> |
| Total depreciation expense for business-type activities | <u>\$ 1,761,641</u> |

9. 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.



9. LONG-TERM DEBT (CONTINUED)

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at September 30, 2015:

- \$27,470,000 - 2008 Water and Sewage Revenue Bonds – Series A & B series bonds due in annual principal payments on September 1 with semi-annual interest payments (4.25% - 5.56%) due on March 1 and September 1. The bonds are used for expansion of the Water and Sewage system in the City of Dahlonega, Georgia. In 2008, a 1% Special Purpose Local Option Sales Tax (SPLOST) was approved by the voters. The City's portion of the tax was used to repay a portion of the bond debt. The tax collections ended in fiscal year 2014. These bonds were refunded with the issuance of the Series 2015 Revenue Refunding Bonds.
- \$26,865,000 – Series 2015 Revenue Refunding Bonds - In 2015, the City issued refunding revenue bonds in the amount of \$26,865,000. The bonds are issued as term bonds with interest rates from 3.62% maturing September 30, 2042. The purpose of the bonds was to refund the 2008 Water and Sewage Revenue Bonds and Water and Sewage notes payable. The bonds are secured by sales tax proceeds and then from the levy of property tax. As of September 30, 2015, the bonds had an outstanding balance of \$26,865,000.



9. LONG-TERM DEBT (CONTINUED)

Revenue Bonds, continued

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

| Year Ending September 30, | Principal | Interest | Total |
|--|----------------------|----------------------|----------------------|
| 2016 | \$ 690,000 | \$ 930,310 | \$ 1,620,310 |
| 2017 | 620,000 | 998,018 | 1,618,018 |
| 2018 | 640,000 | 979,418 | 1,619,418 |
| 2019 | 660,000 | 960,218 | 1,620,218 |
| 2020 | 680,000 | 940,418 | 1,620,418 |
| 2021-2025 | 3,845,000 | 4,242,538 | 8,087,538 |
| 2026-2030 | 4,610,000 | 3,489,325 | 8,099,325 |
| 2031-2035 | 5,415,000 | 2,675,290 | 8,090,290 |
| 2036-2040 | 6,655,000 | 1,442,600 | 8,097,600 |
| 2041-2042 | 3,050,000 | 184,200 | 3,234,200 |
| Totals | \$ 26,865,000 | \$ 16,842,335 | \$ 43,707,335 |

Notes Payable

The City has entered into 8 borrowings with the Georgia Environmental Facilities Authority for expansion of the City’s water and sewage system. At September 30, 2015, the original amounts of these borrowings were \$9,493,375, with a total outstanding balance of \$0. Monthly installments of principal and interest are due through October 1, 2030; interest at 3.75% to 5.56%. These notes payable were retired with the issuance of the Series 2015 Revenue Refunding Bonds.

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, 2015, the balance of this note is \$5,532,414. 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.



CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

9. LONG-TERM DEBT (CONTINUED)

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

| Year Ending September 30, | Principal | Interest | Total |
|---------------------------------|---------------------|---------------------|---------------------|
| 2016 | \$ 119,964 | \$ 164,332 | \$ 284,296 |
| 2017 | 123,613 | 160,683 | 284,296 |
| 2018 | 127,372 | 156,923 | 284,295 |
| 2019 | 131,247 | 153,049 | 284,296 |
| 2020 | 135,239 | 149,057 | 284,296 |
| 2021-2025 | 740,454 | 681,024 | 1,421,478 |
| 2026-2030 | 860,124 | 561,354 | 1,421,478 |
| 2031-2035 | 999,134 | 422,344 | 1,421,478 |
| 2036-2040 | 1,160,611 | 260,867 | 1,421,478 |
| 2041-2042 | 1,134,656 | 75,401 | 1,210,057 |
| Totals | <u>\$ 5,532,414</u> | <u>\$ 2,785,034</u> | <u>\$ 8,317,448</u> |

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, 2015:

| | Balance 9/30/2014 | Additions | Deductions | Balance 9/30/2015 | Due Within One Year |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------|
| Governmental activities | | | | | |
| Compensated absences | \$ 34,005 | \$ 32,173 | \$ 34,005 | \$ 32,173 | \$ 25,417 |
| Business-type activities | | | | | |
| Notes payable | \$ 8,848,926 | \$ 0 | \$ 3,316,512 | \$ 5,532,414 | \$ 119,964 |
| Revenue bonds | 24,595,000 | 0 | 24,595,000 | 0 | 0 |
| Unamortized bond discount | (358,554) | 0 | (358,554) | 0 | 0 |
| Revenue Refunding Bonds | 0 | 26,865,000 | 0 | 26,865,000 | 690,000 |
| Unamortized bond premium | 0 | 761,388 | 0 | 761,388 | 0 |
| Compensated absences | 62,909 | 78,002 | 62,909 | 78,002 | 61,622 |
| Total business-type activities | <u>\$ 33,148,281</u> | <u>\$ 27,704,390</u> | <u>\$ 27,615,867</u> | <u>\$ 33,236,804</u> | <u>\$ 871,586</u> |

Revenue bond issue costs and discounts/premiums are amortized over the life of the related debt using the straight-line method. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund. The total interest incurred and charged to expense for the fiscal year ended September 30, 2015 was \$1,575,371 for business-type activities.



10. BOND REFUNDING

On September 30, 2015, the City issued \$26,865,000 in Water and Sewerage Refunding Revenue Bonds, Series 2015, with an average interest rate of 3.91%. The Series 2015 bonds were issued to advance refund \$23,910,000 of outstanding Series 2008A Bonds with an average interest rate of 5.37% and prepay 8 water and sewerage notes payable in the amount of \$2,591,863 with an average interest rate of 4.52%. Net proceeds of \$27,092,656 (\$26,865,000 plus original issue premium of \$761,388 and less \$533,732 in underwriting fees, insurance, and other costs of issuance) plus an additional \$2,435,100 of sinking fund monies were applied to the \$26,926,292 deposited into an irrevocable trust with an escrow agent and used to purchase US government securities for future payments of the Series 2008A Bond portion and to retire \$2,601,464 in notes payable. The securities will provide for all future debt service payments on the refunded 2008A bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the balance sheet.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$3,574,879. This difference, reported in the financial statements as deferred outflows of resources-deferred charges on refunding, is being charged to operations through the year 2042 using the effective interest method. The City completed the current refunding to reduce its total debt service payments over the next 27 years by \$1,108,016 and to obtain an economic gain (the difference between the present value of the old debt and new debt service payments) of \$961,422.

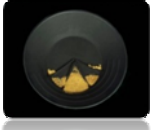
11. CHANGES IN BEGINNING BALANCES

Governmental Activities

A prior period adjustment has been made to record a net pension liability and deferred inflows and outflows of resources at September 30, 2014. This adjustment was required with the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This adjustment decreased beginning net position by \$568,853.

General Fund

A prior period adjustment has been made to correct the recording of unearned revenue at September 30, 2014. The adjustment increased beginning fund balance by \$99,178.



11. CHANGES IN BEGINNING BALANCES (CONTINUED)

Streetscapes Capital Projects Fund

A prior period adjustment has been made to correct the recording of intergovernmental receivables at September 30, 2014. The adjustment decreased beginning fund balance by \$59,400.

The net effect of these adjustments was to decrease beginning net position in the Governmental Activities by \$529,075.

Business-type Activities

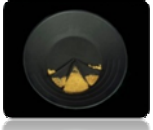
Water and Sewage Fund

A prior period adjustment has been made to record a net pension liability and deferred inflows and outflows of resources at September 30, 2014. This adjustment was required with the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This adjustment decreased beginning net position by \$451,081.

Solid Waste Fund

A prior period adjustment has been made to record a net pension liability and deferred inflows and outflows of resources at September 30, 2014. This adjustment was required with the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This adjustment decreased beginning net position by \$151,608.

The net effect of these adjustments was to decrease beginning net position in the Business-Type Activities by \$602,689.



12. PENSION PLAN

Plan Description. The City is a participating member of the Georgia Municipal Employees Benefit System (GMEBS), a state-wide agent, multiple-employer retirement system, administered by the Georgia Municipal Association. This is a defined benefit pension plan, which provides retirement, disability and death benefits to plan members and beneficiaries. The City has established provisions, which assign the authority to the City Council members to establish and amend the benefit provisions of the plan. The City elected to participate in GMEBS as of May 1, 1973, as a result of City Ordinance and a contract between the City and GMA. The Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan. See Note 2 – Summary of Significant Accounting Policies for reporting of investments. All City employees who work a minimum of forty hours per week are eligible to participate in the Plan after completing one year of service. Mayor and Council are eligible immediately. Benefits vest after five years of service. Participants become eligible to retire with reduced benefits at age 55 with ten years of service. Mayor and Council are subject to the five-year minimum service. GMA issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Georgia Municipal Association at 21 Pryor Street, SW, Atlanta, Georgia 30303.

Control over the operation and administration of the plan is vested with GMEBS along with custody of the plan assets. The plan provides that the City has no liability with respect to payments or benefits or otherwise under the plan except to pay over to GMEBS such actuarially determined contributions as required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the City but shall be allocated to employees. All employees are eligible for immediate participation. Officials are covered under the plan and are eligible for immediate participation.

There are no loans to any of the City officials or other “party-in-interest,” and there are no prohibited transactions. The plan assets do not include any securities or investments in the City of Dahlonega. The funds are managed by independent money managers.

The annual report and more detailed information regarding the plan can be obtained from the Plan Administrator, the Georgia Municipal Employees Benefit System.



12. PENSION PLAN (CONTINUED)

At January 1, 2015, the date of the most recent actuarial valuation, there were 81 participants consisting of the following:

| | |
|--|------------------|
| Retirees and beneficiaries currently receiving benefits | 25 |
| Terminated vested participants entitled to but not yet receiving benefits | 15 |
| Active participants | <u>41</u> |
| Total number of participants | <u><u>81</u></u> |

Benefits Provided. The plan provides retirement and death benefits. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Members with thirty years of total service are eligible to retire at age 62 with no reduction in benefit. Officials are eligible to retire at age 65 with no reduction of benefits. Members are eligible for early retirement with reduced benefits based on the early retirement reduction table at age 55 after 10 years of service. The benefit formula is 1.25% - 1.75% with a ten year vesting schedule for terminations on or after July 1, 2001. The benefit formula is 1.00% - 1.75% with a ten year vesting schedule for terminations prior to July 1, 2001.

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City's actuarially determined contribution rate for the year ended September 30, 2015 was \$329,784, or 24.98% of covered employee payroll.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At September 30, 2015, the City reported a net pension liability of \$1,123,987. The net pension asset was measured as of September 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2015. For the fiscal year ended September 30, 2015, the City recognized pension expense of \$150,396.



12. PENSION PLAN (CONTINUED)

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 0 | \$ (93,944) |
| Changes of assumptions | 0 | (33,624) |
| Net difference between projected and actual earnings on pension plan investments | 0 | (125,105) |
| City contributions subsequent to the measurement date | 309,946 | 0 |
| Totals | <u>\$ 309,946</u> | <u>\$ (252,673)</u> |

The \$309,946 of deferred outflows of resources resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

| Year Ending September 30 | |
|---|---------------------|
| 2016 | \$ (63,168) |
| 2017 | (63,168) |
| 2018 | (63,168) |
| 2019 | (63,169) |
| Totals | <u>\$ (252,673)</u> |

Actuarial Assumptions. The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-------------------------------|--|
| Inflation | 3.25% |
| Projected salary increases | 3.25% plus service based merit increases |
| Cost of living adjustments | 2.00% |
| Net investment rate of return | 7.75% |



12. PENSION PLAN (CONTINUED)

Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and on year for females. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with sex-distinct rates.

The mortality and economic actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2014 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | <u>Long-Term Nominal Real Rate of Return</u> |
|----------------------|--------------------------|---|--|
| Domestic equity | 50% | 5.95% | 9.20% |
| International equity | 15% | 6.45% | 9.70% |
| Fixed income | 25% | 1.55% | 4.80% |
| Real estate | 10% | 3.75% | 7.00% |
| Cash | 0% | | |
| Total | 100% | | |

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



12. PENSION PLAN (CONTINUED)

Changes in Net Pension Liability (Asset)

| | Total Pension Liability (Asset) | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
|--|--|--|--|
| | (a) | (b) | (a) - (b) |
| Balances at 9/30/2013 | \$ 5,800,240 | \$ 4,244,193 | \$ 1,556,047 |
| Changes for the year: | | | |
| Service cost | 96,910 | 0 | 96,910 |
| Interest | 439,359 | 0 | 439,359 |
| Differences between expected and actual experience | (117,428) | 0 | (117,428) |
| Contributions – employer | 0 | 329,784 | (329,784) |
| Net investment income | 0 | 487,596 | (487,596) |
| Benefit payments, including refunds of employee contributions | (262,175) | (262,175) | 0 |
| Administrative expense | 0 | (8,507) | 8,507 |
| Other changes | (42,028) | 0 | (42,028) |
| Net changes | 114,638 | 546,698 | (432,060) |
| Balances at 9/30/2014 | \$ 5,914,878 | \$ 4,790,891 | \$ 1,123,987 |

Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate. The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75 percent) or one percentage-point higher (8.75 percent) than the current rate:

| | Discount Rate | Net Pension Liabilty (Asset) |
|-----------------------|--------------------------|---|
| 1% decrease | 6.75% | \$ 1,911,611 |
| Current discount rate | 7.75% | 1,123,987 |
| 1% increase | 8.75% | 468,357 |

Plan Fiduciary Net Position. Detailed information about the Plan’s fiduciary net position is available in the separately issued Georgia Municipal Employees Benefit System financial report.

Other Plans. In addition to the plan above, various City employees are covered under the Peace Officers’ Annuity and Benefit Fund of Georgia. Further information regarding this plan can be obtained from the plan’s annual report.



13. DEFERRED COMPENSATION PLANS

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

The City has no fiduciary relationship with the Plans, and Plan assets are not available to the City or its general creditors. The Plan assets are held in trust by the administrators for the exclusive benefit of the participants of the Plans. During fiscal year 2015, plan members made voluntary contributions of \$27,314. Beginning January 1, 2014, 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, 2015 follows:

| | |
|---|--------------------------------|
| Lodging Tax Receipts | \$205,626 |
| Disbursements to the Dahlonega – Lumpkin County Chamber of Commerce | \$205,626 100% 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, 2015, the City paid \$4,886 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 2015. Separate financial statements are not issued for this joint venture.

16. RELATED ORGANIZATIONS

The Housing Authority of the City of Dahlonega is considered a related organization to the City of Dahlonega. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Dahlonega. The City received \$1,093 as payment-in-lieu-of-taxes for 2015. 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.



