



City of Dahlonega, Georgia

Annual Financial Report

For the Fiscal Year Ended September 30, 2024

CITY OF DAHLONEGA, GEORGIA

ANNUAL FINANCIAL REPORT

For the fiscal year ended SEPTEMBER 30, 2024

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CITY OF DAHLONEGA, GEORGIA

ANNUAL FINANCIAL REPORT

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the City of Dahlonega, Georgia's basic financial statements as listed in the table of contents.

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, 2024, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparison of the General Fund and American Rescue Plan Act Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Dahlonega, Georgia and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Dahlonega, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 of Dahlonega, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Dahlonega, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as presented in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary 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 combining and individual fund financial statements and schedules, schedule of projects financed with special purpose local option sales tax, and the schedule of projects financed with transportation 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 combining and individual fund financial statements and schedules, schedule of projects financed with special purpose local option sales tax, the schedule of projects financed with transportation special purpose local option sales tax, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2026, on our consideration of the City of Dahlonega, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dahlonega, Georgia's internal control over financial reporting and compliance.

Rushton, LLC

Gainesville, Georgia
January 30, 2026

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS



CITY OF DAHLONEGA, GEORGIA

STATEMENT OF NET POSITION

September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown
				Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	\$ 7,672,677	\$ 6,569,791	\$ 14,242,468	\$ 531,480
Investments	3,681,059	5,985,014	9,666,073	0
Restricted assets				
Cash and cash equivalents	0	437,733	437,733	0
Receivables (net)				
Accounts	9,808	898,215	908,023	0
Taxes	273,932	0	273,932	0
Fines	27,633	0	27,633	0
Intergovernmental	435,809	50,687	486,496	0
Interest	16,793	27,304	44,097	0
Leases	26,436	0	26,436	0
Inventory	0	279,868	279,868	0
Prepaid items	157,330	215,946	373,276	4,919
Total current assets	<u>12,301,477</u>	<u>14,464,558</u>	<u>26,766,035</u>	<u>536,399</u>
Noncurrent assets				
Capital assets				
Non-depreciable	4,427,611	4,044,513	8,472,124	0
Depreciable/amortizable (net)	10,755,479	33,315,078	44,070,557	16,618
Total noncurrent assets	<u>15,183,090</u>	<u>37,359,591</u>	<u>52,542,681</u>	<u>16,618</u>
Total assets	<u>27,484,567</u>	<u>51,824,149</u>	<u>79,308,716</u>	<u>553,017</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	427,788	299,816	727,604	68,273
Deferred charges on refunding	0	2,383,252	2,383,252	0
Total deferred outflows of resources	<u>427,788</u>	<u>2,683,068</u>	<u>3,110,856</u>	<u>68,273</u>
LIABILITIES				
Current liabilities				
Payables				
Accounts	564,650	395,707	960,357	21,810
Retainages	30,970	6,950	37,920	0
Intergovernmental	8,081	2,579	10,660	0
Deposits	4,844	0	4,844	0
Interest	1,660	11,090	12,750	0
Accrued payroll liabilities	89,147	57,164	146,311	4,521
Compensated absences	81,932	81,285	163,217	0
Leases payable	183,799	92,034	275,833	6,299
Subscriptions payable	12,858	0	12,858	0
Contracts payable	51,000	0	51,000	0
Notes payable	0	270,499	270,499	0
Liabilities payable from restricted assets				
Interest payable	0	65,473	65,473	0
Customer deposits payable	0	219,167	219,167	0
Revenue bonds payable	0	830,000	830,000	0
Total current liabilities	<u>1,028,941</u>	<u>2,031,948</u>	<u>3,060,889</u>	<u>32,630</u>

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA

STATEMENT OF NET POSITION

September 30, 2024

	Primary Government			Component Unit
			Total	Downtown
	Governmental Activities	Business-type Activities		Development Authority
Noncurrent Liabilities				
Compensated absences	\$ 21,781	\$ 21,607	\$ 43,388	\$ 0
Net pension liability	649,465	464,969	1,114,434	93,095
Leases payable	370,468	209,231	579,699	10,294
Subscriptions payable	42,067	0	42,067	0
Contracts payable	658,000	0	658,000	0
Notes payable	0	4,703,987	4,703,987	0
Revenue bonds payable	0	20,237,592	20,237,592	0
Total noncurrent liabilities	1,741,781	25,637,386	27,379,167	103,389
Total Liabilities	2,770,722	27,669,334	30,440,056	136,019
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	30,414	39,025	69,439	4,360
Deferred inflows of resources - leases	25,658	0	25,658	0
Total deferred inflows of resources	56,072	39,025	95,097	4,360
NET POSITION				
Net investment in capital assets	13,551,503	13,216,788	26,768,291	25
Restricted for:				
Debt service	0	153,093	153,093	0
Capital outlay	5,060,182	0	5,060,182	0
Unrestricted	6,473,876	13,428,977	19,902,853	480,886
Total net position	\$ 25,085,561	\$ 26,798,858	\$ 51,884,419	\$ 480,911

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF ACTIVITIES

For the fiscal year ended September 30, 2024

	Program Revenues						Net (Expense) Revenue
	Expenses	Indirect Costs	Charges for Services	Operating	Capital		
				Grants and Contributions	Grants and Contributions		
FUNCTIONS/PROGRAMS							
Primary government							
Governmental activities							
General Government	\$ 1,748,039	\$ (696,989)	\$ 161,770	\$ 1,432,140	\$ 0	\$ 542,860	
Judicial	266,607	0	154,428	0	0	(112,179)	
Public Safety	789,024	0	0	0	0	(789,024)	
Public Works	2,207,877	0	75,950	20,039	2,528,336	416,448	
Culture and Recreation	105,184	0	0	0	0	(105,184)	
Housing and Development	1,063,394	0	314,860	0	0	(748,534)	
Interest on long-term debt	30,053	0	0	0	0	(30,053)	
Total governmental activities	<u>6,210,178</u>	<u>(696,989)</u>	<u>707,008</u>	<u>1,452,179</u>	<u>2,528,336</u>	<u>(825,666)</u>	
Business-type activities							
Water and Sewage	6,747,768	125,740	7,853,479	57,397	1,007,744	2,045,112	
Solid Waste	1,048,291	62,870	1,118,186	0	0	7,025	
Stormwater	178,129	508,379	357,997	0	0	(328,511)	
Total business-type activities	<u>7,974,188</u>	<u>696,989</u>	<u>9,329,662</u>	<u>57,397</u>	<u>1,007,744</u>	<u>1,723,626</u>	
Total primary government	<u>14,184,366</u>	<u>0</u>	<u>10,036,670</u>	<u>1,509,576</u>	<u>3,536,080</u>	<u>897,960</u>	
Component Unit							
Downtown Development Authority							
Housing and Development	<u>381,198</u>	<u>0</u>	<u>0</u>	<u>16,005</u>	<u>0</u>	<u>(365,193)</u>	
Primary Government							
	Governmental Activities	Business-Type Activities	Total			Component Unit	
Change in net position							
Net (expense) revenue	<u>\$ (825,666)</u>	<u>\$ 1,723,626</u>	<u>\$ 897,960</u>			<u>\$ (365,193)</u>	
General revenues							
Taxes							
Property	1,273,694	0	1,273,694	0			
Sales	1,603,569	0	1,603,569	0			
Franchise	612,121	0	612,121	0			
Insurance premium	667,217	0	667,217	0			
Intangibles	44,443	0	44,443	0			
Alcoholic beverage	242,685	0	242,685	0			
Occupational	159,321	0	159,321	0			
Hotel/Motel	783,070	0	783,070	0			
Other	13,302	0	13,302	0			
Payments from City of Dahlonega	0	0	0	184,875			
Interest and investment earnings (loss)	346,904	494,969	841,873	12,336			
Gain on sale of assets	16,069	475	16,544	0			
Miscellaneous	105,204	0	105,204	16,338			
Transfers	<u>(2,578,393)</u>	<u>2,578,393</u>	<u>0</u>	<u>0</u>			
Total general revenues and transfers	<u>3,289,206</u>	<u>3,073,837</u>	<u>6,363,043</u>	<u>213,549</u>			
Change in net position	<u>2,463,540</u>	<u>4,797,463</u>	<u>7,261,003</u>	<u>(151,644)</u>			
Net position - beginning, as previously presented	22,684,021	21,110,728	43,794,749	632,555			
Error correction	<u>(62,000)</u>	<u>890,667</u>	<u>828,667</u>	<u>0</u>			
Net position - beginning, as restated	<u>22,622,021</u>	<u>22,001,395</u>	<u>44,623,416</u>	<u>632,555</u>			
Net position - ending	<u>\$ 25,085,561</u>	<u>\$ 26,798,858</u>	<u>\$ 51,884,419</u>	<u>\$ 480,911</u>			