17. RISK MANAGEMENT (CONTINUED)

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, 2015, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

18. CONTINGENCIES

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



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DAHLONEGA, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION
LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS

September 30, 2015
(Unaudited)

| | Fiscal Year End |
|--|----------------------------|
| | 2015 |
| Total pension liability | |
| Service cost | \$ 96,910 |
| Interest | 439,359 |
| Differences between expected and actual experience | (117,428) |
| Benefit payments, including refunds of employee contributions | (262,175) |
| Other | (42,028) |
| Net change in total pension liability | 114,638 |
| Total pension liability - beginning | 5,800,240 |
| Total pension liability - ending (a) | \$ 5,914,878 |
| | |
| Plan fiduciary net position | |
| Contributions - employer | \$ 329,784 |
| Net investment income | 487,596 |
| Benefit payments, including refunds of employee contributions | (262,175) |
| Administrative expense | (8,507) |
| Net change in total pension liability | 546,698 |
| Plan fiduciary net position - beginning | 4,244,193 |
| Plan fiduciary net position - ending (b) | \$ 4,790,891 |
| | |
| Net pension liability (asset) - ending : (a) - (b) | \$ 1,123,987 |
| Plan's fiduciary net position as a percentage of the total pension liability | 81.00% |
| Covered-employee payroll | \$ 1,320,011 |
| Net pension liability as a percentage of covered-employee payroll | 85.15% |

Note: Fiscal year 2015 was the first year of implementation. Therefore, only one year is shown.

CITY OF DAHLONEGA, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
September 30, 2015
(Unaudited)

| | Fiscal Year End |
|--|----------------------------|
| | 2015 |
| Actuarially determined contribution | \$ 329,784 |
| Contributions in relation to the actuarially determined contribution | (329,784) |
| Contribution deficiency (excess) | \$ 0 |
| Covered-employee payroll | \$ 1,320,011 |
| Contributions as a percentage of covered-employee payroll | 24.98% |

Note: Fiscal year 2015 was the first year of implementation. Therefore, only one year is shown.



**CITY OF DAHLONEGA – NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION
SEPTEMBER 30, 2015**

1. Valuation Date

The actuarially determined contribution rate was determined as of September 30, 2014, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending September 30, 2016.

2. Methods and Assumptions Used to Determine Contribution Rates

Actuarial cost method = Projected Unit Credit Cost

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 30 years

Asset valuation method = Smoothed market value with a 5-year smoothing period.

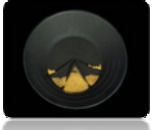
Net investment rate of return = 7.75%

Projected salary increases = 3.25% per year with age based scale

Cost of living adjustments = 2.00%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and on year for females. Disabled mortality rates were based on the Social Security Administration standard rate.



**CITY OF DAHLONEGA – NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION
SEPTEMBER 30, 2015**

3. Changes in Benefits

Effective January 1, 2015, the Plan was amended to provide for immediate participation for employees. This change had no impact on service credited under the Plan and has no impact on benefits. As a result of this change, all Employees are now included in the valuation. This change has minimal impact on the Plan's liability.

4. Changes of Assumptions

There have been no substantive changes since the last actuarial valuation.



COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF DAHLONEGA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

| | Special Revenue | | Capital Projects | Total Nonmajor Governmental Funds |
|--|-------------------|--------------------|-------------------|--|
| | Multiple Grant | Hotel/Motel Tax | Streetscape | |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 0 | \$ 20,964 | \$ 422,053 | \$ 443,017 |
| Taxes receivable | 0 | 18,210 | 0 | 18,210 |
| Due from other funds | 843 | 0 | 0 | 843 |
| Total assets | \$ 843 | \$ 39,174 | \$ 422,053 | \$ 462,070 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 118 | \$ 39,174 | \$ 19,209 | \$ 58,501 |
| Fund balances | | | | |
| Restricted for employee wellness program | 725 | 0 | 0 | 725 |
| Assigned to capital outlay | 0 | 0 | 402,844 | 402,844 |
| Total fund balances | 725 | 0 | 402,844 | 403,569 |
| Total liabilities and fund balances | \$ 843 | \$ 39,174 | \$ 422,053 | \$ 462,070 |

CITY OF DAHLONEGA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2015

| | <u>Special Revenue</u> | | <u>Capital Projects</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|---------------------------|----------------------------|--------------------------|--|
| | <u>Multiple Grant</u> | <u>Hotel/Motel Tax</u> | <u>Streetscape</u> | |
| REVENUES | | | | |
| Taxes | \$ 0 | \$ 205,626 | \$ 0 | \$ 205,626 |
| Intergovernmental | 39,537 | 0 | 0 | 39,537 |
| Total revenues | <u>39,537</u> | <u>205,626</u> | <u>0</u> | <u>245,163</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | 5,040 | 0 | 0 | 5,040 |
| Public Works | 9,734 | 0 | 0 | 9,734 |
| Culture and Recreation | 20,000 | 0 | 0 | 20,000 |
| Housing and Development | 0 | 205,626 | 0 | 205,626 |
| Capital outlay | 7,607 | 0 | 158,445 | 166,052 |
| Total expenditures | <u>42,381</u> | <u>205,626</u> | <u>158,445</u> | <u>406,452</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,844)</u> | <u>0</u> | <u>(158,445)</u> | <u>(161,289)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 3,804 | 0 | 216,320 | 220,124 |
| Transfers out | (32,320) | 0 | 0 | (32,320) |
| Total other financing sources (uses) | <u>(28,516)</u> | <u>0</u> | <u>216,320</u> | <u>187,804</u> |
| Net change in fund balance | (31,360) | 0 | 57,875 | 26,515 |
| Fund balances, October 1 | <u>32,085</u> | <u>0</u> | <u>344,969</u> | <u>377,054</u> |
| Fund balances, September 30 | <u><u>\$ 725</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 402,844</u></u> | <u><u>\$ 403,569</u></u> |



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, 2015 and 2014

| | 2015 | 2014 |
|--|--|--|
| ASSETS | | |
| Cash and cash equivalents | \$ 3,621,711 | \$ 3,352,319 |
| Restricted cash and cash equivalents | 5,225 | 5,197 |
| Receivables (net) | | |
| Accounts | 5,567 | 2,052 |
| Taxes | 892,058 | 897,264 |
| Fines | 69,119 | 63,418 |
| Intergovernmental | 44 | 1,618 |
| Due from other funds | 11,738 | 0 |
| Inventory | 10,227 | 14,044 |
| Prepaid items | 46,220 | 51,965 |
| | Total assets | Total assets |
| | \$ 4,661,909 | \$ 4,387,877 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | |
| Liabilities | | |
| Payables | | |
| Accounts | \$ 46,257 | \$ 71,506 |
| Intergovernmental | 7,583 | 5,539 |
| Accrued salaries and payroll expenses | 24,159 | 18,210 |
| Due to other funds | 843 | 4,249 |
| | Total liabilities | Total liabilities |
| | 78,842 | 99,504 |
| Deferred inflows of resources | | |
| Unavailable revenue - property taxes | 774,480 | 778,670 |
| | 774,480 | 778,670 |
| Fund balances | | |
| Nonspendable: | | |
| Inventory | 10,227 | 14,044 |
| Prepaid items | 46,220 | 51,965 |
| Restricted for: | | |
| Service awards for citizens | 5,225 | 5,197 |
| Capital outlay | 0 | 99,178 |
| Assigned to: | | |
| Capital outlay | 100,000 | 100,000 |
| City Hall construction | 650,000 | 650,000 |
| Subsequent year's budget | 0 | 279,371 |
| Unassigned | 2,996,915 | 2,309,948 |
| | Total fund balances | Total fund balances |
| | 3,808,587 | 3,509,703 |
| Total liabilities, deferred inflows of resources, and fund balances | Total liabilities, deferred inflows of resources, and fund balances | Total liabilities, deferred inflows of resources, and fund balances |
| | \$ 4,661,909 | \$ 4,387,877 |

CITY OF DAHLONEGA, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|---|----------------------------|----------------------------|
| REVENUES | | |
| Taxes | \$ 2,976,359 | \$ 2,810,063 |
| Licenses and permits | 229,248 | 189,247 |
| Fines, fees and forfeitures | 143,331 | 178,888 |
| Charges for services | 73,745 | 47,680 |
| Intergovernmental | 192,987 | 318,715 |
| Interest | 5,176 | 5,202 |
| Other | 15,013 | 9,569 |
| Total revenues | <u>3,635,859</u> | <u>3,559,364</u> |
| EXPENDITURES | | |
| Current | | |
| General Government | 1,101,806 | 1,001,130 |
| Judicial | 204,662 | 235,365 |
| Public Safety | 3,257 | 7,420 |
| Public Works | 1,123,710 | 1,180,582 |
| Culture and Recreation | 39,890 | 29,123 |
| Housing and Development | 391,554 | 402,688 |
| Total expenditures | <u>2,864,879</u> | <u>2,856,308</u> |
| Excess of revenues over expenditures | <u>770,980</u> | <u>703,056</u> |
| Other financing sources (uses) | | |
| Transfers in (out) | | |
| Multiple Grant Special Revenue Fund | (3,804) | 0 |
| Streetscape Capital Projects Fund | (184,000) | (150,000) |
| Water and Sewage Enterprise Fund | (284,292) | (284,292) |
| Proceeds from sale of capital assets | 0 | 900 |
| Total other financing sources (uses) | <u>(472,096)</u> | <u>(433,392)</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | 298,884 | 269,664 |
| Fund balances, October 1 (restated) | <u>3,509,703</u> | <u>3,240,039</u> |
| Fund balances, September 30 | <u><u>\$ 3,808,587</u></u> | <u><u>\$ 3,509,703</u></u> |

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF REVENUES

BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2015

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

| | 2015 | | | 2014 |
|------------------------------------|-----------------|--------------|------------|--------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Taxes | | | | |
| General property taxes | | | | |
| Property tax | \$ 791,721 | \$ 837,129 | \$ 45,408 | \$ 793,982 |
| Real estate transfer tax | 13,000 | 20,582 | 7,582 | 11,312 |
| Motor vehicle tax | 162,909 | 186,329 | 23,420 | 201,497 |
| Cost, penalties, and interest | 4,000 | 11,510 | 7,510 | 5,042 |
| Total general property taxes | 971,630 | 1,055,550 | 83,920 | 1,011,833 |
| Local option sales tax | 725,000 | 800,988 | 75,988 | 745,133 |
| Franchise tax | 486,000 | 528,287 | 42,287 | 490,264 |
| Insurance premium tax | 270,000 | 282,726 | 12,726 | 270,403 |
| Alcoholic beverage excise tax | 163,000 | 193,583 | 30,583 | 171,576 |
| Occupational tax | 110,000 | 109,168 | (832) | 116,749 |
| Other taxes | 2,700 | 6,057 | 3,357 | 4,105 |
| Total taxes | 2,728,330 | 2,976,359 | 248,029 | 2,810,063 |
| Licenses and Permits | | | | |
| Alcohol licenses | 97,000 | 103,408 | 6,408 | 108,752 |
| Building permits | 123,000 | 125,840 | 2,840 | 80,495 |
| Total licenses and permits | 220,000 | 229,248 | 9,248 | 189,247 |
| Fines, fees and forfeitures | 120,000 | 143,331 | 23,331 | 178,888 |
| Charges for Services | | | | |
| Cemetery | 34,000 | 72,400 | 38,400 | 47,680 |
| Other | 0 | 1,345 | 1,345 | 0 |
| Total charges for services | 34,000 | 73,745 | 39,745 | 47,680 |
| Intergovernmental | 149,778 | 192,987 | 43,209 | 318,715 |
| Interest | 5,000 | 5,176 | 176 | 5,202 |
| Other | 4,950 | 15,013 | 10,063 | 9,569 |
| Total revenues | \$ 3,262,058 | \$ 3,635,859 | \$ 373,801 | \$ 3,559,364 |

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2015

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

| | 2015 | | | 2014 |
|------------------------------|------------------|------------------|----------------|------------------|
| | Final Budget | Actual | Variance | Actual |
| EXPENDITURES | | | | |
| General Government | | | | |
| Legislative | | | | |
| Personal services | \$ 140,455 | \$ 93,471 | \$ 46,984 | \$ 119,654 |
| Contract services | 40,880 | 39,624 | 1,256 | 34,855 |
| Supplies and materials | 8,020 | 8,013 | 7 | 1,197 |
| Total Legislative | <u>189,355</u> | <u>141,108</u> | <u>48,247</u> | <u>155,706</u> |
| Executive | | | | |
| Personal services | 199,647 | 199,644 | 3 | 140,484 |
| Contract services | 41,740 | 18,276 | 23,464 | 30,107 |
| Supplies and materials | 5,300 | 4,633 | 667 | 3,516 |
| Capital outlay | 154,000 | 0 | 154,000 | 24,573 |
| Total Executive | <u>400,687</u> | <u>222,553</u> | <u>178,134</u> | <u>198,680</u> |
| Elections | | | | |
| Contract services | 1,470 | 837 | 633 | 4,474 |
| Supplies and materials | 0 | 0 | 0 | 208 |
| Total Elections | <u>1,470</u> | <u>837</u> | <u>633</u> | <u>4,682</u> |
| General Administration | | | | |
| Personal services | 218,511 | 217,806 | 705 | 214,072 |
| Contract services | 466,680 | 466,665 | 15 | 384,302 |
| Supplies and materials | 39,290 | 39,289 | 1 | 43,688 |
| Capital outlay | 13,600 | 13,548 | 52 | 0 |
| Total General Administration | <u>738,081</u> | <u>737,308</u> | <u>773</u> | <u>642,062</u> |
| Total General Government | <u>1,329,593</u> | <u>1,101,806</u> | <u>227,787</u> | <u>1,001,130</u> |
| Judicial | | | | |
| Municipal Court | | | | |
| Personal services | 10,905 | 10,813 | 92 | 18,536 |
| Contract services | 181,863 | 181,854 | 9 | 141,708 |
| Supplies and materials | 2,010 | 2,007 | 3 | 1,358 |
| Payments to other agencies | 10,000 | 9,988 | 12 | 73,763 |
| Total Judicial | <u>204,778</u> | <u>204,662</u> | <u>116</u> | <u>235,365</u> |

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2015

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

| | 2015 | | | 2014 |
|----------------------------------|------------------|------------------|----------------|------------------|
| | Final Budget | Actual | Variance | Actual |
| Public Safety | | | | |
| Law Enforcement | | | | |
| Contract services | \$ 2,150 | \$ 2,117 | \$ 33 | \$ 6,363 |
| Supplies and materials | 1,150 | 1,140 | 10 | 1,057 |
| Total Public Safety | 3,300 | 3,257 | 43 | 7,420 |
| Public Works | | | | |
| Street Maintenance | | | | |
| Personal services | 0 | 0 | 0 | 305,201 |
| Contract services | 0 | 0 | 0 | 31,027 |
| Supplies and materials | 0 | 0 | 0 | 94,586 |
| Capital outlay | 0 | 0 | 0 | 88,585 |
| Total Street Maintenance | 0 | 0 | 0 | 519,399 |
| Street Construction | | | | |
| Personal services | 556,586 | 461,247 | 95,339 | 210,519 |
| Contract services | 58,230 | 47,299 | 10,931 | 13,609 |
| Supplies and materials | 181,700 | 140,064 | 41,636 | 52,238 |
| Capital outlay | 369,458 | 355,272 | 14,186 | 231,992 |
| Total Street Construction | 1,165,974 | 1,003,882 | 162,092 | 508,358 |
| Shop Department | | | | |
| Personal services | 57,126 | 46,573 | 10,553 | 57,673 |
| Contract services | 7,420 | 4,663 | 2,757 | 7,344 |
| Supplies and materials | 34,550 | 19,977 | 14,573 | 21,903 |
| Capital outlay | 0 | 0 | 0 | 2,160 |
| Total Shop Department | 99,096 | 71,213 | 27,883 | 89,080 |
| Cemetery | | | | |
| Personal services | 37,495 | 37,490 | 5 | 35,753 |
| Contract services | 1,300 | 1,240 | 60 | 4,615 |
| Supplies and materials | 9,900 | 9,885 | 15 | 12,697 |
| Capital outlay | 0 | 0 | 0 | 10,680 |
| Total Cemetery | 48,695 | 48,615 | 80 | 63,745 |
| Total Public Works | 1,313,765 | 1,123,710 | 190,055 | 1,180,582 |

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

SCHEDULE OF EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2015

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

| | 2015 | | | 2014 |
|--------------------------------|---------------------|---------------------|-------------------|---------------------|
| | Final Budget | Actual | Variance | Actual |
| Culture and Recreation | | | | |
| Parks | | | | |
| Contract services | \$ 9,790 | \$ 9,749 | \$ 41 | \$ 11,341 |
| Supplies and materials | 20,910 | 20,882 | 28 | 9,332 |
| Capital outlay | 9,260 | 9,259 | 1 | 8,450 |
| Total Culture and Recreation | 39,960 | 39,890 | 70 | 29,123 |
| Housing and Development | | | | |
| Building Inspections | | | | |
| Personal services | 185,612 | 181,408 | 4,204 | 165,575 |
| Contract services | 29,860 | 22,227 | 7,633 | 68,322 |
| Supplies and materials | 9,350 | 8,806 | 544 | 6,846 |
| Capital outlay | 25,000 | 21,963 | 3,037 | 4,795 |
| Total Building Inspections | 249,822 | 234,404 | 15,418 | 245,538 |
| Downtown Development Authority | | | | |
| Payment to others | 157,150 | 157,150 | 0 | 157,150 |
| Total Housing and Development | 406,972 | 391,554 | 15,418 | 402,688 |
| Total expenditures | \$ 3,298,368 | \$ 2,864,879 | \$ 433,489 | \$ 2,856,308 |



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, 2015 and 2014

| | 2015 | 2014 |
|--|---------------|------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 0 | \$ 32,320 |
| Due from other funds | 843 | 0 |
| Total assets | \$ 843 | \$ 32,320 |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Accounts payable | \$ 118 | \$ 235 |
| Fund balances | | |
| Restricted for employee wellness program | 725 | 0 |
| Assigned to subsequent year's budget | 0 | 32,085 |
| Total fund balances | 725 | 32,085 |
| Total liabilities and fund balances | \$ 843 | \$ 32,320 |

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, 2015

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

| | 2015 | | | 2014 |
|--|-----------------|-----------------|----------------|------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Intergovernmental | \$ 41,804 | \$ 39,537 | \$ (2,267) | \$ 0 |
| Total revenues | <u>41,804</u> | <u>39,537</u> | <u>(2,267)</u> | <u>0</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | 6,000 | 5,040 | 960 | 4,931 |
| Public Works | 12,000 | 9,734 | 2,266 | 0 |
| Culture and Recreation | 20,000 | 20,000 | 0 | 0 |
| Capital Outlay | | | | |
| Public Works | 7,608 | 7,607 | 1 | 0 |
| Total expenditures | <u>45,608</u> | <u>42,381</u> | <u>3,227</u> | <u>4,931</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,804)</u> | <u>(2,844)</u> | <u>(960)</u> | <u>(4,931)</u> |
| Other financing sources (uses) | | | | |
| Transfers in (out) | | | | |
| General Fund | 3,804 | 3,804 | 0 | 0 |
| Streetscape Capital Projects Fund | (32,319) | (32,320) | 1 | 0 |
| Total other financing sources (uses) | <u>(28,515)</u> | <u>(28,516)</u> | <u>1</u> | <u>0</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | <u>(32,319)</u> | <u>(31,360)</u> | <u>(959)</u> | <u>(4,931)</u> |
| Fund balances, October 1 | <u>32,319</u> | <u>32,085</u> | <u>(234)</u> | <u>37,016</u> |
| Fund balances, September 30 | <u>\$ 0</u> | <u>\$ 725</u> | <u>\$ 725</u> | <u>\$ 32,085</u> |

CITY OF DAHLONEGA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30, 2015 and 2014

| | 2015 | 2014 |
|--|------------------|------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 20,964 | \$ 18,040 |
| Taxes receivable | 18,210 | 20,875 |
| Total assets | \$ 39,174 | \$ 38,915 |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Accounts payable | \$ 39,174 | \$ 38,915 |

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, 2015

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

| | 2015 | | | 2014 |
|--|--------------------|--------------------|--------------------|--------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Hotel/Motel taxes | \$ 206,000 | \$ 205,626 | \$ (374) | \$ 176,394 |
| Total revenues | <u>206,000</u> | <u>205,626</u> | <u>(374)</u> | <u>176,394</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Tourism | | | | |
| Chamber of Commerce | 206,000 | 205,626 | 374 | 176,394 |
| Total expenditures | <u>206,000</u> | <u>205,626</u> | <u>374</u> | <u>176,394</u> |
| Excess (deficiency) of revenues over (under) expenditures | 0 | 0 | 0 | 0 |
| Fund balances, October 1 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund balances, September 30 | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> |



CAPITAL PROJECTS FUNDS

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

Special Purpose Local Option Sales Tax Fund

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

Streetscape Capital Projects Fund

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

2014 Special Purpose Local Option Sales Tax Fund

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

CITY OF DAHLONEGA, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|--------------------------------------|-------------|-------------|
| ASSETS | <u>\$ 0</u> | <u>\$ 0</u> |
| LIABILITIES AND FUND BALANCES | <u>\$ 0</u> | <u>\$ 0</u> |

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

For the fiscal years ended September 30, 2015 and 2014

| | 2015 | 2014 |
|--|------|------------|
| REVENUES | | |
| Intergovernmental | \$ 0 | \$ 246,315 |
| Interest | 0 | 17 |
| | 0 | 246,332 |
| Other financing uses | | |
| Transfers out | | |
| Water and Sewage Enterprise Fund | 0 | (335,096) |
| | 0 | (335,096) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources | 0 | (88,764) |
| Fund balances, October 1 | 0 | 88,764 |
| Fund balances, September 30 | \$ 0 | \$ 0 |

CITY OF DAHLONEGA, GEORGIA
STREETSCAPE CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30, 2015 and 2014

| | 2015 | 2014 |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 422,053 | \$ 347,169 |
| Total assets | \$ 422,053 | \$ 347,169 |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Accounts payable | \$ 19,209 | \$ 2,200 |
| Fund balances | | |
| Assigned to capital outlay | 402,844 | 344,969 |
| Total liabilities and fund balances | \$ 422,053 | \$ 347,169 |

CITY OF DAHLONEGA, GEORGIA
STREETSCAPE CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|--|--------------------------|--------------------------|
| REVENUES | | |
| Total revenues | <u>\$ 0</u> | <u>\$ 0</u> |
| EXPENDITURES | | |
| Capital Outlay | | |
| Public Works | <u>158,445</u> | <u>74,300</u> |
| Total expenditures | <u>158,445</u> | <u>74,300</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(158,445)</u> | <u>(74,300)</u> |
| Other financing sources | | |
| Transfers in | | |
| General Fund | 184,000 | 150,000 |
| Multiple Grant Fund | <u>32,320</u> | <u>0</u> |
| Total other financing sources | <u>216,320</u> | <u>150,000</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources | 57,875 | 75,700 |
| Fund balances, October 1 (restated) | <u>344,969</u> | <u>269,269</u> |
| Fund balances, September 30 | <u><u>\$ 402,844</u></u> | <u><u>\$ 344,969</u></u> |

CITY OF DAHLONEGA, GEORGIA
2014 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30, 2015 and 2014

| | 2015 | 2014 |
|--|------------|------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 412,986 | \$ 159,292 |
| Intergovernmental receivable | 89,701 | 87,869 |
| Total assets | \$ 502,687 | \$ 247,161 |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities | | |
| Due to other funds | \$ 59,940 | \$ 0 |
| Fund balances | | |
| Restricted for capital outlay | 442,747 | 247,161 |
| Total liabilities and fund balances | \$ 502,687 | \$ 247,161 |

CITY OF DAHLONEGA, GEORGIA
2014 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|--|--------------------------|--------------------------|
| REVENUES | | |
| Intergovernmental | \$ 508,468 | \$ 247,057 |
| Interest | 358 | 104 |
| | <u>508,826</u> | <u>247,161</u> |
| Total revenues | 508,826 | 247,161 |
| Other financing sources | | |
| Transfers out | | |
| Water and Sewage Enterprise Fund | <u>(313,240)</u> | <u>0</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources | 195,586 | 247,161 |
| Fund balances, October 1 | <u>247,161</u> | <u>0</u> |
| Fund balances, September 30 | <u><u>\$ 442,747</u></u> | <u><u>\$ 247,161</u></u> |



ENTERPRISE FUNDS

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

Water and Sewage Fund

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

Solid Waste Fund

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

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
September 30, 2015 and 2014

| | 2015 | 2014 |
|--|--------------|--------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,605,948 | \$ 1,939,845 |
| Accounts receivable (net) | 514,570 | 501,049 |
| Due from other funds | 59,940 | 0 |
| Inventory | 116,053 | 146,220 |
| Prepaid items | 233,081 | 443,957 |
| Total current assets | 2,529,592 | 3,031,071 |
| Restricted assets | | |
| Debt Redemption | | |
| Cash and cash equivalents | 35,052 | 244,463 |
| Investments | 0 | 2,239,411 |
| Construction Fund | | |
| Cash and cash equivalents | 611,024 | 598,569 |
| Customer Deposits | | |
| Cash and cash equivalents | 177,280 | 147,650 |
| Total restricted assets | 823,356 | 3,230,093 |
| Capital assets | | |
| Land | 3,333,139 | 3,333,139 |
| Construction in progress | 313,240 | 0 |
| Improvements | 3,844,840 | 3,844,840 |
| Buildings | 22,247,587 | 22,247,587 |
| Water and sewer lines and towers | 20,987,325 | 21,250,980 |
| Machinery and equipment | 5,232,627 | 5,121,647 |
| Accumulated depreciation | (17,290,937) | (15,781,743) |
| Total capital assets (net of accumulated depreciation) | 38,667,821 | 40,016,450 |
| Total assets | 42,020,769 | 46,277,614 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension contributions subsequent to measurement date | 114,014 | 0 |
| Deferred charges on refunding | 3,574,879 | 0 |
| Total deferred outflows of resources | 3,688,893 | 0 |

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
September 30, 2015 and 2014

| | 2015 | 2014 |
|---|----------------------|----------------------|
| LIABILITIES | | |
| Current liabilities | | |
| Payables | | |
| Accounts | \$ 40,591 | \$ 74,406 |
| Intergovernmental | 4,034 | 3,753 |
| Interest | 13,831 | 25,910 |
| Accrued salaries and payroll expenses | 18,801 | 14,336 |
| Compensated absences | 50,438 | 42,599 |
| Due to other funds | 6,290 | 312 |
| Unearned revenue | 145,000 | 135,450 |
| Notes payable | 119,964 | 724,859 |
| | 398,949 | 1,021,625 |
| Current liabilities payable from restricted assets | | |
| Interest payable | 77,526 | 107,758 |
| Customer deposits payable | 177,280 | 147,650 |
| Revenue bonds payable | 690,000 | 685,000 |
| | 944,806 | 940,408 |
| Noncurrent liabilities | | |
| Net pension liability | 413,459 | 0 |
| Compensated absences | 13,407 | 11,324 |
| Notes payable | 5,412,450 | 8,124,067 |
| Revenue bonds payable | 26,936,388 | 23,551,446 |
| | 32,775,704 | 31,686,837 |
| Total liabilities | 34,119,459 | 33,648,870 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension assumption changes | 12,369 | 0 |
| Pension investment return differences | 46,020 | 0 |
| Pension experience differences | 34,557 | 0 |
| | 92,946 | 0 |
| NET POSITION | | |
| Net investment in capital assets | 6,120,043 | 9,769,058 |
| Restricted for debt service | 0 | 136,705 |
| Unrestricted | 5,377,214 | 2,722,981 |
| | 11,497,257 | 12,628,744 |
| Total net position | \$ 11,497,257 | \$ 12,628,744 |

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, 2015 and 2014

| | 2015 | 2014 |
|------------------------------------|----------------------|----------------------|
| OPERATING REVENUES | | |
| Charges for sales and services | | |
| Water sales | \$ 2,204,955 | \$ 2,179,706 |
| Sewer charges | 1,607,254 | 1,521,768 |
| Tap fees | 556,400 | 801,861 |
| Other | 5,388 | 3,166 |
| | 4,373,997 | 4,506,501 |
| OPERATING EXPENSES | | |
| Cost of sales and services | 1,014,551 | 961,838 |
| Personal services | 1,012,176 | 959,886 |
| Depreciation | 1,692,913 | 1,708,276 |
| | 3,719,640 | 3,630,000 |
| Operating income (loss) | 654,357 | 876,501 |
| Non-operating revenues (expenses) | | |
| Intergovernmental revenue | 0 | 604 |
| Interest revenue | 95,658 | 105,295 |
| Interest expense | (1,575,371) | (1,656,350) |
| Loss on sale of capital assets | (79,935) | (34,000) |
| Debt issue costs | (372,647) | 0 |
| Other | 0 | (18,535) |
| | (1,932,295) | (1,602,986) |
| Net income (loss) before transfers | (1,277,938) | (726,485) |
| Transfers in (out) | | |
| General Fund | 284,292 | 284,292 |
| SPLOST Capital Projects Fund | 313,240 | 335,096 |
| | 597,532 | 619,388 |
| Change in net position | (680,406) | (107,097) |
| Net position, October 1 (original) | 12,628,744 | 12,735,841 |
| Prior period adjustments | (451,081) | 0 |
| Net position, October 1 (restated) | 12,177,663 | 12,735,841 |
| Net position, September 30 | \$ 11,497,257 | \$ 12,628,744 |