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

	American			
	General	Rescue Plan	SPLOST	General
ASSETS	General	Act	SPLOST	Government
Cash and cash equivalents	\$ 2,323,695	\$ 0	\$ 1,426,968	\$ 226,080
Investments	2,200,932	1,480,127	0	0
Receivables (net)				
Accounts	9,808	0	0	0
Taxes	207,045	0	0	0
Fines	27,633	0	0	0
Intergovernmental	1,393	0	244,315	0
Interest	10,041	6,752	0	0
Leases	26,436	0	0	0
Due from other funds	1,414,599	0	0	0
Prepaid items	157,330	0	0	0
Total assets	\$ 6,378,912	\$ 1,486,879	\$ 1,671,283	\$ 226,080
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Payables				
Accounts	\$ 135,021	\$ 0	\$ 149,867	\$ 113,401
Intergovernmental	8,081	0	0	0
Retainages	0	0	0	30,970
Accrued salaries and payroll expenditures	89,147	0	0	0
Due to other funds	0	1,414,599	0	0
Deposits payable	4,844	0	0	0
Total liabilities	237,093	1,414,599	149,867	144,371
Deferred inflows of resources				
Unavailable revenue - property taxes	23,274	0	0	0
Deferred inflows of resources - leases	25,658	0	0	0
Total deferred inflows of resources	48,932	0	0	0
Fund balances				
Nonspendable				
Prepaid items	157,330	0	0	0
Leases	778	0	0	0
Restricted for:				
Capital outlay	0	72,280	1,521,416	0
Assigned to:				
Capital outlay	0	0	0	81,709
City Hall construction	650,000	0	0	0
Unassigned	5,284,779	0	0	0
Total fund balances	6,092,887	72,280	1,521,416	81,709
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,378,912	\$ 1,486,879	\$ 1,671,283	\$ 226,080

Nonmajor			
2019	Governmental		
TSPLOST	Funds	Totals	
\$ 3,647,926	\$ 48,008	\$ 7,672,677	
0	0	3,681,059	
0	0	9,808	
0	66,887	273,932	
0	0	27,633	
190,101	0	435,809	
0	0	16,793	
0	0	26,436	
0	0	1,414,599	
0	0	157,330	
<hr/>	<hr/>	<hr/>	
\$ 3,838,027	\$ 114,895	\$ 13,716,076	
<hr/>	<hr/>	<hr/>	
\$ 58,146	\$ 108,215	\$ 564,650	
0	0	8,081	
0	0	30,970	
0	0	89,147	
0	0	1,414,599	
0	0	4,844	
<hr/>	<hr/>	<hr/>	
58,146	108,215	2,112,291	
<hr/>	<hr/>	<hr/>	
0	0	23,274	
0	0	25,658	
<hr/>	<hr/>	<hr/>	
0	0	48,932	
<hr/>	<hr/>	<hr/>	
0	0	157,330	
0	0	778	
3,779,881	0	5,373,577	
<hr/>	<hr/>	<hr/>	
0	6,680	88,389	
0	0	650,000	
0	0	5,284,779	
<hr/>	<hr/>	<hr/>	
3,779,881	6,680	11,554,853	
<hr/>	<hr/>	<hr/>	
\$ 3,838,027	\$ 114,895	\$ 13,716,076	
<hr/>	<hr/>	<hr/>	

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, 2024

Total fund balance - total governmental funds \$ 11,554,853

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

Capital assets, net of accumulated depreciation and amortization 15,183,090

Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These are:

Unavailable property taxes 23,274

Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. 427,788

Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. (30,414)

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

These are:

Compensated absences	\$	(103,713)
Net pension liability	(649,465)	
Interest payable	(1,660)	
Leases payable	(554,267)	
Subscriptions payable	(54,925)	
Contracts payable	<u>(709,000)</u>	<u>(2,073,030)</u>

Net position of governmental activities \$ 25,085,561

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2024

	General	American Rescue Plan Act	SPLOST	General Government
REVENUES				
Taxes	\$ 4,612,058	\$ 0	\$ 0	\$ 0
Licenses and permits	460,328	0	0	0
Fines, fees and forfeitures	154,428	0	0	0
Charges for services	753,615	0	0	35,625
Intergovernmental	31,071	1,432,140	1,597,824	0
Interest	315,127	4,355	26,995	26,196
Other	105,204	0	0	0
Total revenues	6,431,831	1,436,495	1,624,819	61,821
EXPENDITURES				
Current				
General government	1,713,737	0	0	0
Judicial	263,453	0	0	0
Public safety	874,056	0	0	0
Public works	2,265,715	0	0	0
Culture and recreation	71,585	0	0	0
Housing and development	616,546	0	0	0
Capital outlay	0	0	438,121	1,709,438
Debt service	208,399	0	0	70,640
Total expenditures	6,013,491	0	438,121	1,780,078
Excess (deficiency) of revenues over (under) expenditures	418,340	1,436,495	1,186,698	(1,718,257)
Other financing sources (uses)				
Transfers in	1,590,482	0	0	212,188
Transfers out	(1,733,181)	(1,432,140)	(879,795)	0
Sale of capital assets	18,529	0	0	0
Issuance of debt	679,384	0	0	0
Total other financing sources (uses)	555,214	(1,432,140)	(879,795)	212,188
Net change in fund balances	973,554	4,355	306,903	(1,506,069)
Fund balances, October 1, as previously presented	5,181,333	67,925	1,214,513	1,587,778
Error correction	(62,000)	0	0	0
Fund balances, October 1, as restated	5,119,333	67,925	1,214,513	1,587,778
Fund balances, September 30	\$ 6,092,887	\$ 72,280	\$ 1,521,416	\$ 81,709

2019 TSPLOST	Nonmajor Governmental Funds	Totals
\$ 0	\$ 783,070	\$ 5,395,128
0	0	460,328
0	0	154,428
0	0	789,240
819,702	0	3,880,737
72,783	1,226	446,682
0	0	105,204
<hr/> 892,485	<hr/> 784,296	<hr/> 11,231,747
0	0	1,713,737
0	0	263,453
0	0	874,056
0	0	2,265,715
0	0	71,585
0	413,766	1,030,312
713,157	0	2,860,716
0	0	279,039
<hr/> 713,157	<hr/> 413,766	<hr/> 9,358,613
<hr/> 179,328	<hr/> 370,530	<hr/> 1,873,134
0	0	1,802,670
0	(370,530)	(4,415,646)
0	0	18,529
0	0	679,384
<hr/> 0	<hr/> (370,530)	<hr/> (1,915,063)
<hr/> 179,328	<hr/> 0	<hr/> (41,929)
3,600,553	6,680	11,658,782
<hr/> 0	<hr/> 0	<hr/> (62,000)
<hr/> 3,600,553	<hr/> 6,680	<hr/> 11,596,782
<hr/> \$ 3,779,881	<hr/> \$ 6,680	<hr/> \$ 11,554,853

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, 2024

Net change in fund balances - total governmental funds \$ (41,929)

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/amortization expense.

Capital outlays	\$ 3,621,390	
Depreciation and amortization	<u>(647,684)</u>	
		2,973,706

In the statement of activities, the gain/loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources.

Cost of assets	\$ (196,721)	
Related accumulated depreciation	<u>194,261</u>	
		(2,460)

Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Cost of assets	\$ 34,583	
Related accumulated depreciation	<u>0</u>	
		34,583

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. 4,295

The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.

Long-term debt proceeds	\$ (679,384)	
Long-term debt principal payments	248,872	
Net change in interest payable	<u>115</u>	(430,397)

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.