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2015 and 2014

| | 2015 | 2014 |
|---|--------------|--------------|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 4,394,268 | \$ 4,444,056 |
| Payments to suppliers | (974,761) | (933,396) |
| Payments to employees | (1,056,479) | (962,613) |
| Other receipts | 5,388 | 3,166 |
| | 2,368,416 | 2,551,213 |
| Net cash provided (used) by operating activities | | |
| Cash flows from non-capital financing activities: | | |
| Receipts from other funds | 290,270 | 302,247 |
| Payments to other funds | (59,940) | (17,875) |
| | 230,330 | 284,372 |
| Net cash provided (used) by non-capital financing activities | | |
| Cash flows from capital and related financing activities: | | |
| Receipts from other funds | 313,240 | 335,096 |
| Receipts from other governments | 0 | 604 |
| Payments for acquisitions of capital assets | (424,219) | (127,231) |
| Proceeds from debt issuance - revenue bonds | 27,626,388 | 0 |
| Principal payments - revenue bonds | (24,595,000) | (580,000) |
| Principal payments - promissory notes | (3,316,512) | (695,426) |
| Debt issue costs and deferred charges | (3,947,526) | 0 |
| Interest paid | (1,091,409) | (1,643,545) |
| | (5,435,038) | (2,710,502) |
| Net cash provided (used) by capital and related financing activities | | |
| Cash flows from investing activities: | | |
| Proceeds from sale of investments | 2,239,411 | 6,693,900 |
| Purchases of investments | 0 | (6,697,989) |
| Payments received on notes receivable | 0 | 56,000 |
| Interest received | 95,658 | 105,295 |
| | 2,335,069 | 157,206 |
| Net cash provided (used) by investing activities | | |
| Net increase (decrease) in cash and cash equivalents | (501,223) | 282,289 |
| Cash and cash equivalents, October 1 | 2,930,527 | 2,648,238 |
| Cash and cash equivalents, September 30 | \$ 2,429,304 | \$ 2,930,527 |

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2015 and 2014

| | 2015 | 2014 |
|---|--------------|--------------|
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ 654,357 | \$ 876,501 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation expense | 1,692,913 | 1,708,276 |
| (Increase) decrease in accounts receivable | (13,521) | 5,470 |
| (Increase) decrease in inventory | 30,167 | 3,922 |
| (Increase) decrease in prepaid items | 43,157 | 11,827 |
| (Increase) decrease in pension contributions subsequent to measurement date | (114,014) | 0 |
| Increase (decrease) in accounts payable | (33,815) | 10,512 |
| Increase (decrease) in intergovernmental payable | 281 | 2,181 |
| Increase (decrease) in payroll liabilities | 14,387 | (2,727) |
| Increase (decrease) in net pension liability | (37,622) | 0 |
| Increase (decrease) in pension assumption changes | 12,369 | 0 |
| Increase (decrease) in pension investment return differences | 46,020 | 0 |
| Increase (decrease) in pension experience differences | 34,557 | 0 |
| Increase (decrease) in deposits payable | 29,630 | 42,801 |
| Increase (decrease) in unearned revenue | 9,550 | (107,550) |
| Total adjustments | 1,714,059 | 1,674,712 |
| Net cash provided (used) by operating activities | \$ 2,368,416 | \$ 2,551,213 |
| Cash and cash equivalents reconciliation: | | |
| Cash and cash equivalents | \$ 1,605,948 | \$ 1,939,845 |
| Debt Redemption | | |
| Cash and cash equivalents | 35,052 | 244,463 |
| Construction Fund | | |
| Cash and cash equivalents | 611,024 | 598,569 |
| Customer Deposits | | |
| Cash and cash equivalents | 177,280 | 147,650 |
| Total cash and cash equivalents | \$ 2,429,304 | \$ 2,930,527 |

Noncash capital and related financing and investing activities:

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

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
September 30, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 80,678 | \$ 129,543 |
| Accounts receivable (net) | 94,835 | 83,976 |
| Due from other funds | 0 | 4,561 |
| Prepaid items | 15,462 | 14,788 |
| | <hr/> | <hr/> |
| Total current assets | 190,975 | 232,868 |
| | <hr/> | <hr/> |
| Capital assets | | |
| Improvements | 11,583 | 11,583 |
| Buildings | 255,066 | 255,066 |
| Machinery and equipment | 793,877 | 793,877 |
| Accumulated depreciation | (643,402) | (574,674) |
| | <hr/> | <hr/> |
| Total capital assets (net of accumulated depreciation) | 417,124 | 485,852 |
| | <hr/> | <hr/> |
| Total assets | 608,099 | 718,720 |
| | <hr/> | <hr/> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension contributions subsequent to measurement date | 38,320 | 0 |
| | <hr/> | <hr/> |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | 346 | 5,243 |
| Accrued salaries and payroll expenses | 7,262 | 4,638 |
| Compensated absences | 11,184 | 7,099 |
| Due to other funds | 5,448 | 0 |
| | <hr/> | <hr/> |
| Total current liabilities | 24,240 | 16,980 |
| | <hr/> | <hr/> |
| Noncurrent liabilities | | |
| Net pension liability | 138,963 | 0 |
| Compensated absences | 2,973 | 1,887 |
| | <hr/> | <hr/> |
| Total noncurrent liabilities | 141,936 | 1,887 |
| | <hr/> | <hr/> |
| Total liabilities | 166,176 | 18,867 |
| | <hr/> | <hr/> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension assumption changes | 4,157 | 0 |
| Pension investment return differences | 15,467 | 0 |
| Pension experience differences | 11,615 | 0 |
| | <hr/> | <hr/> |
| Total deferred inflows of resources | 31,239 | 0 |
| | <hr/> | <hr/> |
| NET POSITION | | |
| Investment in capital assets | 417,124 | 485,852 |
| Unrestricted | 31,880 | 214,001 |
| | <hr/> | <hr/> |
| Total net position | \$ 449,004 | \$ 699,853 |
| | <hr/> <hr/> | <hr/> <hr/> |

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, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|------------------------------------|--------------------------|--------------------------|
| OPERATING REVENUES | | |
| Charges for sales and services | \$ 609,243 | \$ 577,185 |
| Other | 2,271 | 0 |
| Total operating revenues | <u>611,514</u> | <u>577,185</u> |
| OPERATING EXPENSES | | |
| Cost of sales and services | 249,979 | 210,148 |
| Personal services | 392,190 | 381,287 |
| Depreciation | 68,728 | 65,715 |
| Total operating expenses | <u>710,897</u> | <u>657,150</u> |
| Operating income (loss) | (99,383) | (79,965) |
| Non-operating revenues (expenses) | | |
| Interest revenue | 142 | 227 |
| Change in net position | <u>(99,241)</u> | <u>(79,738)</u> |
| Net position, October 1 (original) | 699,853 | 779,591 |
| Prior period adjustments | (151,608) | 0 |
| Net position, October 1 (restated) | <u>548,245</u> | <u>779,591</u> |
| Net position, September 30 | <u><u>\$ 449,004</u></u> | <u><u>\$ 699,853</u></u> |

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2015 and 2014

| | 2015 | 2014 |
|---|--------------------|--------------------|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 598,384 | \$ 572,236 |
| Payments to suppliers | (255,550) | (235,011) |
| Payments to employees | (404,121) | (381,068) |
| Other receipts | 2,271 | 0 |
| | (59,016) | (43,843) |
| Net cash provided (used) by operating activities | | |
| Cash flows from non-capital financing activities: | | |
| Receipts from other funds | 10,009 | 0 |
| Payments to other funds | 0 | (6,804) |
| | 10,009 | (6,804) |
| Net cash provided (used) by non-capital financing activities | | |
| Cash flows from capital and related financing activities: | | |
| Payments for acquisitions of capital assets | 0 | (68,995) |
| | 0 | (68,995) |
| Cash flows from investing activities: | | |
| Interest received | 142 | 227 |
| | 142 | 227 |
| Net increase (decrease) in cash and cash equivalents | (48,865) | (119,415) |
| Cash and cash equivalents, October 1 | 129,543 | 248,958 |
| | 129,543 | 248,958 |
| Cash and cash equivalents, September 30 | \$ 80,678 | \$ 129,543 |
| | | |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ (99,383) | \$ (79,965) |
| | (99,383) | (79,965) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | |
| Depreciation expense | 68,728 | 65,715 |
| (Increase) decrease in accounts receivable | (10,859) | (4,949) |
| (Increase) decrease in prepaid items | (674) | (2,128) |
| (Increase) decrease in contributions subsequent to measurement period | (38,320) | 0 |
| Increase (decrease) in accounts payable | (4,897) | (22,735) |
| Increase (decrease) in payroll liabilities | 7,795 | 219 |
| Increase (decrease) in net pension liability | (12,645) | 0 |
| Increase (decrease) in pension assumption changes | 4,157 | 0 |
| Increase (decrease) in pension investment return differences | 15,467 | 0 |
| Increase (decrease) in pension experience differences | 11,615 | 0 |
| | 40,367 | 36,122 |
| Total adjustments | | |
| Net cash provided (used) by operating activities | \$ (59,016) | \$ (43,843) |



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, 2015 and 2014

| | 2015 | 2014 |
|--|------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 73,397 | \$ 110,618 |
| Accounts receivable (net) | 235 | 0 |
| Intergovernmental receivable | 0 | 100 |
| Prepaid items | 7,351 | 6,699 |
| Restricted assets | | |
| Cash and cash equivalents | 5,813 | 12,315 |
| Total assets | \$ 86,796 | \$ 129,732 |
| LIABILITIES AND FUND BALANCES | | |
| Current Liabilities | | |
| Accounts payable | \$ 441 | \$ 16 |
| Accrued salaries and payroll liabilities | 3,168 | 2,638 |
| Total liabilities | 3,609 | 2,654 |
| Fund balances | | |
| Nonspendable: | | |
| Prepaid items | 7,351 | 6,699 |
| Restricted for Dahlonega 2000 operations | 5,813 | 12,315 |
| Assigned to: | | |
| Redevelopment projects | 37,023 | 75,064 |
| Operations | 33,000 | 33,000 |
| Total fund balances | 83,187 | 127,078 |
| Total liabilities and fund balances | \$ 86,796 | \$ 129,732 |

CITY OF DAHLONEGA, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended September 30, 2015
(With comparative actual amounts for the fiscal year ended September 30, 2014)

| | 2015 | | | 2014 |
|--|-----------------|------------------|------------------|-------------------|
| | Final Budget | Actual | Variance | Actual |
| REVENUES | | | | |
| Intergovernmental | \$ 157,150 | 157,150 | \$ 0 | \$ 197,541 |
| Interest | 300 | 192 | (108) | 297 |
| Contributions | 1,705 | 1,180 | (525) | 2,702 |
| Other | 0 | 291 | 291 | 250 |
| Total revenues | 159,155 | 158,813 | (342) | 200,790 |
| EXPENDITURES | | | | |
| Current | | | | |
| Housing and Development | | | | |
| Personal services | 123,877 | 123,838 | 39 | 118,829 |
| Contract services | 74,420 | 74,324 | 96 | 83,071 |
| Supplies and materials | 4,550 | 4,542 | 8 | 4,072 |
| Total expenditures | 202,847 | 202,704 | 143 | 205,972 |
| Excess of revenues over (under) expenditures | (43,692) | (43,891) | (199) | (5,182) |
| Other financing sources (uses) | | | | |
| Loss on sale of property held for resale | 0 | 0 | 0 | (34,000) |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | (43,692) | (43,891) | (199) | (39,182) |
| Fund balances, October 1 | 43,692 | 127,078 | 83,386 | 166,260 |
| Fund balances, September 30 | \$ 0 | \$ 83,187 | \$ 83,187 | \$ 127,078 |



STATISTICAL SECTION





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

CONTENTS **PAGES**

Financial Trends.....126 - 139

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.....140 - 149

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

Debt Capacity.....150 - 157

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.....158 - 159

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.....160 - 162

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

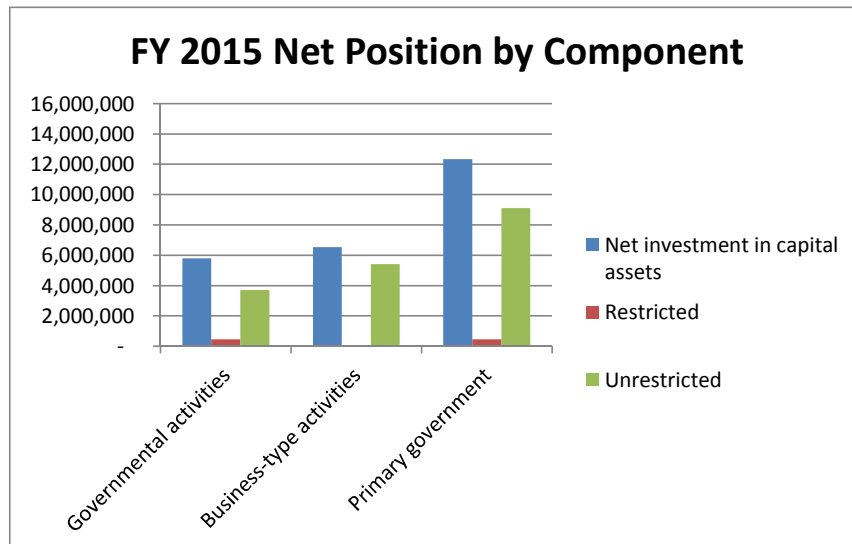
NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