Pension contributions	\$ 161,488	
Cost of benefits earned net of employee contributions	<u>(230,287)</u>	
		(68,799)

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. (5,459)

Change in net position of governmental activities	<u>\$ 2,463,540</u>
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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, 2024

	Budget			Variance with Final Budget	
	Original	Final	Actual		
REVENUES					
Taxes	\$ 4,239,336	\$ 4,239,336	\$ 4,612,058	\$ 372,722	
Licenses and permits	250,500	250,500	460,328	209,828	
Fines, fees and forfeitures	199,302	199,302	154,428	(44,874)	
Charges for services	733,483	733,483	753,615	20,132	
Intergovernmental	15,539	15,539	31,071	15,532	
Interest	90,000	90,000	315,127	225,127	
Other	30,650	30,650	105,204	74,554	
Total revenues	5,558,810	5,558,810	6,431,831	873,021	
EXPENDITURES					
Current					
General Government					
Legislative	264,522	273,022	359,406	(86,384)	
Executive	289,711	289,711	242,728	46,983	
Elections	12,600	12,600	21,845	(9,245)	
General Administration	1,136,427	1,140,553	1,089,758	50,795	
Judicial					
Municipal Court	302,668	302,668	263,453	39,215	
Public Safety					
Law Enforcement	221,139	221,139	139,100	82,039	
City Marshal's Office	717,343	726,473	734,956	(8,483)	
Public Works					
Public Works Administration	260,494	260,494	196,750	63,744	
Street Construction	1,350,170	1,397,970	1,864,398	(466,428)	
Shop Department	127,348	127,348	93,970	33,378	
Cemetery	112,054	112,054	110,597	1,457	
Culture and Recreation					
Parks	69,500	69,500	71,585	(2,085)	
Housing and Development					
Community Development	282,914	282,914	516,546	(233,632)	
Downtown Development Authority	100,000	100,000	100,000	0	
Debt service					
General Government					
Executive	0	0	14,595	(14,595)	
Public Safety					
Law Enforcement	0	0	75,377	(75,377)	
Public Works					
Street Construction	0	0	118,427	(118,427)	
Total expenditures	5,246,890	5,316,446	6,013,491	(697,045)	
Excess (deficiency) of revenues over (under) expenditures	311,920	242,364	418,340	175,976	
Other financing sources (uses)					
Transfers in	105,875	105,875	1,590,482	1,484,607	
Transfers out	(361,259)	(361,259)	(1,733,181)	(1,371,922)	
Contingency	(76,536)	(76,536)	0	76,536	
Sale of capital assets	20,000	20,000	18,529	(1,471)	
Issuance of debt	0	0	679,384	679,384	
Total other financing sources (uses)	(311,920)	(311,920)	555,214	867,134	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	(69,556)	973,554	1,043,110	
Fund balances, October 1, as previously presented	0	69,556	5,181,333	5,111,777	
Error correction	0	0	(62,000)	(62,000)	
Fund balances, October 1, as restated	0	0	5,119,333	5,049,777	
Fund balances, September 30	\$ 0	\$ 0	\$ 6,092,887	\$ 6,092,887	

CITY OF DAHLONEGA, GEORGIA
AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2024

	Budget			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 0	\$ 0	\$ 1,432,140	\$ 1,432,140
Interest	10,000	10,000	4,355	(5,645)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>1,436,495</u>	<u>1,426,495</u>
EXPENDITURES	0	0	0	0
Excess (deficiency) of revenues over (under) expenditures	10,000	10,000	1,436,495	1,426,495
Other financing sources (uses)				
Transfers out	<u>(1,371,922)</u>	<u>(1,371,922)</u>	<u>(1,432,140)</u>	<u>(60,218)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,361,922)	(1,361,922)	4,355	1,366,277
Fund balances, October 1	<u>1,361,922</u>	<u>1,361,922</u>	<u>67,925</u>	<u>(1,293,997)</u>
Fund balances, September 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 72,280</u>	<u>\$ 72,280</u>

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2024

	Water and Sewage	Solid Waste	Stormwater	Totals
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,332,963	\$ 991,243	\$ 1,245,585	\$ 6,569,791
Investments	5,985,014	0	0	5,985,014
Interest receivable	27,304	0	0	27,304
Accounts receivable (net)	707,777	149,596	40,842	898,215
Intergovernmental receivable	50,687	0	0	50,687
Inventory	279,868	0	0	279,868
Prepaid items	201,436	12,539	1,971	215,946
Restricted assets				
Cash and cash equivalents	433,784	0	3,949	437,733
Total current assets	<u>12,018,833</u>	<u>1,153,378</u>	<u>1,292,347</u>	<u>14,464,558</u>
Noncurrent assets				
Capital assets				
Non-depreciable	3,789,037	0	255,476	4,044,513
Depreciable/amortizable (net)	31,433,400	541,669	1,340,009	33,315,078
Total noncurrent assets	<u>35,222,437</u>	<u>541,669</u>	<u>1,595,485</u>	<u>37,359,591</u>
Total assets	<u>47,241,270</u>	<u>1,695,047</u>	<u>2,887,832</u>	<u>51,824,149</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pension	218,349	81,467	0	299,816
Deferred charges on refunding	2,383,252	0	0	2,383,252
Total deferred outflows of resources	<u>2,601,601</u>	<u>81,467</u>	<u>0</u>	<u>2,683,068</u>
LIABILITIES				
Current liabilities				
Payables				
Accounts	349,352	43,558	2,797	395,707
Retainages	0	0	6,950	6,950
Intergovernmental	2,246	333	0	2,579
Interest	11,090	0	0	11,090
Accrued salaries and payroll expenses	40,908	14,072	2,184	57,164
Compensated absences	60,831	12,135	8,319	81,285
Leases payable	45,328	46,706	0	92,034
Notes payable	270,499	0	0	270,499
Liabilities payable from restricted assets:				
Interest payable	65,473	0	0	65,473
Customer deposits payable	219,167	0	0	219,167
Revenue bonds payable	830,000	0	0	830,000
Total current liabilities	<u>1,894,894</u>	<u>116,804</u>	<u>20,250</u>	<u>2,031,948</u>
Noncurrent liabilities				
Compensated absences	16,170	3,226	2,211	21,607
Net pension liability	338,625	126,344	0	464,969
Leases payable	82,214	127,017	0	209,231
Notes payable	4,703,987	0	0	4,703,987
Revenue bonds payable	20,237,592	0	0	20,237,592
Total noncurrent liabilities	<u>25,378,588</u>	<u>256,587</u>	<u>2,211</u>	<u>25,637,386</u>
Total liabilities	<u>27,273,482</u>	<u>373,391</u>	<u>22,461</u>	<u>27,669,334</u>

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2024

	Water and Sewage	Solid Waste	Stormwater	Totals
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	\$ 31,304	\$ 7,721	\$ 0	\$ 39,025
NET POSITION				
Net investment in capital assets	11,260,307	367,946	1,588,535	13,216,788
Restricted for debt service	153,093	0	0	153,093
Unrestricted	11,124,685	1,027,456	1,276,836	13,428,977
Total net position	\$ 22,538,085	\$ 1,395,402	\$ 2,865,371	\$ 26,798,858

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

For the fiscal year ended September 30, 2024

	Water and Sewage	Solid Waste	Stormwater	Totals
OPERATING REVENUES				
Charges for sales and services	\$ 7,853,479	\$ 1,118,186	\$ 357,997	\$ 9,329,662
OPERATING EXPENSES				
Costs of sales and services	2,465,127	475,683	514,710	3,455,520
Personal services	1,391,251	514,395	88,364	1,994,010
Depreciation	1,961,188	113,002	83,434	2,157,624
Total operating expenses	5,817,566	1,103,080	686,508	7,607,154
Operating income (loss)	2,035,913	15,106	(328,511)	1,722,508
Non-operating revenues (expenses)				
Interest revenue	365,246	21,312	20,987	407,545
Investment revenue (loss)	87,424	0	0	87,424
Interest expense	(1,055,942)	(8,081)	0	(1,064,023)
Intergovernmental	57,397	0	0	57,397
Distribution of capital assets to governmental activities	0	0	(34,583)	(34,583)
Gain (loss) on sale of capital assets	475	0	0	475
Total non-operating revenues (expenses)	(545,400)	13,231	(13,596)	(545,765)
Income (loss) before capital contributions and transfers	1,490,513	28,337	(342,107)	1,176,743
Capital contributions (distributions)				
Contribution of capital assets from other governments	1,007,744	0	0	1,007,744
Income (loss) before transfers	2,498,257	28,337	(342,107)	2,184,487
Transfers in (out)				
Transfers in	1,442,732	0	1,170,244	2,612,976
Change in net position	3,940,989	28,337	828,137	4,797,463
Net position -beginning, as previously presented	17,706,429	1,367,065	2,037,234	21,110,728
Error correction	890,667	0	0	890,667
Net position -beginning, as restated	18,597,096	1,367,065	2,037,234	22,001,395
Net position - ending	\$ 22,538,085	\$ 1,395,402	\$ 2,865,371	\$ 26,798,858