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

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 4,360,841 | \$ 4,477,984 | \$ 5,138,468 | \$ 5,542,733 | \$ 5,598,272 | \$ 5,805,471 |
| 571,645 | 1,061,542 | 516,149 | 459,082 | 252,358 | 448,697 |
| 3,442,292 | 3,489,170 | 3,333,580 | 3,172,941 | 3,863,183 | 3,703,238 |
| <u>\$ 8,374,778</u> | <u>\$ 9,028,696</u> | <u>\$ 8,988,197</u> | <u>\$ 9,174,756</u> | <u>\$ 9,713,813</u> | <u>\$ 9,957,406</u> |
| | | | | | |
| \$ 13,637,369 | \$ 11,446,338 | \$ 11,091,994 | \$ 10,569,488 | \$ 10,254,910 | \$ 6,537,167 |
| 124,070 | 22,823 | 194,395 | 200,921 | 136,705 | 0 |
| 2,615,921 | 3,351,427 | 2,946,946 | 2,988,023 | 2,936,982 | 5,409,094 |
| <u>\$ 16,377,360</u> | <u>\$ 14,820,588</u> | <u>\$ 14,233,335</u> | <u>\$ 13,758,432</u> | <u>\$ 13,328,597</u> | <u>\$ 11,946,261</u> |
| | | | | | |
| \$ 17,998,210 | \$ 15,924,322 | \$ 16,230,462 | \$ 16,112,221 | \$ 15,853,182 | \$ 12,342,638 |
| 695,715 | 1,084,365 | 710,544 | 660,003 | 389,063 | 448,697 |
| 6,058,213 | 6,840,597 | 6,280,526 | 6,160,964 | 6,800,165 | 9,112,332 |
| <u>\$ 24,752,138</u> | <u>\$ 23,849,284</u> | <u>\$ 23,221,532</u> | <u>\$ 22,933,188</u> | <u>\$ 23,042,410</u> | <u>\$ 21,903,667</u> |



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

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

Fiscal Year

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ | 1,041,292 | \$ 1,036,537 | \$ 1,039,743 | \$ 1,325,328 | \$ 1,038,602 | \$ 1,121,681 |
| | 282,317 | 233,740 | 225,240 | 226,361 | 235,365 | 203,102 |
| | 60,651 | 84,785 | 80,483 | 14,336 | 7,420 | 3,257 |
| | 909,630 | 1,051,610 | 1,085,828 | 1,205,726 | 1,157,314 | 1,018,991 |
| | 47,874 | 23,294 | 26,427 | 33,482 | 39,822 | 70,495 |
| | 490,080 | 540,307 | 530,445 | 485,038 | 577,068 | 570,761 |
| | 1,399 | 834 | 569 | 0 | 0 | 0 |
| | <u>2,833,243</u> | <u>2,971,107</u> | <u>2,988,735</u> | <u>3,290,271</u> | <u>3,055,591</u> | <u>2,988,287</u> |
| | 4,068,774 | 5,555,316 | 5,364,216 | 5,251,093 | 5,338,885 | 5,747,593 |
| | 451,793 | 459,381 | 470,213 | 480,443 | 657,150 | 710,897 |
| | <u>4,520,567</u> | <u>6,014,697</u> | <u>5,834,429</u> | <u>5,731,536</u> | <u>5,996,035</u> | <u>6,458,490</u> |
| \$ | <u>7,353,810</u> | <u>8,985,804</u> | <u>8,823,164</u> | <u>9,021,807</u> | <u>9,051,626</u> | <u>9,446,777</u> |
| \$ | 77,355 | \$ 80,081 | \$ 82,110 | \$ 91,347 | \$ 108,752 | \$ 103,408 |
| | 262,317 | 223,361 | 197,935 | 182,597 | 178,888 | 143,331 |
| | 30,950 | 40,150 | 87,250 | 31,750 | 47,680 | 73,745 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | 36,343 | 50,674 | 15,294 | 79,081 | 80,495 | 125,840 |
| | 6,410 | 24,392 | 34,910 | 48,858 | 21,739 | 146,117 |
| | <u>524,614</u> | <u>660,679</u> | <u>953,515</u> | <u>968,085</u> | <u>750,691</u> | <u>595,234</u> |
| | 937,989 | 1,079,337 | 1,371,014 | 1,401,718 | 1,188,245 | 1,187,675 |
| | 3,520,548 | 3,555,939 | 3,454,006 | 3,892,527 | 4,503,335 | 4,368,609 |
| | 523,681 | 545,217 | 566,395 | 571,479 | 577,185 | 609,243 |
| | 100,158 | 0 | 0 | 0 | 604 | 0 |
| | <u>4,144,387</u> | <u>4,101,156</u> | <u>4,020,401</u> | <u>4,464,006</u> | <u>5,081,124</u> | <u>4,977,852</u> |
| \$ | <u>5,082,376</u> | <u>5,180,493</u> | <u>5,391,415</u> | <u>5,865,724</u> | <u>6,269,369</u> | <u>6,165,527</u> |

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

| | Fiscal Year | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 |
| Net (expense)/revenue | | | | |
| Governmental activities | \$ (1,356,884) | \$ (1,940,310) | \$ (2,454,953) | \$ (1,940,310) |
| Business-type activities | (119,164) | 1,743,189 | 988,075 | 1,743,189 |
| Total primary government net (expense)/revenue | <u>(1,476,048)</u> | <u>(197,121)</u> | <u>(1,466,878)</u> | <u>(197,121)</u> |
| General revenues and other changes in net assets | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property | 646,490 | 839,600 | 878,253 | 929,774 |
| Local option sales | 899,995 | 837,951 | 832,447 | 723,690 |
| Franchise | 437,200 | 454,128 | 488,607 | 493,335 |
| Insurance premium | 182,204 | 190,631 | 198,849 | 203,612 |
| Intangibles | 16,951 | 23,432 | 28,148 | 8,306 |
| Alcoholic beverage | 140,133 | 147,210 | 156,736 | 166,266 |
| Occupational | 112,213 | 117,176 | 123,662 | 126,506 |
| Hotel/Motel and other | 107,244 | 115,031 | 129,217 | 119,547 |
| Investment earnings | 123,885 | 121,675 | 102,272 | 50,981 |
| Gain on sale of assets | 0 | 0 | 294,980 | 67,352 |
| Miscellaneous | 0 | 10,510 | 41,811 | 47,647 |
| Transfers | (233,841) | (215,647) | (284,296) | (618,569) |
| Total governmental activities | <u>2,432,474</u> | <u>2,641,697</u> | <u>2,990,686</u> | <u>2,318,447</u> |
| Business-type activities | | | | |
| Investment earnings | 57,244 | 70,758 | 78,261 | 29,226 |
| Grants and contributions not restricted to specific programs | 1,056,641 | 0 | 0 | 0 |
| Gain on sale of assets | 0 | 1,123 | 6,685 | 12,521 |
| Miscellaneous | 1,175 | 0 | 5,405 | 17,659 |
| Special items | 0 | 0 | 0 | 0 |
| Transfers | 233,841 | 215,647 | 284,296 | 618,569 |
| Total business-type activities | <u>1,348,901</u> | <u>287,528</u> | <u>374,647</u> | <u>677,975</u> |
| Total primary government | <u>3,781,375</u> | <u>2,929,225</u> | <u>3,365,333</u> | <u>2,996,422</u> |
| Change in net position | | | | |
| Governmental activities | 1,075,590 | 701,387 | 535,733 | 378,137 |
| Business-type activities | 1,229,737 | 2,030,717 | 1,362,722 | 2,421,164 |
| Total primary government | <u>\$ 2,305,327</u> | <u>\$ 2,732,104</u> | <u>\$ 1,898,455</u> | <u>\$ 2,799,301</u> |

Fiscal Year

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|--------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| | \$ (1,895,254) | \$ (1,891,770) | \$ (1,617,721) | \$ (1,888,553) | \$ (1,867,346) | \$ (1,800,612) |
| | <u>(376,180)</u> | <u>(1,913,541)</u> | <u>(1,814,028)</u> | <u>(1,267,530)</u> | <u>(914,911)</u> | <u>(1,480,638)</u> |
| | <u>(2,271,434)</u> | <u>(3,805,311)</u> | <u>(3,431,749)</u> | <u>(3,156,083)</u> | <u>(2,782,257)</u> | <u>(3,281,250)</u> |
| | | | | | | |
| | 903,412 | 890,743 | 861,790 | 919,297 | 1,025,084 | 1,003,607 |
| | 744,801 | 763,535 | 756,139 | 732,042 | 745,133 | 800,988 |
| | 460,629 | 478,013 | 505,998 | 497,013 | 490,264 | 528,287 |
| | 201,702 | 195,840 | 245,897 | 261,157 | 270,403 | 282,726 |
| | 11,854 | 8,191 | 12,388 | 15,712 | 11,312 | 20,582 |
| | 176,223 | 164,240 | 162,457 | 174,592 | 171,576 | 193,583 |
| | 110,811 | 115,560 | 111,636 | 116,076 | 116,749 | 109,168 |
| | 121,833 | 149,661 | 149,373 | 156,184 | 180,499 | 211,683 |
| | 41,210 | 10,755 | 9,773 | 10,243 | 5,202 | 5,176 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | 47,543 | 53,442 | 46,030 | 17,088 | 9,569 | 15,012 |
| | <u>(801,224)</u> | <u>(284,292)</u> | <u>(1,384,292)</u> | <u>(824,292)</u> | <u>(619,388)</u> | <u>(597,532)</u> |
| | <u>2,018,794</u> | <u>2,545,688</u> | <u>1,477,189</u> | <u>2,075,112</u> | <u>2,406,403</u> | <u>2,573,280</u> |
| | | | | | | |
| | 22,442 | 67,471 | 135,030 | 112,426 | 105,522 | 95,800 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2,514 | 5,006 | 4,390 | 1,279 | 3,166 | 7,659 |
| | 0 | 0 | (296,937) | 0 | 0 | 0 |
| | <u>801,224</u> | <u>284,292</u> | <u>1,384,292</u> | <u>824,292</u> | <u>619,388</u> | <u>597,532</u> |
| | <u>826,180</u> | <u>356,769</u> | <u>1,226,775</u> | <u>937,997</u> | <u>728,076</u> | <u>700,991</u> |
| | <u>2,844,974</u> | <u>2,902,457</u> | <u>2,703,964</u> | <u>3,013,109</u> | <u>3,134,479</u> | <u>3,274,271</u> |
| | | | | | | |
| | 123,540 | 653,918 | (140,532) | 186,559 | 539,057 | 772,668 |
| | 450,000 | (1,556,772) | (587,253) | (329,533) | (186,835) | (779,647) |
| | <u>\$ 573,540</u> | <u>\$ (902,854)</u> | <u>\$ (727,785)</u> | <u>\$ (142,974)</u> | <u>\$ 352,222</u> | <u>\$ (6,979)</u> |

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

| <u>Fiscal Year</u> | <u>Property Tax</u> | <u>Intangible Tax</u> | <u>Franchise Tax</u> | <u>Occupational Tax</u> |
|------------------------|-------------------------|---------------------------|--------------------------|-----------------------------|
| 2006 | \$ 646,490 | \$ 16,951 | \$ 437,200 | \$ 112,213 |
| 2007 | 839,600 | 23,432 | 454,128 | 117,176 |
| 2008 | 878,253 | 28,148 | 488,607 | 123,662 |
| 2009 | 929,774 | 8,306 | 493,335 | 126,506 |
| 2010 | 903,412 | 11,854 | 460,629 | 110,811 |
| 2011 | 890,743 | 8,191 | 478,013 | 115,560 |
| 2012 | 861,790 | 12,388 | 505,998 | 111,636 |
| 2013 | 919,297 | 15,712 | 497,013 | 116,076 |
| 2014 | 1,025,084 | 11,312 | 490,264 | 116,749 |
| 2015 | 1,003,607 | 20,582 | 528,287 | 109,168 |
| Change 2006 - 2015 | 55.24% | 21.42% | 20.83% | -2.71% |

| <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> |
|----------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|--------------|
| \$ 182,204 | \$ 140,133 | \$ 107,244 | \$ 899,995 | \$ 2,542,430 |
| 190,631 | 147,210 | 115,031 | 837,951 | 2,725,159 |
| 198,849 | 156,736 | 129,217 | 832,447 | 2,835,919 |
| 203,612 | 166,266 | 119,547 | 723,690 | 2,771,036 |
| 201,702 | 176,223 | 121,833 | 744,801 | 2,731,265 |
| 195,840 | 164,240 | 149,661 | 763,535 | 2,765,783 |
| 245,897 | 162,457 | 149,373 | 756,139 | 2,805,678 |
| 261,157 | 174,592 | 156,184 | 732,042 | 2,872,073 |
| 270,403 | 171,576 | 180,499 | 745,133 | 3,011,020 |
| 282,726 | 193,583 | 211,683 | 800,988 | 3,150,624 |
| 55.17% | 38.14% | 97.38% | -11.00% | 23.92% |

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

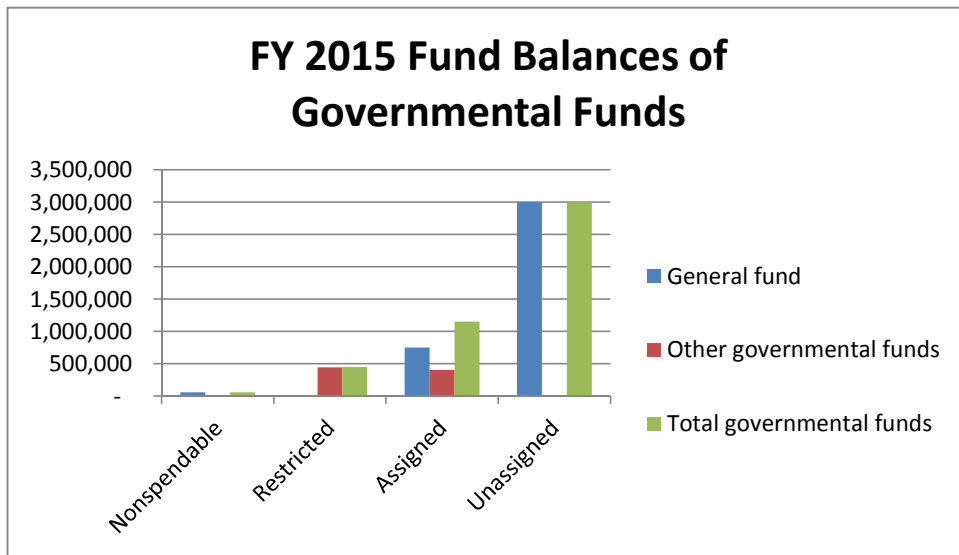
| | Fiscal Year | | | |
|------------------------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 |
| General fund | | | | |
| Reserved | \$ 35,104 ⁽¹⁾ | \$ 315,793 | \$ 316,579 | \$ 346,729 |
| Unreserved | 2,360,698 | 2,459,781 | 2,961,152 | 3,265,866 |
| Nonspendable | 0 | 0 | 0 | 0 |
| Restricted | 0 | 0 | 0 | 0 |
| Assigned | 0 | 0 | 0 | 0 |
| Unassigned | 0 | 0 | 0 | 0 |
| Total general fund | <u>2,395,802</u> | <u>2,775,574</u> | <u>3,277,731</u> | <u>3,612,595</u> |
| All other governmental funds | | | | |
| Unreserved, reported in: | | | | |
| Special revenue funds | 3,579 | (3,564) | 3,238 | 18,608 |
| Capital project funds | 0 | 0 | 0 ⁽²⁾ | 165,993 |
| Restricted | 0 | 0 | 0 | 0 |
| Assigned | 0 | 0 | 0 | 0 |
| Total all other governmental funds | <u>3,579</u> | <u>(3,564)</u> | <u>3,238</u> | <u>184,601</u> |
| Total governmental funds | <u>\$ 2,399,381</u> | <u>\$ 2,772,010</u> | <u>\$ 3,280,969</u> | <u>\$ 3,797,196</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 | | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----|
| 2010 | ⁽³⁾ 2011 | 2012 | 2013 | 2014 | 2015 | |
| \$ 357,608 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3,413,767 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 72,242 | 82,918 | 75,731 | 66,009 | 56,447 | |
| 0 | 321,828 | 359,076 | 365,590 | 5,197 | 5,225 | |
| 0 | 2,134,368 | 1,798,609 | 1,972,372 | 1,029,371 | 750,000 | |
| 0 | 1,196,824 | 1,265,550 | 826,346 | 2,309,948 | 2,996,915 | |
| <u>3,771,375</u> | <u>3,725,262</u> | <u>3,506,153</u> | <u>3,240,039</u> | <u>3,410,525</u> | <u>3,808,587</u> | |
| 4,253 | 0 | 0 | 0 | 0 | 0 | |
| 259,819 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 739,714 | 157,073 | 93,492 | 247,161 | 443,472 | |
| 0 | 104,942 | 179,431 | 301,557 | 436,454 | 402,844 | |
| <u>264,072</u> | <u>844,656</u> | <u>336,504</u> | <u>395,049</u> | <u>683,615</u> | <u>846,316</u> | |
| <u>\$ 4,035,447</u> | <u>\$ 4,569,918</u> | <u>\$ 3,842,657</u> | <u>\$ 3,635,088</u> | <u>\$ 4,094,140</u> | <u>\$ 4,654,903</u> | |



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

| | Fiscal Year | | |
|---|---------------------|---------------------|---------------------|
| | 2006 | 2007 | 2008 |
| Revenues | | | |
| Taxes | \$ 2,517,103 | \$ 2,721,488 | \$ 2,824,520 |
| Licenses and permits | 126,486 | 186,291 | 137,327 |
| Fines, fees and forfeitures | 151,238 | 171,700 | 135,489 |
| Charges for services | 71,190 | 52,970 | 45,851 |
| Intergovernmental | 299,616 | 18,827 | 11,740 |
| Interest | 123,885 | 121,675 | 102,272 |
| Contributions | 0 | 132 | 1,126 |
| Other | 24,323 | 10,510 | 41,811 |
| Total revenues | <u>3,313,841</u> | <u>3,283,593</u> | <u>3,300,136</u> |
| Expenditures | | | |
| General Government | 1,407,922 | 1,243,109 | 1,007,524 |
| Judicial | 178,877 | 208,740 | 185,931 |
| Public Safety | 9772 | 0 | 85,007 |
| Public Works | 1,144,822 | 646,641 | 758,950 |
| Culture and Recreation | 160,024 | 75,841 | 135,478 |
| Housing and Development | 343,823 | 546,511 | 663,407 |
| Debt Service | | | |
| Principal | 0 | 2,454 | 11,740 |
| Interest | 0 | 445 | 1,938 |
| Capital outlay | 0 | 0 | 0 |
| Total expenditures | <u>3,245,240</u> | <u>2,723,741</u> | <u>2,849,975</u> |
| Excess of revenues over (under) expenditures | <u>68,601</u> | <u>559,852</u> | <u>450,161</u> |
| Other financing sources (uses) | | | |
| Transfers in | 139,772 | 2,000 | 0 |
| Transfers out | (373,613) | (217,647) | (284,296) |
| Issuance of capital leases | 0 | 12,988 | 48,114 |
| Sales of capital assets | 4,631 | 0 | 294,980 |
| Total other financing sources (uses) | <u>(229,210)</u> | <u>(202,659)</u> | <u>58,798</u> |
| Net change in fund balances | (160,609) | 357,193 | 508,959 |
| Fund balance, October 1 (original) | 2,559,990 | 2,399,381 | 2,772,010 |
| Prior period adjustments | 0 | 15,436 | 0 |
| Fund balance , September 30 | <u>\$ 2,399,381</u> | <u>\$ 2,772,010</u> | <u>\$ 3,280,969</u> |
| Debt service as a percentage of noncapital expenditures | 0.00% | 0.13% | 0.51% |

Fiscal Year

| 2009 | | 2010 | | 2011 | | 2012 | | 2013 | | 2014 | | 2015 | |
|------|------------------|------|------------------|------|------------------|------|--------------------|------|------------------|------|------------------|------|------------------|
| \$ | 2,750,812 | \$ | 2,752,538 | \$ | 2,764,816 | \$ | 2,810,422 | \$ | 2,862,021 | \$ | 2,986,457 | \$ | 3,181,985 |
| | 111,484 | | 113,675 | | 130,755 | | 97,404 | | 170,428 | | 189,247 | | 229,248 |
| | 186,801 | | 262,317 | | 223,361 | | 197,935 | | 182,597 | | 178,888 | | 143,331 |
| | 29,900 | | 30,973 | | 40,150 | | 87,250 | | 31,750 | | 47,680 | | 73,745 |
| | 534,270 | | 527,429 | | 632,285 | | 937,521 | | 1,016,820 | | 772,309 | | 740,992 |
| | 50,981 | | 43,897 | | 11,618 | | 10,502 | | 10,366 | | 5,323 | | 5,534 |
| | 747 | | 908 | | 51,923 | | 50,175 | | 0 | | 0 | | 0 |
| | 47,647 | | 47,543 | | 53,442 | | 46,030 | | 17,087 | | 9,569 | | 15,013 |
| | <u>3,712,642</u> | | <u>3,779,280</u> | | <u>3,908,350</u> | | <u>4,237,239</u> | | <u>4,291,069</u> | | <u>4,189,473</u> | | <u>4,389,848</u> |
| | 1,342,371 | | 1,001,586 | | 997,408 | | 1,023,206 | | 1,294,435 | | 1,006,061 | | 1,106,846 |
| | 256,045 | | 283,124 | | 233,740 | | 225,240 | | 226,361 | | 235,365 | | 204,662 |
| | 105,371 | | 60,651 | | 84,785 | | 80,483 | | 14,336 | | 7,420 | | 3,257 |
| | 782,237 | | 770,852 | | 1,091,728 | | 1,286,270 | | 1,202,632 | | 1,180,582 | | 1,133,444 |
| | 54,167 | | 33,446 | | 8,820 | | 14,625 | | 24,955 | | 29,123 | | 59,890 |
| | 518,510 | | 500,446 | | 538,476 | | 637,982 | | 529,148 | | 579,082 | | 597,180 |
| | 11,739 | | 12,279 | | 12,843 | | 10,207 | | 0 | | 0 | | 0 |
| | 1,938 | | 1,399 | | 834 | | 569 | | 0 | | 0 | | 0 |
| | 0 | | 76,022 | | 120,953 | | 301,626 | | 382,479 | | 74,300 | | 166,052 |
| | <u>3,072,378</u> | | <u>2,739,805</u> | | <u>3,089,587</u> | | <u>3,580,208</u> | | <u>3,674,346</u> | | <u>3,111,933</u> | | <u>3,271,331</u> |
| | <u>640,264</u> | | <u>1,039,475</u> | | <u>818,763</u> | | <u>657,031</u> | | <u>616,723</u> | | <u>1,077,540</u> | | <u>1,118,517</u> |
| | 48,869 | | 160,363 | | 44,400 | | 100,000 | | 163,445 | | 150,000 | | 220,124 |
| | (667,438) | | (961,587) | | (328,692) | | (1,484,292) | | (987,737) | | (769,388) | | (817,656) |
| | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 |
| | 494,532 | | 0 | | 0 | | 0 | | 0 | | 900 | | 0 |
| | <u>(124,037)</u> | | <u>(801,224)</u> | | <u>(284,292)</u> | | <u>(1,384,292)</u> | | <u>(824,292)</u> | | <u>(618,488)</u> | | <u>(597,532)</u> |
| | 516,227 | | 238,251 | | 534,471 | | (727,261) | | (207,569) | | 459,052 | | 520,985 |
| | 3,280,969 | | 3,797,196 | | 4,035,447 | | 4,569,918 | | 3,842,657 | | 3,635,088 | | 4,094,140 |
| | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 39,778 |
| \$ | <u>3,797,196</u> | \$ | <u>4,035,447</u> | \$ | <u>4,569,918</u> | \$ | <u>3,842,657</u> | \$ | <u>3,635,088</u> | \$ | <u>4,094,140</u> | \$ | <u>4,654,903</u> |
| | 0.52% | | 0.51% | | 0.49% | | 0.40% | | 0.00% | | 0.00% | | 0.00% |

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

| Fiscal Year | Property Tax | Intangibles Tax | Franchise Tax | Occupational Tax |
|-----------------------|-----------------|--------------------|------------------|---------------------|
| 2006 | \$ 639,352 | \$ 16,951 | \$ 437,200 | \$ 112,213 |
| 2007 | 812,855 | 23,432 | 454,128 | 117,176 |
| 2008 | 895,002 | 28,148 | 488,607 | 123,662 |
| 2009 | 917,856 | 8,306 | 493,335 | 126,506 |
| 2010 | 924,685 | 11,854 | 460,629 | 110,811 |
| 2011 | 889,776 | 8,191 | 478,013 | 115,560 |
| 2012 | 866,534 | 12,388 | 505,998 | 111,636 |
| 2013 | 909,245 | 15,712 | 497,013 | 116,076 |
| 2014 | 1,000,521 | 11,312 | 490,264 | 116,749 |
| 2015 | 1,055,550 | 6,057 | 528,287 | 109,168 |
| Change 2006 - 2015 | 65.10% | -64.27% | 20.83% | -2.71% |

| <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> |
|----------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|--------------|
| \$ 182,204 | \$ 140,133 | \$ 107,244 | \$ 899,995 | \$ 2,535,292 |
| 190,631 | 147,210 | 115,031 | 837,951 | 2,698,414 |
| 198,849 | 156,736 | 129,217 | 832,447 | 2,852,668 |
| 203,612 | 166,266 | 119,547 | 723,690 | 2,759,118 |
| 201,702 | 176,223 | 121,833 | 744,801 | 2,752,538 |
| 195,840 | 164,240 | 149,661 | 763,535 | 2,764,816 |
| 245,897 | 162,457 | 149,373 | 756,139 | 2,810,422 |
| 261,157 | 174,592 | 156,184 | 732,042 | 2,862,021 |
| 270,403 | 171,576 | 180,499 | 745,133 | 2,986,457 |
| 282,726 | 193,583 | 205,626 | 800,988 | 3,181,985 |
| 55.17% | 38.14% | 91.74% | -11.00% | 25.51% |

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 |
| 2006 | \$ 172,218,674 | \$ 4,114,840 | \$ 539,731 | \$ 0 |
| 2007 | 191,169,276 | 4,479,710 | 416,297 | 15,385 |
| 2008 (1) | 223,443,124 | 4,070,310 | 409,680 | 0 |
| 2009 | 236,400,584 | 5,429,330 | 447,042 | 0 |
| 2010 (2) | 242,256,781 | 6,236,220 | 455,958 | 0 |
| 2011 | 236,054,887 | 5,564,160 | 455,631 | 0 |
| 2012 | 226,846,158 | 5,666,920 | 290,325 | 0 |
| 2013 | 202,991,937 | 5,940,190 | 244,393 | 0 |
| 2014 | 205,996,244 | 4,641,760 | 101,682 | 0 |
| 2015 | 205,996,244 | 4,641,760 | 101,682 | 0 |

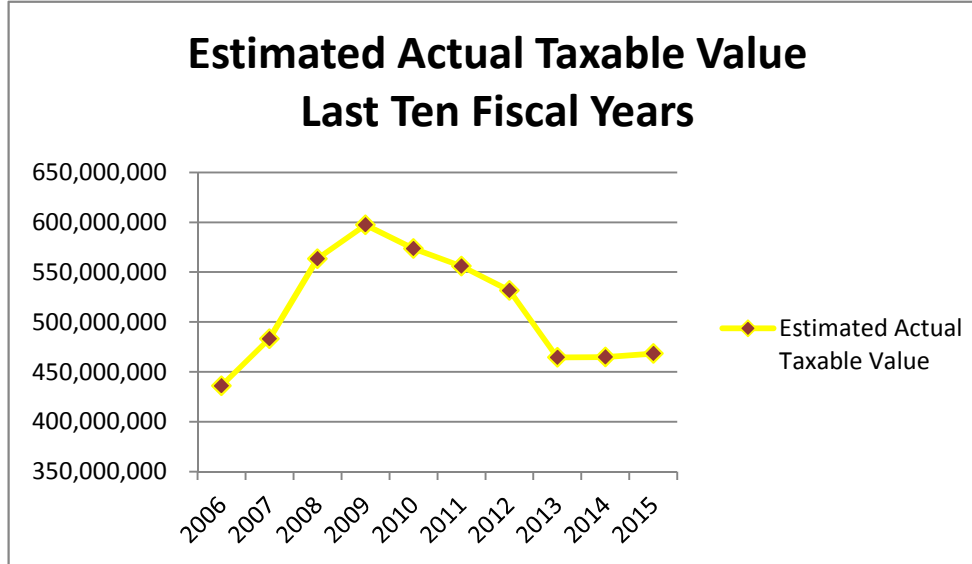
Source: Georgia Department of Revenue, Property Tax Division and Lumpkin County Tax Commissioners Office.