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the fiscal year ended September 30, 2024

	Water and Sewage	Solid Waste	Stormwater	Totals
Cash flows from operating activities:				
Receipts from customers	\$ 7,266,182	\$ 1,090,488	\$ 349,401	\$ 8,706,071
Payments to suppliers	(2,511,443)	(458,302)	(505,522)	(3,475,267)
Payments to employees	(1,358,452)	(493,829)	(81,422)	(1,933,703)
Net cash provided (used) by operating activities	<u>3,396,287</u>	<u>138,357</u>	<u>(237,543)</u>	<u>3,297,101</u>
Cash flows from non-capital financing activities:				
Receipts from other governments	57,397	0	0	57,397
Payments to other funds	0	(14,916)	0	(14,916)
Receipts from other funds	856,755	0	876,979	1,733,734
Net cash provided (used) by non-capital financing activities	<u>914,152</u>	<u>(14,916)</u>	<u>876,979</u>	<u>1,776,215</u>
Cash flows from capital and related financing activities:				
Receipts from other funds	586,530	0	293,265	879,795
Proceeds from disposal of capital assets	475	0	0	475
Payments for acquisitions of capital assets	(466,585)	(49,775)	(305,526)	(821,886)
Payments on prior year's retainages payable	(40,661)	0	0	(40,661)
Principal payments on long-term debt	(1,160,913)	(40,183)	0	(1,201,096)
Interest paid	(954,395)	(8,084)	0	(962,479)
Net cash provided (used) by capital and related financing activities	<u>(2,035,549)</u>	<u>(98,042)</u>	<u>(12,261)</u>	<u>(2,145,852)</u>
Cash flows from investing activities:				
Interest received	345,934	21,312	20,987	388,233
Proceeds from sale of investments	87,424	0	0	87,424
Purchase of investments	(1,101,765)	0	0	(1,101,765)
Net cash provided (used) by investing activities	<u>(668,407)</u>	<u>21,312</u>	<u>20,987</u>	<u>(626,108)</u>
Net increase (decrease) in cash and cash equivalents	1,606,483	46,711	648,162	2,301,356
Cash and cash equivalents, October 1	<u>3,160,264</u>	<u>944,532</u>	<u>601,372</u>	<u>4,706,168</u>
Cash and cash equivalents, September 30	<u>\$ 4,766,747</u>	<u>\$ 991,243</u>	<u>\$ 1,249,534</u>	<u>\$ 7,007,524</u>

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the fiscal year ended September 30, 2024

	Water and Sewage	Solid Waste	Stormwater	Totals
Reconciliation of operating income (loss) to net cash cash provided (used) by operating activities:				
Operating income (loss)	\$ 2,035,913	\$ 15,106	\$ (328,511)	\$ 1,722,508
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,961,188	113,002	83,434	2,157,624
(Increase) decrease in accounts receivables	(67,291)	(27,698)	(8,596)	(103,585)
(Increase) decrease in intergovernmental receivables	31,780	0	0	31,780
(Increase) decrease in inventory	(14,645)	0	0	(14,645)
(Increase) decrease in prepaid items	(7,825)	(2,256)	179	(9,902)
(Increase) decrease in deferred outflows related to pension	137,114	51,158	0	188,272
Increase (decrease) in accounts payable	(23,846)	19,637	2,059	(2,150)
Increase (decrease) in retainages payable	0	0	6,950	6,950
Increase (decrease) in unearned revenue	(549,714)	0	0	(549,714)
Increase (decrease) in payroll liabilities	16,827	10,616	6,942	34,385
Increase (decrease) in net pension liability	(94,996)	(35,443)	0	(130,439)
Increase (decrease) in deferred inflows related to pension	(26,146)	(5,765)	0	(31,911)
Increase (decrease) in deposits payable	(2,072)	0	0	(2,072)
Total adjustments	<u>1,360,374</u>	<u>123,251</u>	<u>90,968</u>	<u>1,574,593</u>
Net cash provided (used) by operating activities	<u>\$ 3,396,287</u>	<u>\$ 138,357</u>	<u>\$ (237,543)</u>	<u>\$ 3,297,101</u>
Cash and cash equivalents reconciliation:				
Cash and cash equivalents	\$ 4,332,963	\$ 991,243	\$ 1,245,585	\$ 6,569,791
Restricted assets				
Cash and cash equivalents	<u>433,784</u>	<u>0</u>	<u>3,949</u>	<u>437,733</u>
Total cash and cash equivalents	<u>\$ 4,766,747</u>	<u>\$ 991,243</u>	<u>\$ 1,249,534</u>	<u>\$ 7,007,524</u>

Noncash capital and related financing activities

Contributions of capital assets from other governments totaled \$1,007,744 cost and \$0 accumulated depreciation.

Transfer of capital assets from Stormwater Fund to Governmental Activities totaled \$34,583.

Acquisition of capital assets through accounts payable totaled \$189,719.

Acquisitions of right-to-use intangible assets through leases payable totaled \$297,221.

Forgiveness of right-to-use lease liabilities for right-to-use intangible assets totaled \$24,379.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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 public utilities (water and sewage, solid waste, and stormwater) 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.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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 section 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.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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.

American Rescue Plan Act Special Revenue Fund – This fund is used to account for all revenues and expenditures related to the American Rescue Plan Act Grant

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

General Government Capital Projects Fund - This fund is used to account for long-term projects financed by contributions to the City.

2019 TSPLOST Capital Projects Fund - This fund is used to account for long-term transportation 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.

Stormwater Fund - This fund is used to account for activities connected with the development, operation and maintenance of stormwater services and infrastructure in the City of Dahlonega.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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).

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.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements, 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.

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).

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.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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 notes payable, leases payable, and subscriptions payable 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.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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, Solid Waste, and Stormwater 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.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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 the end of the current fiscal year.

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, and longer term investments operated to achieve maximum yield are 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.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Leases Receivable

Leases receivable are measured at the present value of lease payments expected to be received during the lease terms. Under the lease agreements, the City may receive variable lease payments that are dependent upon the lessees' revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for each of the leases. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the respective lease.

K. Inventories

Inventories 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 a modified first-in, first-out method.

L. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current fiscal year are recorded as prepaid items. Prepaid items in the governmental funds are recorded as expenditures when consumed.

M. 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.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Capital Assets, continued

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 acquisition value on the date donated.

The City has recorded intangible right-to-use assets as a result of implementing GASB Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The assets are initially measured at an amount equal to the initial measurement of the related lease or subscription liability plus any payments made prior to the lease or subscription term, less lease or subscription incentives, and plus ancillary charges necessary to place the lease or subscription into service. The intangible right-to-use assets are amortized on a straight-line basis over the shorter of the estimated useful life of the underlying asset or life of the related lease or subscription.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Capital Assets, continued

Depreciation/amortization 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	25-50	\$ 5,000
Distribution systems	40	\$ 5,000
Infrastructure	30	\$ 5,000
Building improvements	20	\$ 5,000
Machinery and equipment	3-10	\$ 5,000
Vehicles	2-15	\$ 5,000
Furniture and fixtures	3-15	\$ 5,000
Land improvements	15	\$ 5,000
Intangibles	20	\$ 5,000
Intangible right-to-use assets		
Vehicles	5-15	\$ 5,000
Software	5	\$ 5,000

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.

N. 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 assets 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 and charges on bond refundings.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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 assets 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.

O. 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.

P. 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.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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.

R. 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.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. 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.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. 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 Annual Financial Report shall be compared with the budget in effect when the Annual Financial Report 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.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Compensation for Future Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off and compensation benefits. These will be paid to the employees upon separation from City service. Accumulated unpaid paid time off 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.