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

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

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

| Exemption Adjustments | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|------------------------------|-------------------------------------|------------------------------|---------------------------------------|---|
| \$ (2,450,446) | \$ 174,422,799 | 3.62 | \$ 436,056,998 | 40% |
| (2,759,674) | 193,320,994 | 4.37 | 483,302,485 | 40% |
| (2,542,905) | 225,380,209 | 3.96 | 563,450,523 | 40% |
| (3,359,688) | 238,917,268 | 3.95 | 597,293,170 | 40% |
| (19,471,830) | 229,477,129 | 3.95 | 573,692,823 | 40% |
| (19,687,619) | 222,387,059 | 3.99 | 555,967,648 | 40% |
| (20,141,768) | 212,661,635 | 4.21 | 531,654,088 | 40% |
| (23,345,456) | 185,831,064 | 4.74 | 464,577,660 | 40% |
| (24,797,329) | 185,942,357 | 4.74 | 464,855,893 | 40% |
| (23,415,154) | 187,324,532 | 4.74 | 468,311,330 | 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 | |
| 2005 | 2006 | 3.620 | 14.190 | 0.250 |
| 2006 | 2007 | 4.370 | 14.190 | 0.250 |
| 2007 | 2008 | 3.959 | 11.860 | 0.250 |
| 2008 | 2009 | 3.950 | 11.840 | 0.250 |
| 2009 | 2010 | 3.950 | 12.800 | 0.250 |
| 2010 | 2011 | 3.988 | 12.800 | 0.250 |
| 2011 | 2012 | 4.212 | 14.259 | 0.250 |
| 2012 | 2013 | 4.739 | 16.239 | 0.200 |
| 2013 | 2014 | 4.739 | 16.540 | 0.150 |
| 2014 | 2015 | 4.739 | 16.651 | 0.100 |

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 | |
| 8.052 | 9.068 | 0.411 | 17.531 | 35.591 |
| 8.346 | 9.385 | 0.226 | 17.957 | 36.767 |
| 6.912 | 7.724 | 0.187 | 14.823 | 30.892 |
| 6.893 | 7.707 | 0.178 | 14.778 | 30.818 |
| 6.947 | 7.842 | 0.600 | 15.389 | 32.389 |
| 7.318 | 7.907 | 0.318 | 15.543 | 32.581 |
| 7.852 | 8.881 | 0.414 | 17.147 | 35.868 |
| 8.962 | 10.436 | 0.473 | 19.871 | 41.049 |
| 9.121 | 10.743 | 0.481 | 20.345 | 41.774 |
| 9.160 | 10.877 | 0.452 | 20.489 | 41.979 |

CITY OF DAHLONEGA, GEORGIA
PRINCIPAL TAXPAYERS
September 30

| Taxpayer | Fiscal Year | | | | | |
|--|---------------------------------------|------|--|---------------------------------------|------|--|
| | 2015 | | | 2006 | | |
| | Taxable Assessed Value ⁽¹⁾ | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value ⁽¹⁾ | Rank | Percentage of Total Taxable Assessed Value |
| Koyo Bearings USA (formally Timken USA Corp.) | \$ 10,033,877 | 1 | 5.36% | \$ 10,627,229 | 1 | 5.50% |
| Birch River Chestatee Co. LLC | 4,229,635 | 2 | 2.26% | | | |
| Dahlonega Group LLC | 3,330,502 | 3 | 1.78% | | | |
| Wal-Mart Stores East Inc. | 2,971,007 | 4 | 1.59% | 6,105,495 | 3 | 3.16% |
| Georgia Power Company | 2,868,220 | 5 | 1.53% | 1,599,824 | 10 | 0.83% |
| Windstream Standard Inc. | 2,156,508 | 6 | 1.15% | 3,593,834 | 5 | 1.86% |
| Southern Health Corp of Dahlonega Inc | 1,916,187 | 7 | 1.02% | 2,135,008 | 6 | 1.10% |
| Don Michael Cottrell | 1,554,470 | 8 | | | | |
| Sherman | 1,424,325 | 10 | | 6,858,267 | 2 | 3.55% |
| Alladdin Manufacturing Corp. | | | | 3,621,645 | 4 | 1.87% |
| Bank of Dahlonega, BB&T | | | | 1,645,215 | 7 | 0.85% |
| Clark, E.L. etal | | | | 1,619,721 | 8 | 0.84% |
| Community & Southern Greenbriar of Dahlonega Shopping Center | 1,537,635 | 9 | 0.82% | 1,606,194 | 9 | 0.83% |
| Total | \$ 32,022,366 | | 17.09% | \$ 39,412,432 | | 20.39% |

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

Note: 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 | | Collections in Subsequent Years | Total Collections to Date | |
|--------------------------------------|---|-------------------------|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Fiscal Year of the Levy | | | Amount | Percentage of Levy |
| | | Amount | Percentage of Levy | | | |
| 2006 | \$ 631,411 | \$ 583,385 | 92.39% | \$ 5,089 | \$ 588,474 | 93.20% |
| 2007 | 844,813 | 794,985 | 94.10% | 49,828 | 844,813 | 100.00% |
| 2008 | 892,280 | 833,749 | 93.44% | 58,190 | 891,939 | 99.96% |
| 2009 | 943,723 | 878,664 | 93.11% | 64,679 | 943,343 | 99.96% |
| 2010 | 906,435 | 849,024 | 93.67% | 55,938 | 904,962 | 99.84% |
| 2011 | 886,880 | 848,725 | 95.70% | 35,895 | 884,620 | 99.75% |
| 2012 | 895,731 | 813,540 | 90.82% | 79,100 | 892,640 | 99.65% |
| 2013 | 871,631 | 830,405 | 95.27% | 34,985 | 865,390 | 99.28% |
| 2014 | 880,653 | 800,559 | 90.91% | 65,686 | 866,245 | 98.36% |
| 2015 | 887,731 | 836,412 | 94.22% | 0 | 836,412 | 94.22% |

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

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

| Commodity | 2015 | | | 2014 | | |
|------------------------|---------------------|------|-------------|---------------------|------|-------------|
| | Total | Rank | % | Total | Rank | % |
| | Distributed | | of Total | Distributed | | of Total |
| General | \$ 634,995 | 1 | 19.89% | \$ 617,100 | 1 | 20.77% |
| Food | 523,276 | 2 | 16.39% | 482,820 | 2 | 16.25% |
| Wholesale 3 | 345,227 | 5 | 10.81% | 358,125 | 3 | 12.05% |
| Miscellaneous Services | 363,108 | 4 | 11.37% | 343,710 | 4 | 11.57% |
| Other Retail 3 | 382,538 | 3 | 11.98% | 343,033 | 5 | 11.54% |
| Utilities | 324,706 | 6 | 10.17% | 320,193 | 6 | 10.78% |
| Automotive | 65,570 | 10 | 2.05% | 62,453 | 10 | 2.10% |
| Manufacturers | 194,204 | 7 | 6.08% | 146,938 | 8 | 4.94% |
| Home | 181,828 | 8 | 5.69% | 153,531 | 7 | 5.17% |
| Miscellaneous | 73,069 | 9 | 2.29% | 74,632 | 9 | 2.51% |
| Accommodations 3 | 58,005 | | 1.82% | 53,205 | | 1.79% |
| Construction 3 | 46,445 | | 1.45% | 15,715 | | 0.53% |
| Lumber | | | | | | |
| Apparel | | | | | | |
| Total | <u>\$ 3,192,971</u> | | <u>100%</u> | <u>\$ 2,971,455</u> | | <u>100%</u> |

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

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.

| 2013 | | | 2012 | | | 2011 | | |
|---------------------|------|-------------|---------------------|------|-------------|---------------------|------|-------------|
| Total Distributed | Rank | % of Total | Total Distributed | Rank | % of Total | Total Distributed | Rank | % of Total |
| \$ 577,872 | 1 | 19.72% | \$ 550,564 | 1 | 18.20% | \$ 586,756 | 1 | 17.72% |
| 458,446 | 2 | 15.65% | 403,961 | 3 | 13.35% | 477,327 | 2 | 14.41% |
| 342,749 | 3 | 11.70% | 299,778 | 5 | 9.91% | 368,513 | 5 | 11.13% |
| 328,427 | 4 | 11.21% | 297,345 | 6 | 9.83% | 330,063 | 6 | 9.97% |
| 327,106 | 5 | 11.17% | 340,327 | 4 | 11.25% | 386,448 | 4 | 11.67% |
| 312,642 | 6 | 10.67% | 294,672 | 7 | 9.74% | 326,876 | 7 | 9.87% |
| 226,592 | 7 | 7.73% | 455,830 | 2 | 15.07% | 422,388 | 3 | 12.75% |
| 152,410 | 8 | 5.20% | 132,012 | 8 | 4.36% | 175,356 | 8 | 5.29% |
| 98,441 | 9 | 3.36% | 96,536 | 9 | 3.19% | 114,015 | 9 | 3.44% |
| 39,579 | 10 | 1.35% | 86,651 | 10 | 2.86% | 45,055 | | 1.36% |
| 49,098 | | 1.68% | 44,927 | | 1.49% | 53,216 | 10 | 1.61% |
| 16,296 | | 0.56% | 22,419 | | 0.74% | 26,144 | | 0.79% |
| <hr/> | | | <hr/> | | | <hr/> | | |
| <u>\$ 2,929,658</u> | | <u>100%</u> | <u>\$ 3,025,022</u> | | <u>100%</u> | <u>\$ 3,312,157</u> | | <u>100%</u> |
| <hr/> | | | <hr/> | | | <hr/> | | |
| 2008 | | | 2007 | | | | | |
| Total Distributed | Rank | % of Total | Total Distributed | Rank | % of Total | | | |
| \$ 742,197 | 1 | 22.73% | \$ 772,755 | 1 | 22.14% | | | |
| 573,889 | 3 | 17.58% | 715,107 | 2 | 20.49% | | | |
| 284,601 | 5 | 8.72% | 158,846 | 8 | 4.55% | | | |
| 350,997 | 4 | 10.75% | 313,995 | 5 | 8.99% | | | |
| 590,324 | 2 | 18.08% | 509,795 | 3 | 14.60% | | | |
| 236,363 | 6 | 7.24% | 277,504 | 6 | 7.95% | | | |
| 131,107 | 9 | 4.02% | 136,036 | 9 | 3.90% | | | |
| 153,864 | 8 | 4.71% | 199,886 | 7 | 5.73% | | | |
| 185,651 | 7 | 5.69% | 390,883 | 4 | 11.20% | | | |
| 15,818 | 10 | 0.48% | 16,062 | 10 | 0.46% | | | |
| <hr/> | | | <hr/> | | | <hr/> | | |
| <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, 2015

| Customer | Type of Business | Total Water Billings | Total Sewer Billings | Total Billings | Percentage of System Revenues |
|--|-------------------------------------|----------------------------|----------------------------|---------------------|-------------------------------------|
| Koyo Bearings USA (formerly Timken USA Corp.) | Manufacturer - Automobile Parts | \$ 303,461 | \$ 308,714 | \$ 612,175 | 16.06% |
| University of North Georgia | Senior Military College | 303,815 | 301,043 | 604,858 | 15.87% |
| Lumpkin County Board of Commissioners | Local Government | 44,726 | 40,792 | 85,518 | 2.24% |
| Lumpkin County Board of Education | Local Government | 39,658 | 30,525 | 70,183 | 1.84% |
| Chestatee Medical Center | Hospital | 29,454 | 27,161 | 56,615 | 1.49% |
| Camp Glisson | Not for Profit - Religious | 29,606 | 14,364 | 43,970 | 1.15% |
| Tyson's | Manufacturer - Poultry Processor | 19,889 | 20,721 | 40,610 | 1.07% |
| Holiday Inn Express | Hospitality - Hotel | 15,584 | 14,809 | 30,393 | 0.80% |
| Gold City Personal Care Home | Assisted Living Home | 15,016 | 14,482 | 29,498 | 0.77% |
| Gold City Nursing Home | Nursing Home | 11,534 | 10,965 | 22,499 | 0.59% |
| Total | | <u>\$ 812,743</u> | <u>\$ 783,576</u> | <u>\$ 1,596,319</u> | <u>41.87%</u> |
| Total Water and Sewage sales: | | <u><u>\$ 3,812,209</u></u> | | | |

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

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

| Fiscal Year | Governmental Activities | | Business-Type Activities | | |
|----------------|--------------------------------|-------------------|----------------------------|------------------|-------------------|
| | General Obligation Bonds | Capital Leases | Water & Sewage Bonds | Notes Payable | Capital Leases |
| 2006 | \$0 | \$0 | \$ 120,000 | \$ 13,181,845 | \$0 |
| 2007 | 0 | 10,534 | 65,000 | 12,823,146 | 62,897 |
| 2008 | 0 | 47,067 | 26,890,682 | 12,581,247 | 115,208 |
| 2009 | 0 | 35,328 | 26,383,926 | 12,114,383 | 84,875 |
| 2010 | 0 | 23,050 | 25,886,883 | 11,466,004 | 53,155 |
| 2011 | 0 | 10,207 | 25,619,558 | 10,852,312 | 19,985 |
| 2012 | 0 | 0 | 25,257,068 | 10,211,833 | 2,711 |
| 2013 | 0 | 0 | 24,799,334 | 9,544,352 | 0 |
| 2014 | 0 | 0 | 24,236,446 | 8,848,926 | 0 |
| 2015 | 0 | 0 | 27,626,388 | 5,532,414 | 0 |

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

Note (1): See the Schedule of Demographic and Economic Statistics on pages 157 and 158 for personal income and population data.

| | Total Primary Government | Percentage of Personal Income | Per Capita⁽²⁾ |
|----|---|--|-------------------------------------|
| \$ | 13,301,845 | 11.48% | 2,993 |
| | 12,961,577 | 10.37% | 2,844 |
| | 39,634,204 | 30.78% | 8,522 |
| | 38,618,512 | 28.85% | 8,098 |
| | 37,429,092 | 28.09% | 7,727 |
| | 36,502,062 | 40.26% | 6,963 |
| | 35,471,612 | 44.15% | 6,755 |
| | 34,343,686 | 42.75% | 5,861 |
| | 33,085,372 | 41.18% | 5,470 |
| | 33,158,802 | 41.27% | 5,233 |



CITY OF DAHLONEGA, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2015

| <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 | \$ 6,411,140 | 100% | <u>\$ 6,411,140</u> |
| Subtotal, overlapping debt | | | <u>6,411,140</u> |
| City of Dahlonega direct debt | | | <u>0</u> |
| Total direct and overlapping debt | | | <u><u>\$ 6,411,140</u></u> |

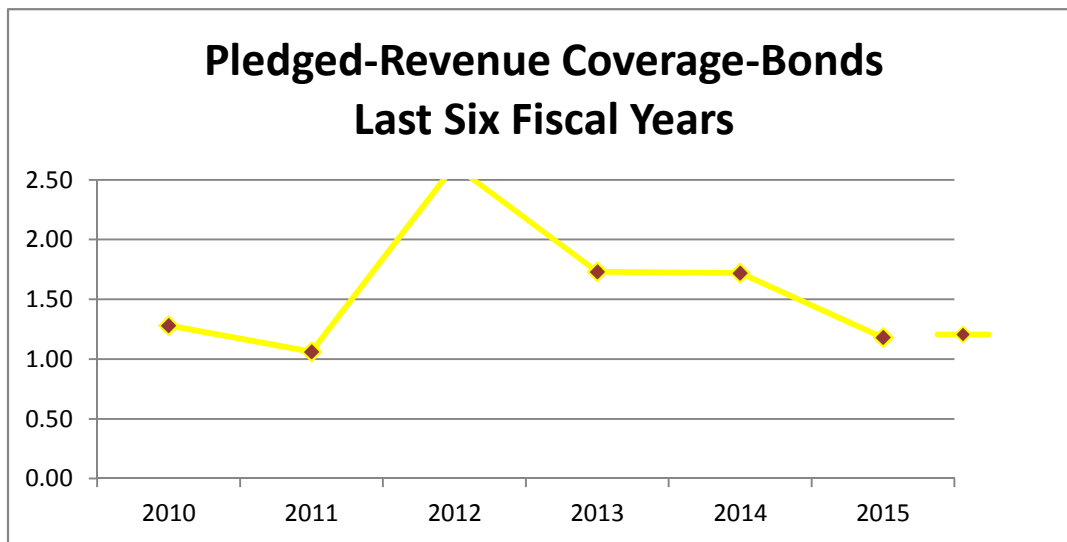
Source: Debt outstanding data per 12/31/2015 Lumpkin County CAFR.