T. 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.

U. 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.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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 the end of the current fiscal year, 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.

Foreign currency risk

The City has no investments denominated in a foreign currency.

CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

4. ACCOUNTS RECEIVABLE

Net accounts receivable at September 30, 2024 consist of the following:

Primary Government	
General Fund	\$ 9,808
Enterprise Funds	
Water and Sewage	824,058
Less: Allowances for Uncollectibles	(116,281)
Solid Waste	171,689
Less: Allowances for Uncollectibles	(22,093)
Stormwater	42,468
Less: Allowances for Uncollectibles	(1,626)
 Total Primary Government	 <u>\$ 908,023</u>

5. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at September 30, 2024 consist of the following:

Primary Government	
General Fund	\$ 1,393
SPLOST	244,315
2019 TSPLOST	190,101
Water and Sewage	<u>50,687</u>
 Total Primary Government	 <u>\$ 486,496</u>

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

6. LEASES RECEIVABLE

Governmental Activities

In 2023, the City entered into a three year lease agreement to provide the tenant the right to use a building. Under the lease agreement, the tenant pays the City monthly payments of \$1,200, interest at 4.64%. Leases receivable are measured at the present value of the future minimum rent payments expected to be received during the lease term. At the end of the current fiscal year, leases receivable totaled \$26,436 and the related deferred inflows of resources totaled \$25,658 for the governmental activities. During the current fiscal year, the City recognized \$15,618 of lease revenue (reported as other revenue) and \$1,645 of interest revenue under the leases.

7. 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 2024, based upon the assessments of January 1, 2024, were levied on August 20, 2024, billed on October 1, 2024, and due on December 1, 2024. Taxes were delinquent and subject to liens on December 1, 2024.

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of interfund receivables and payables as of September 30, 2024 are as follows:

Receivable:	Payable:	Amount
General	American Rescue Plan Act	<u>\$1,414,599</u>

The balance reported as Due to/Due from represent loans between the borrower funds and the lender. Balances reported between the General Fund and the American Rescue Plan Act Fund, resulted from transactions to alleviate equity in pooled cash deficits at year-end.

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, 2024

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

A summary of interfund transfers for the year ended September 30, 2024 is as follows:

Transfers In:	Transfers Out:	Amount
Water and Sewage	SPLOST	\$ 586,530
General	General	856,202
General Government	Nonmajor Governmental	158,342
Stormwater	American Rescue Plan Act	1,432,140
	Nonmajor Governmental	212,188
	General	876,979
	SPLOST	293,265
		<u><u>\$ 4,415,646</u></u>

Interfund transfers were used to transfer unrestricted revenues from payor funds to subsidize operations in payee funds in accordance with budgetary authorizations, to transfer City matching funds in accordance with grant agreements, to transfer funds to Capital Projects Funds for capital projects in accordance with budgetary authorizations, and to move capital assets between governmental activities and business-type activities. The transfer to the Water and Sewer Fund from the General Fund is in accordance with City policy and is common practice for government-owned utility systems. 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, 2024

9. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended September 30, 2024 was as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
	<u>Beginning</u>			<u>Ending</u>
Governmental activities				
Non-depreciable assets				
Land	\$ 2,394,926	\$ 823,624	\$ 0	\$ 3,218,550
Construction in progress	2,899,392	1,470,839	(3,161,170)	1,209,061
Total non-depreciable assets	<u>5,294,318</u>	<u>2,294,463</u>	<u>(3,161,170)</u>	<u>4,427,611</u>
Depreciable/amortizable assets				
Buildings and improvements	3,314,995	1,861,040	0	5,176,035
Land improvements	480,929	0	0	480,929
Equipment	1,650,848	350,757	(196,721)	1,804,884
Infrastructure	6,687,548	1,631,499	0	8,319,047
Intangibles	162,751	0	0	162,751
Intangible right-to-use assets				
Vehicles	147,881	679,384	0	827,265
Total depreciable/amortizable assets	<u>12,444,952</u>	<u>4,522,680</u>	<u>(196,721)</u>	<u>16,770,911</u>
Accumulated depreciation/amortization				
Buildings and improvements	(1,697,409)	(101,675)	0	(1,799,084)
Land improvements	(29,352)	(23,075)	0	(52,427)
Equipment	(1,288,798)	(110,029)	194,261	(1,204,566)
Infrastructure	(2,469,833)	(264,671)	0	(2,734,504)
Intangibles	(56,963)	(16,275)	0	(73,238)
Intangible right-to-use assets				
Vehicles	(19,654)	(131,959)	0	(151,613)
Total accumulated depreciation/amortization	<u>(5,562,009)</u>	<u>(647,684)</u>	<u>194,261</u>	<u>(6,015,432)</u>
Total depreciable/amortizable assets, net	<u>6,882,943</u>	<u>3,874,996</u>	<u>(2,460)</u>	<u>10,755,479</u>
Governmental activities capital assets, net	<u><u>\$ 12,177,261</u></u>	<u><u>\$ 6,169,459</u></u>	<u><u>\$ (3,163,630)</u></u>	<u><u>\$ 15,183,090</u></u>

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

9. CAPITAL ASSETS (CONTINUED)

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Business-type activities				
Non-depreciable assets				
Land	\$ 3,348,989	\$ 0	\$ 0	\$ 3,348,989
Construction in progress	1,757,396	503,094	(1,564,966)	695,524
Total Non-depreciable assets	<u>5,106,385</u>	<u>503,094</u>	<u>(1,564,966)</u>	<u>4,044,513</u>
Depreciable/amortizable assets				
Buildings	25,904,438	109,175	0	26,013,613
Improvements	3,622,031	0	0	3,622,031
Equipment and vehicles	5,056,939	56,252	(86,128)	5,027,063
Infrastructure	28,015,828	2,881,211	0	30,897,039
Intangibles	268,133	0	0	268,133
Intangible right-to-use assets				
Vehicles	101,771	297,221	(24,379)	374,613
Total depreciable/amortizable assets	<u>62,969,140</u>	<u>3,343,859</u>	<u>(110,507)</u>	<u>66,202,492</u>
Accumulated depreciation/amortization				
Buildings	(10,887,081)	(818,351)	0	(11,705,432)
Improvements	(2,364,042)	(94,706)	0	(2,458,748)
Equipment and vehicles	(3,155,568)	(331,382)	86,128	(3,400,822)
Infrastructure	(14,364,204)	(816,912)	0	(15,181,116)
Intangibles	(35,732)	(26,813)	0	(62,545)
Intangible right-to-use assets				
Vehicles	(9,291)	(69,460)	0	(78,751)
Total accumulated depreciation/amortization	<u>(30,815,918)</u>	<u>(2,157,624)</u>	<u>86,128</u>	<u>(32,887,414)</u>
Total depreciable/amortizable assets, net	<u>32,153,222</u>	<u>1,186,235</u>	<u>(24,379)</u>	<u>33,315,078</u>
Business-type activities capital assets, net	<u><u>\$ 37,259,607</u></u>	<u><u>\$ 1,689,329</u></u>	<u><u>\$ (1,589,345)</u></u>	<u><u>\$ 37,359,591</u></u>

The decreases in construction in progress above include \$34,583 of capital assets distributed to governmental activities.

The intangible right-to-use assets balance has been adjusted to reflect \$24,379 of future right-to-use lease principal payments forgiven during the fiscal year.

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
Component Unit				
Depreciable/amortizable assets				
Intangible right-to-use assets				
Vehicles	\$ 25,304	\$ 0	\$ 0	\$ 25,304
Accumulated depreciation/amortization				
Intangible right-to-use assets				
Vehicles	(2,686)	(6,000)	0	(8,686)
Total depreciable/amortizable assets, net	<u>\$ 22,618</u>	<u>\$ (6,000)</u>	<u>\$ 0</u>	<u>\$ 16,618</u>

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

9. CAPITAL ASSETS (CONTINUED)

Depreciation/amortization expense was charged to functions/programs as follows:

Primary Government

Governmental activities	
General Government	\$ 93,872
Public Safety	63,428
Public Works	432,400
Culture and Recreation	33,600
Housing and Development	<u>24,384</u>
Total depreciation/amortization expense for governmental activities	<u>\$ 647,684</u>

Business-type activities

Water and Sewage	\$ 1,961,188
Solid Waste	113,002
Stormwater	<u>83,434</u>
Total depreciation/amortization expense for business-type activities	<u>\$ 2,157,624</u>

Component Unit

Downtown Development Authority	<u>\$ 6,000</u>
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CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

10. LONG-TERM DEBT

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

Revenue Bonds Payable

Business-type Activities

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at September 30, 2024:

- \$26,865,000 – Series 2015 Water and Sewerage 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. In an event of default, any outstanding principal and interest on the bonds may become immediately due and payable. The bonds are payable from revenues of the water and sewerage system. As of September 30, 2024, the bonds had an outstanding balance of \$20,560,000.