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
PLEGGED-REVENUE COVERAGE
WATER & SEWAGE FUND
LAST SIX FISCAL YEARS

| Fiscal Year | Net Operating Income | Plus Depreciation | Plus Interest Income | Net Revenues Available For Debt Service | Actual Debt Service Bonds | Less SPLOST Revenues * |
|--------------------|-----------------------------|--------------------------|-----------------------------|--|----------------------------------|-------------------------------|
| 2010 | \$ 411,908 | \$ 1,275,219 | \$ 99,306 | \$ 1,786,433 | \$ 1,908,719 | \$ 515,000 |
| 2011 | (69,046) | 1,768,427 | 59,933 | 1,759,314 | 1,656,832 | - |
| 2012 | (126,832) | 1,741,114 | 59,933 | 1,674,215 | 1,739,044 | 1,100,000 |
| 2013 | 370,660 | 1,728,315 | 105,973 | 2,204,948 | 1,815,044 | 540,000 |
| 2014 | 876,501 | 1,708,276 | 105,295 | 2,690,072 | 1,896,294 | 335,096 |
| 2015 | 654,357 | 1,692,913 | 95,658 | 2,442,928 | 1,964,821 | - |

*SPLOST Proceeds related to debt repayment included.



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

| Net Debt Service on Bonds | Actual Debt Service GEFA | Transfer from General Fund Reservoir | Net Debt Service on GEFA | Total Debt Service | Coverage Bonds | Coverage GEFA |
|--|---|---|---|-----------------------------------|---------------------------|--------------------------|
| \$ 1,393,719 | \$ 1,038,759 | \$ 286,224 | \$ 752,535 | \$ 2,146,254 | 1.28 | 0.83 |
| 1,656,832 | 1,022,760 | 284,292 | 738,468 | 2,395,300 | 1.06 | 0.73 |
| 639,044 | 1,023,077 | 284,292 | 738,785 | 1,377,829 | 2.62 | 1.22 |
| 1,275,044 | 1,023,077 | 284,292 | 738,785 | 2,013,829 | 1.73 | 1.09 |
| 1,561,198 | 1,023,077 | 284,292 | 738,785 | 2,299,983 | 1.72 | 1.17 |
| 1,964,821 | 1,020,200 | 284,292 | 735,908 | 2,700,729 | 1.24 | 0.90 |

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

| | Fiscal Year | | | |
|--|---------------|---------------|---------------|---------------|
| | 2006 | 2007 | 2008 | 2009 |
| Debt Limit | \$ 17,442,280 | \$ 19,332,099 | \$ 22,538,021 | \$ 23,891,727 |
| Total net debt applicable to limit | 0 | 0 | 0 | 0 |
| Legal debt margin | \$ 17,442,280 | \$ 19,332,099 | \$ 22,538,021 | \$ 23,891,727 |
| 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 | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 22,947,713 | \$ 22,238,706 | \$ 21,266,164 | \$ 18,583,106 | \$ 18,594,236 | \$ 18,732,453 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <u>\$ 22,947,713</u> | <u>\$ 22,238,706</u> | <u>\$ 21,266,164</u> | <u>\$ 18,583,106</u> | <u>\$ 18,594,236</u> | <u>\$ 18,732,453</u> |
| 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Legal Debt Margin Calculation for Fiscal Year 2015

| | |
|--|----------------------|
| Total Assessed value | \$ 187,324,532 |
| Debt limit (10% of total assessed value) ⁽¹⁾ | 18,732,453 |
| 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>\$ 18,732,453</u> |

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

| Fiscal Year | Lumpkin County Population^(a) | City of Dahlonega Population^(a) | Lumpkin County Public School Enrollment^(b) | Lumpkin County Unemployment Rate^(c) |
|--------------------|--|---|--|---|
| 2006 | 25,855 | 4,444 | 3,721 | 4.1% |
| 2007 | 26,511 | 4,557 | 3,344 | 4.2% |
| 2008 | 27,056 | 4,651 | 3,732 | 7.0% |
| 2009 | 27,743 | 4,769 | 3,822 | 11.5% |
| 2010 | 28,180 | 4,844 | 3,916 | 9.9% |
| 2011 | 29,966 | 5,242 | 3,843 | 10.3% |
| 2012 | 30,031 | 5,251 | 3,834 | 8.3% |
| 2013 | 30,611 | 5,860 | 4,248 | 8.3% |
| 2014 | 30,918 | 6,049 | 3,706 | 7.3% |
| 2015 | 31,176 | 6,337 | 3,800 | 4.8% |

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, GEORGIA
PRINCIPAL EMPLOYERS/LUMPKIN COUNTY
CURRENT YEAR AND NINE YEARS AGO

| <u>Employer</u> | <u>2015</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> |
| University of North Georgia | 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 | 192 | 5 | 1.58% | 265 | 5 | 2.44% |
| Koyo Bearings USA (formerly Timken USA Corp.) | 229 | 4 | 1.89% | 251 | 6 | 2.31% |
| Chestatee Regional Hospital | 150 | 6 | 1.24% | 223 | 7 | 2.05% |
| Aramark | | | | | | |
| RefrigiWear, Inc. | 112 | 7 | 0.92% | 110 | 8 | 1.01% |
| The Louver Shop | 100 | 9 | 0.83% | | | |
| Gold City Community Living | 110 | 8 | 0.91% | | | |
| Mohawk Industries | | | | 350 | 3 | 3.22% |
| Home Depot | 100 | 10 | 0.83% | 92 | 9 | 0.85% |
| Ridge Creek School (formerly Hidden Lake Academy) | | | | 83 | 10 | 0.76% |
| Total | <u><u>2,587</u></u> | | <u><u>21.34%</u></u> | <u><u>2,972</u></u> | | <u><u>27.34%</u></u> |

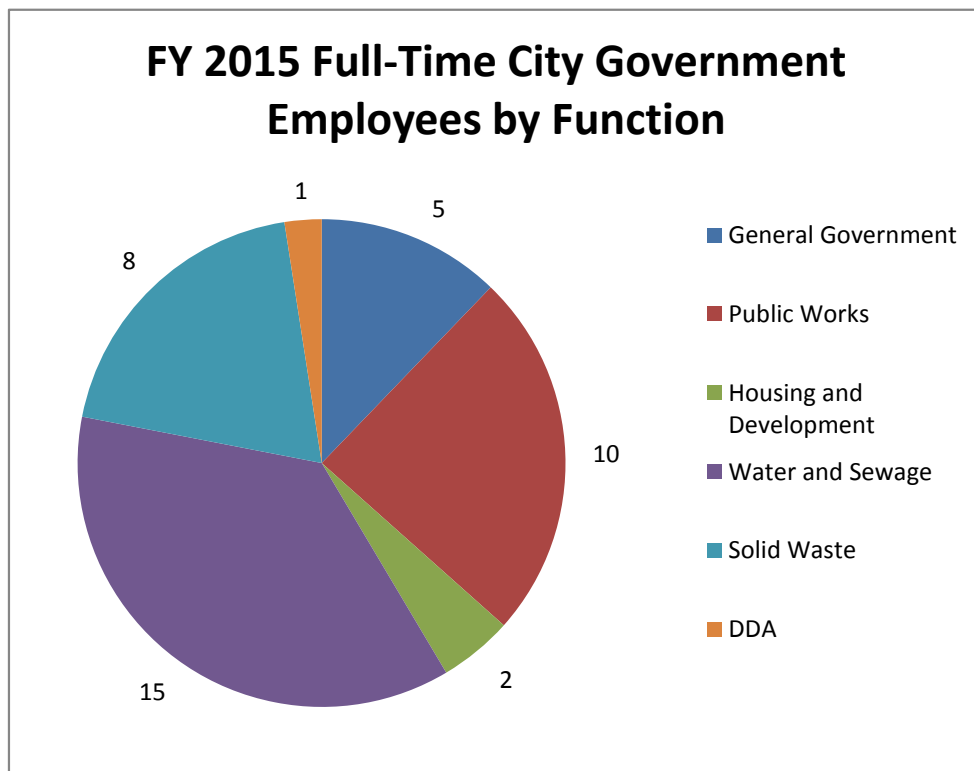
Source: Lumpkin County Board of Commissioners CAFR

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

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

| Function | Full-time Employees as of September 30, | | | | | | | | | |
|--|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Primary government | | | | | | | | | | |
| General Government | 5 | 6 | 7 | 7 | 7 | 7 | 5 | 5 | 4 | 5 |
| Judicial | 1 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Works | 10 | 11 | 11 | 10 | 10 | 10 | 10 | 12 | 14 | 10 |
| Culture and Recreation | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing and Development | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Water and Sewage | 15 | 15 | 17 | 15 | 15 | 15 | 13 | 13 | 9 | 15 |
| Solid Waste | 6 | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 6 | 8 |
| Total primary government | 41 | 42 | 44 | 40 | 39 | 39 | 35 | 37 | 35 | 40 |
| Component unit | | | | | | | | | | |
| Housing and Development Dahlonega Downtown Development Authority | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total employees | 42 | 43 | 45 | 41 | 40 | 40 | 36 | 38 | 36 | 41 |

Source: City Payroll Records



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

| Function | Fiscal Year | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Government | | | | | | | | |
| Number of accounts payable checks issued | 3,105 | 3,011 | 3,418 | 2,698 | 2,409 | 2,307 | 2,302 | 2,825 |
| Number of payroll checks issued* | 2,634 | 2,567 | 2,430 | 2,524 | 2,209 | 2,267 | 1,341 | 1,342 |
| Highways and streets | | | | | | | | |
| Miles of right-of-way maintained | 37.8 | 37.8 | 37.8 | 37.8 | 37.8 | 37.8 | 37.8 | 37.8 |
| Sanitation | | | | | | | | |
| Refuse collected (tons) | 3,083 | 3,253 | 3,161 | 3,089 | 3,073 | 3,098 | 3,243 | 3,208 |
| Recyclables collected (tons) | 97 | 91 | 114 | 112 | 129 | 125 | 97 | 159 |
| Water System (MGD -Millions of Gallons per Day) | | | | | | | | |
| Number of service connections | 2,066 | 2,102 | 2,074 | 2,144 | 2,123 | 2,114 | 2,218 | 2,201 |
| Daily average consumption in gallons | 0.910 | 0.898 | 0.924 | 1.006 | 1.015 | 0.964 | 1.010 | 1.004 |
| Sewer System (MGD -Millions of Gallons per Day) | | | | | | | | |
| Number of service connections | 1,344 | 1,402 | 1,383 | 1,462 | 1,443 | 1,432 | 1,522 | 1,528 |
| Daily average treatment in gallons | 0.482 | 0.488 | 0.619 | 0.631 | 0.750 | 0.768 | 0.934 | 0.641 |

Source: Various City Departments.

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

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

*City changed to bi-weekly payroll processing

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

| Function | Fiscal Year | | | | | | | |
|--|-------------|---------|---------|---------|---------|---------|---------|---------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Highways and streets | | | | | | | | |
| Miles of streets | 37.8 | 37.8 | 37.8 | 37.8 | 37.8 | 37.8 | 37.8 | 37.8 |
| Culture and Recreation | | | | | | | | |
| Parks | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Park acreage | 3.58 | 3.58 | 3.58 | 3.58 | 3.58 | 3.58 | 3.58 | 3.58 |
| Water and Sewerage System (MGD - Millions of Gallons per Day) | | | | | | | | |
| Water System: | | | | | | | | |
| Number of miles of water mains | 56 | 58 | 58 | 59 | 59 | 59 | 59 | 61 |
| Number of fire hydrants | 433 | 433 | 433 | 437 | 437 | 437 | 437 | 449 |
| Number of water treatment plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of operational wells | 2 | 2 | 2 | 0 | 0 | 0 | 0 | 0 |
| Maximum daily capacity of treatment plants in gallons | 1.5 MGD | 1.5 MGD | 4.0 MGD | 4.0 MGD | 4.0 MGD | 4.0 MGD | 4.0 MGD | 4.0 MGD |
| Sewer System: | | | | | | | | |
| Miles of sanitary sewers | 40 | 42 | 42 | 42 | 42 | 42 | 42 | 42 |
| Number of wastewater treatment plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Maximum daily capacity of treatment plant in gallons | 1.1 MGD | 1.1 MGD | 1.1 MGD | 1.1 MGD | 1.1 MGD | 1.1 MGD | 1.1 MGD | 1.1 MGD |
| Solid Waste | | | | | | | | |
| Collection Trucks | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |

Source: Various City Departments.

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

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

OTHER REPORTING SECTION



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Dahlonega, Georgia's basic financial statements and have issued our report thereon dated February 22, 2016.

Internal Control over Financial Reporting

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

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

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
February 22, 2016

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, 2015

| <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 | \$ 3,111,789 | \$ 0 | \$ 3,111,789 |
| <u>2014 Referendum</u> | | | | | |
| Sewer Plant Upgrade and Related | | | | | |
| Sewer Line Replacements | \$ 3,000,000 | \$ 3,000,000 | \$ 0 | \$ 313,240 | \$ 313,240 |

* 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.