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

Year Ending	Principal	Interest	Total
September 30,			
2025	\$ 830,000	\$ 785,668	\$ 1,615,668
2026	865,000	752,468	1,617,468
2027	900,000	726,518	1,626,518
2028	920,000	699,518	1,619,518
2029	945,000	670,768	1,615,768
2030-2034	5,235,000	2,856,945	8,091,945
2035-2039	6,375,000	1,721,400	8,096,400
2040-2042	4,490,000	363,800	4,853,800
Totals	<u>\$ 20,560,000</u>	<u>\$ 8,577,085</u>	<u>\$ 29,137,085</u>

CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

10. LONG-TERM DEBT (CONTINUED)

Contracts Payable

Governmental Activities

The City has entered into an intergovernmental contract loan agreement with the Downtown Development Authority for purchase of a building, in the original amount of \$850,000. At September 30, 2024, the balance of this note is \$709,000. Semi-annual installments of interest and annual installments of principal are due through September 30, 2036; interest at 2.81%. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable.

Annual debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 51,000	\$ 19,923	\$ 70,923
2026	52,000	18,490	70,490
2027	53,000	17,029	70,029
2028	55,000	15,539	70,539
2029	56,000	13,994	69,994
2030-2034	307,000	45,325	352,325
2035-2037	135,000	5,704	140,704
Totals	<u>\$ 709,000</u>	<u>\$ 136,004</u>	<u>\$ 845,004</u>

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

10. LONG-TERM DEBT (CONTINUED)

Notes from Direct Borrowings

Business-type Activities

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, 2024, the balance of this note is \$4,133,769. Monthly installments of principal and interest are due through January 1, 2045; interest at 3.00%. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues on taxes collected by the City.

The City has entered into an agreement with the Georgia Environmental Facilities Authority for rehabilitating a pump station, in the original amount of \$500,000. At September 30, 2024, the balance of this note is \$178,205. Monthly installments of principal and interest are due through April 1, 2028; interest at 0.81%. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues on taxes collected by the City.

The City has entered into an agreement with the Georgia Environmental Facilities Authority for installing water lines, isolation valves, fire hydrants, and related appurtenances, in the original amount of \$1,069,000. At September 30, 2024, the balance of this note is \$662,512. Monthly installments of principal and interest are due through April 1, 2033; interest at 1.15%. Upon an event of default, all outstanding principal and accrued interest may be declared immediately due and payable. Note payments and performance obligations are secured by revenues on taxes collected by the City.

CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

10. LONG-TERM DEBT (CONTINUED)

Notes from Direct Borrowings, continued

Business-type Activities, continued

Annual debt service requirements to maturity for notes from direct borrowings are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 270,499	\$ 130,350	\$ 400,849
2026	276,545	124,304	400,849
2027	282,753	118,096	400,849
2028	289,128	111,721	400,849
2029	259,307	105,285	364,592
2030-2034	1,328,994	427,269	1,756,263
2035-2039	1,165,119	256,359	1,421,478
2040-2044	1,102,141	71,007	1,173,148
Totals	<u>\$ 4,974,486</u>	<u>\$ 1,344,391</u>	<u>\$ 6,318,877</u>

Leases Payable

Governmental Activities

The City entered into multiple agreements to lease vehicles. The lease agreements qualify as other than short-term leases under GASB Statement No. 87, *Leases*, and have been recorded at the present value of the future minimum lease payments at their inception. The required monthly payments range from \$556 to \$1,723 and have interest rates ranging from 2.446% to 3.262%. During the fiscal year ended September 30, 2024, the City paid a total of \$186,275 in principal and \$6,850 in interest for the leases, and had an ending lease liability of \$554,267.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

10. LONG-TERM DEBT (CONTINUED)

Leases Payable, continued

Business-type Activities

The City entered into multiple agreements to lease vehicles. The lease agreements qualify as other than short-term leases under GASB Statement No. 87, *Leases*, and have been recorded at the present value of the future minimum lease payments at their inception. The required monthly payments range from \$607 to \$2,133 and have interest rates ranging from 0.028% to 8.92%. During the fiscal year ended September 30, 2024, the City paid a total of \$64,954 in principal and \$8,761 in interest for the leases, and had an ending lease liability of \$301,265. The ending lease liability has been adjusted to reflect \$24,379 of future payments forgiven during the fiscal year.

The future minimum principal and interest lease payments together with the present value of the net minimum payments as of September 30, 2024 for the Governmental and Business-Type Activities, were as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 183,799	\$ 6,846	\$ 92,034	\$ 9,079	\$ 275,833	\$ 15,925
2026	183,410	4,636	80,001	6,618	263,411	11,254
2027	125,781	2,434	78,939	4,021	204,720	6,455
2028	57,316	912	43,988	1,741	101,304	2,653
2029	3,961	66	6,303	94	10,264	160
Totals	<u>\$ 554,267</u>	<u>\$ 14,894</u>	<u>\$ 301,265</u>	<u>\$ 21,553</u>	<u>\$ 855,532</u>	<u>\$ 36,447</u>

CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

10. LONG-TERM DEBT (CONTINUED)

Leases Payable, continued

Component Unit

The City entered an agreement to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87, *Leases*, and have been recorded at the present value of the future minimum lease payments at their inception. The required monthly lease payments are \$553, and have an interest rate of 2.446%. During the fiscal year ended September 30, 2024, the City paid a total of \$6,147 in principal and \$488 in interest for the lease, and had an ending lease liability of \$16,593.

The following is a schedule of future minimum lease payments together with the present value of the net minimum lease payments for the Component Unit at the end of the current fiscal year:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 6,299	\$ 336	\$ 6,635
2026	6,455	180	6,635
2027	3,839	31	3,870
Totals	<u>\$ 16,593</u>	<u>\$ 547</u>	<u>\$ 17,140</u>

CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

10. LONG-TERM DEBT (CONTINUED)

Subscriptions Payable

Governmental Activities

The City entered an agreement to subscribe to certain software. The subscription agreement qualifies as an other than short-term subscription under GASB Statement No. 96, *Software-Based Information Technology Agreements*, and has been recorded at the present value of the future minimum subscription payments at inception. The required annual subscription payments are \$15,274 and have an interest rate of 4.4%. During the fiscal year ended September 30, 2024, the City paid a total of \$13,597 in principal and \$1,677 in interest for the subscription, and had an ending subscription liability of \$54,925.

The following is a schedule of future minimum subscription payments together with the present value of the net minimum subscriptions payments for the Governmental Activities at the end of the current fiscal year:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 12,858	\$ 2,416	\$ 15,274
2026	13,423	1,851	15,274
2027	14,014	1,260	15,274
2028	14,630	644	15,274
Totals	\$ 54,925	\$ 6,171	\$ 61,096

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

11. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the City for the year ended September 30, 2024:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>	<u>Due Within One Year</u>
Governmental activities					
Contracts payable	\$ 758,000	\$ 0	\$ 49,000	\$ 709,000	\$ 51,000
Leases payable	129,680	610,862	186,275	554,267	183,799
Subscriptions payable	0	68,522	13,597	54,925	12,858
Compensated absences	98,254	103,713	98,254	103,713	81,932
Total governmental activities	<u>\$ 985,934</u>	<u>\$ 783,097</u>	<u>\$ 347,126</u>	<u>\$ 1,421,905</u>	<u>\$ 329,589</u>
Business-type activities					
Notes from direct borrowings	\$ 5,300,628	\$ 0	\$ 326,142	\$ 4,974,486	\$ 270,499
Leases payable	93,377	297,221	89,333	301,265	92,034
Revenue bonds	21,370,000	0	810,000	20,560,000	830,000
Unamortized bond premium	535,792	0	28,200	507,592	0
Compensated absences	91,421	102,892	91,421	102,892	81,285
Total business-type activities	<u>\$ 27,391,218</u>	<u>\$ 400,113</u>	<u>\$ 1,345,096</u>	<u>\$ 26,446,235</u>	<u>\$ 1,273,818</u>
Component Unit					
Leases payable	\$ 22,740	\$ 0	\$ 6,147	\$ 16,593	\$ 6,299
Total component unit	<u>\$ 22,740</u>	<u>\$ 0</u>	<u>\$ 6,147</u>	<u>\$ 16,593</u>	<u>\$ 6,299</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, 2024 was \$30,053 for governmental activities and \$1,064,023 for business-type activities. Forgiveness of right-to-use lease liabilities for right-to-use lease assets in the Business-type Activities totaled \$24,379.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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. 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.

CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

12. PENSION PLAN (CONTINUED)

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.

At January 1, 2024, the date of the most recent actuarial valuation, the participants consisted of the following:

Retirees and beneficiaries currently receiving benefits	34
Terminated vested participants entitled to but not yet receiving benefits	27
Active participants	64
Total number of participants	125

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. Officials with five years of total service 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 2.00% - 2.25% with a five year vesting schedule.

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, 2024 was \$325,123, or 10.85% of covered payroll.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

12. PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At September 30, 2024, the City reported a net pension liability of \$1,207,529. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. For the fiscal year ended September 30, 2024, the City recognized pension expense of \$376,015. In prior years, net pension liabilities have been liquidated in the General Fund, Water and Sewage Enterprise Fund, Solid Waste Enterprise Fund, Stormwater Enterprise Fund and the Downtown Development Authority Component Unit.

At September 30, 2024, the City and Component Unit reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Component Unit		City		Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,339	\$ 0	\$ 470,929	\$ 0	\$ 510,268	\$ 0
Changes in participant fund allocation	8,245	0	9,005	(17,250)	17,250	(17,250)
Net difference between projected and actual earnings on pension plan investments	0	(4,360)	0	(52,189)	0	(56,549)
Contributions subsequent to the measurement date	20,689	0	247,670	0	268,359	0
Totals	\$ 68,273	\$ (4,360)	\$ 727,604	\$ (69,439)	\$ 795,877	\$ (73,799)

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

12. PENSION PLAN (CONTINUED)

The \$268,359 of deferred outflows of resources resulting from the City's and Component Unit's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year	Component Unit	City	Total
2025	\$ 5,424	\$ 62,382	\$ 67,806
2026	8,315	95,620	103,935
2027	29,834	343,094	372,928
2028	(349)	(90,601)	(90,950)
Totals	<u>\$ 43,224</u>	<u>\$ 410,495</u>	<u>\$ 453,719</u>

Actuarial Assumptions. The total pension liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Projected salary increases	3.00% to 8.50%, including inflation
Cost of living adjustments	1.70%
Net investment rate of return	7.375%

Healthy mortality rates were based on the sex-district Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the sex-district Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

The mortality and economic actuarial assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 through June 30, 2019.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

12. PENSION PLAN (CONTINUED)

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 March 31, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	6.80%
Domestic fixed income	20%	0.40%
Real estate	10%	3.90%
Global fixed income	5%	0.46%
Total	<u>100%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.375 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.

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 (6.375 percent) or one percentage-point higher (8.375 percent) than the current rate:

	1% Decrease	Current Rate	1% Increase
	6.375%	7.375%	8.375%
Component Unit	\$ 183,764	\$ 93,095	\$ 23,285
City	2,113,280	1,114,434	267,783
Net Pension Liability	<u>\$ 2,297,044</u>	<u>\$ 1,207,529</u>	<u>\$ 291,068</u>

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

12. PENSION PLAN (CONTINUED)

Changes in Net Pension Liability (Asset)

	Component Unit	City	Total
Changes in the Net Pension Liability			
Total Pension Liability			
Service Cost	\$ 38,944	\$ 91,960	\$ 130,904
Interest	51,664	594,134	645,798
Differences between expected and actual experience	14,467	166,371	180,838
Benefit payments	(42,941)	(493,817)	(536,758)
Net change in Total Pension Liability	<u>62,134</u>	<u>358,648</u>	<u>420,782</u>
Total Pension Liability, Balances as of September 30, 2022	<u>739,997</u>	<u>8,154,066</u>	<u>8,894,063</u>
Total Pension Liability, Balances as of September 30, 2023	<u>\$ 802,131</u>	<u>\$ 8,512,714</u>	<u>\$ 9,314,845</u>
Plan fiduciary net position			
Contributions - employer	\$ 26,010	\$ 299,113	\$ 325,123
Net investment income	79,057	909,158	988,215
Benefit payments	(42,941)	(493,817)	(536,758)
Administrative expenses	(1,364)	(15,682)	(17,046)
Net changes in fiduciary net position	<u>60,762</u>	<u>698,772</u>	<u>759,534</u>
Plan Fiduciary Net Position, Balances as of September 30, 2022	<u>588,003</u>	<u>6,759,779</u>	<u>7,347,782</u>
Plan Fiduciary Net Position, Balances as of September 30, 2023	<u>648,765</u>	<u>7,458,551</u>	<u>8,107,316</u>
Changes in participant fund allocation	<u>(60,271)</u>	<u>60,271</u>	<u>0</u>
Employer's Net Pension Liability	<u>\$ 93,095</u>	<u>\$ 1,114,434</u>	<u>\$ 1,207,529</u>
Plan fiduciary net position as a percentage of the total pension liability			
Covered payroll	80.88%	87.62%	87.04%
Net pension liability as a percentage of covered payroll	\$ 211,079	\$ 2,526,811	\$ 2,737,890
	44.10%	44.10%	44.10%

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. This plan is immaterial to the financial statements.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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 2024, plan members made voluntary contributions of \$64,243. 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 an 8% 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, 2024 follows:

Lodging Tax Receipts	\$783,070
Disbursements to the Dahlonega – Lumpkin County	
Chamber of Commerce	\$413,766 52.8% of tax receipts
Disbursements for tourism product development	\$212,188 27.1% of tax receipts
Transfer to General Fund	\$158,342 20.2% of tax receipts

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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. 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 Sewerage 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 (33.16%) and the Authority (0%). The County purchased the surrounding parcels of land outside of the reservoir and the required 150-foot buffer and is solely responsible for the debt (19.25% of all debt related to the reservoir) relating to those parcels. 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 2024. 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 \$20,039 as payment-in-lieu-of-taxes for 2024. Separate financial statements may be obtained from Housing Authority of the City of Dahlonega, 90 Thompson Circle, Dahlonega, GA 30553.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

17. RISK MANAGEMENT

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

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

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

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

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

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At September 30, 2024, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

CITY OF DAHLONEGA - NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

18. COMMITMENTS AND CONTINGENCIES

Commitments

As of September 30, 2024, contractual commitments on uncompleted contracts were \$4,210,938.

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.

19. CONDUIT DEBT

Downtown Development Authority Component Unit

From time-to-time, the Downtown Development Authority issues revenue bonds to provide financial assistance to local entities for the acquisition and construction of public facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the facilities transfers to the entity served by the bond issuance. Neither the City nor the State, or any political subdivision thereof, is obligated in any manner for repayment for the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The amount of conduit debt revenue bond obligations outstanding as of the end of the current fiscal year is \$98,255,000.

20. TRANSPORTATION EXPENDITURES

Amounts expended on transportation include transportation maintenance and operation costs and correspond with classifications and subclassifications specified in the local government uniform chart of accounts under subsection (e) of Code Section 36-81-3 within section 4200, including noncapital expenditures within sections 4210-4290.

Total general fund expenditures within these categories totaled \$1,982,825 for the current fiscal year.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

21. NEW ACCOUNTING PRONOUNCEMENTS

The City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*, effective for the City's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2023. The implementation of this new standard had no impact on the City's net position.

22. CHANGES IN BEGINNING BALANCES

Correction of an Error

Governmental Activities

General Fund

An adjustment was made to correct accounts payable at September 30, 2023. The net effect of this adjustment decreased beginning fund balance in the amount of \$62,000.

An adjustment was made to correct leases receivable and deferred inflows of resources – leases at September 30, 2023. This adjustment had no impact on fund balance.

The net effect of these adjustments decreased beginning fund balance in the amount of \$62,000.

Business-type Activities

Water and Sewage Fund

An adjustment was made to correct unearned revenue at September 30, 2023. This adjustment increased beginning net position in the amount of \$890,667.

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

22. CHANGES IN BEGINNING BALANCES (CONTINUED)

A summary of the changes in beginning balances is presented below:

	Beginning As Previously Presented	Error Correction	Beginning As Restated
Government-Wide			
Governmental Activities	\$ 22,684,021	\$ (62,000)	\$ 22,622,021
Business-type Activities	2,110,728	890,667	22,001,395
Total Government-Wide	<u>\$ 24,794,749</u>	<u>\$ 828,667</u>	<u>\$ 44,623,416</u>
Governmental Funds			
General	<u>\$ 5,181,333</u>	<u>\$ (62,000)</u>	<u>\$ 5,119,333</u>
Proprietary Funds			
Water and Sewage	<u>\$ 17,706,429</u>	<u>\$ 890,667</u>	<u>\$ 18,597,096</u>

23. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL GOVERNMENTAL FUNDS

During the current fiscal year, the City incurred expenditures in the following funds that were materially in excess of the amounts appropriated:

Fund	Budget	Actual	Variance
General Fund			
Legislative	\$ 273,022	\$ 359,406	\$ (86,384)
Elections	12,600	21,845	(9,245)
Street Construction	1,397,970	1,864,398	(466,428)
Parks	69,500	71,585	(2,085)
Community Development	282,914	516,546	(233,632)
Debt Service	0	208,399	(208,399)
Hote/Motel Tax Special Revenue Fund			
Tourism	381,938	413,766	(31,828)

CITY OF DAHLONEGA – NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

24. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 30, 2026, the date the financial statements were available to be issued. No events have occurred during this period that would require adjustment to or disclosure in the accompanying financial statements.



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, 2024
 (Unaudited)

	Fiscal Year End		
	2024	2023	2022
Total pension liability			
Service cost	\$ 130,904	\$ 145,846	\$ 160,465
Interest	645,798	632,901	610,786
Differences between expected and actual experience	180,838	(101,556)	(23,085)
Changes of assumptions	0	0	0
Benefit payments, including refunds of employee contributions	(536,758)	(437,985)	(429,367)
Other	<u>0</u>	<u>0</u>	<u>0</u>
Net change in total pension liability	420,782	239,206	318,799
Total pension liability - beginning	<u>8,894,063</u>	<u>8,654,857</u>	<u>8,336,058</u>
Total pension liability - ending (a)	<u><u>\$ 9,314,845</u></u>	<u><u>\$ 8,894,063</u></u>	<u><u>\$ 8,654,857</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 325,123	\$ 427,838	\$ 308,543
Net investment income	988,215	(1,443,957)	1,744,837
Benefit payments, including refunds of employee contributions	(536,758)	(437,985)	(429,367)
Administrative expense	<u>(17,046)</u>	<u>(16,703)</u>	<u>(18,198)</u>
Net change in plan fiduciary net position	759,534	(1,470,807)	1,605,815
Plan fiduciary net position - beginning	<u>7,347,782</u>	<u>8,818,589</u>	<u>7,212,774</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 8,107,316</u></u>	<u><u>\$ 7,347,782</u></u>	<u><u>\$ 8,818,589</u></u>
Net pension liability (asset) - ending : (a) - (b)	<u><u>\$ 1,207,529</u></u>	<u><u>\$ 1,546,281</u></u>	<u><u>\$ (163,732)</u></u>
Plan's fiduciary net position as a percentage of the total pension liability	87.04%	82.61%	101.89%
Covered payroll	\$ 2,737,890	\$ 2,261,938	\$ 2,276,673
Net pension liability as a percentage of covered payroll	44.10%	68.36%	-7.19%

See accompanying notes to the required supplementary information.

Fiscal Year End

2021		2020		2019		2018		2017		2016		2015	
\$ 152,506	\$ 173,911	\$ 114,719	\$ 116,700	\$ 115,608	\$ 85,386	\$ 96,910							
589,302	563,294	508,884	488,440	477,750	446,617	439,359							
(45,497)	309,796	405,325	(16,733)	(134,264)	178,075	(117,428)							
0	(155,146)	0	114,351	0	0	0							
(396,565)	(384,446)	(340,850)	(328,763)	(313,569)	(304,165)	(262,175)							
0	0	0	0	0	514	(42,028)							
299,746	507,409	688,078	373,995	145,525	406,427	114,638							
<u>8,036,312</u>	<u>7,528,903</u>	<u>6,840,825</u>	<u>6,466,830</u>	<u>6,321,305</u>	<u>5,914,878</u>	<u>5,800,240</u>							
<u>\$ 8,336,058</u>	<u>\$ 8,036,312</u>	<u>\$ 7,528,903</u>	<u>\$ 6,840,825</u>	<u>\$ 6,466,830</u>	<u>\$ 6,321,305</u>	<u>\$ 5,914,878</u>							
\$ 356,081	\$ 258,398	\$ 255,709	\$ 284,180	\$ 255,944	\$ 344,506	\$ 329,784							
638,718	191,715	600,142	800,838	541,207	52,151	487,596							
(396,565)	(384,446)	(340,850)	(328,763)	(313,569)	(304,165)	(262,175)							
(16,213)	(15,247)	(15,901)	(22,200)	(9,141)	(10,646)	(8,507)							
582,021	50,420	499,100	734,055	474,441	81,846	546,698							
<u>6,630,753</u>	<u>6,580,333</u>	<u>6,081,233</u>	<u>5,347,178</u>	<u>4,872,737</u>	<u>4,790,891</u>	<u>4,244,193</u>							
<u>\$ 7,212,774</u>	<u>\$ 6,630,753</u>	<u>\$ 6,580,333</u>	<u>\$ 6,081,233</u>	<u>\$ 5,347,178</u>	<u>\$ 4,872,737</u>	<u>\$ 4,790,891</u>							
<u>\$ 1,123,284</u>	<u>\$ 1,405,559</u>	<u>\$ 948,570</u>	<u>\$ 759,592</u>	<u>\$ 1,119,652</u>	<u>\$ 1,448,568</u>	<u>\$ 1,123,987</u>							
86.52%	82.51%	87.40%	88.90%	82.69%	77.08%	81.00%							
\$ 2,358,300	\$ 2,358,774	\$ 2,189,155	\$ 1,683,662	\$ 1,596,651	\$ 1,653,134	\$ 1,320,011							
47.63%	59.59%	43.33%	45.12%	70.13%	87.63%	85.15%							

See accompanying notes to the required supplementary information.

CITY OF DAHLONEGA, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
September 30, 2024
(Unaudited)

	Fiscal Year End		
	2024	2023	2022
Actuarially determined contribution	\$ 325,123	\$ 366,129	\$ 370,252
Contributions in relation to the actuarially determined contribution	<u>(325,123)</u>	<u>(427,838)</u>	<u>(308,543)</u>
Contribution deficiency (excess)	<u><u>\$ 0</u></u>	<u><u>\$ (61,709)</u></u>	<u><u>\$ 61,709</u></u>
Covered payroll	\$ 2,996,808	\$ 2,699,721	\$ 2,924,622
Contributions as a percentage of covered payroll	10.85%	13.56%	12.66%

Note: Covered payroll has been restated for Fiscal Year 2023 to correct an error.

Fiscal Year End						
2021	2020	2019	2018	2017	2016	2015
\$ 356,081	\$ 370,252	\$ 356,081	\$ 258,709	\$ 255,709	\$ 278,905	\$ 255,944
(356,081)	(370,252)	(356,081)	(258,709)	(255,709)	(278,905)	(255,944)
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 2,528,984	\$ 2,467,295	\$ 2,412,015	\$ 2,396,292	\$ 2,224,107	\$ 1,934,317	\$ 1,757,618
14.08%	15.01%	14.76%	10.80%	11.50%	14.42%	14.56%

See accompanying notes to the required supplementary information.

CITY OF DAHLONEGA – NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

1. VALUATION DATE

The actuarially determined contribution rate was determined as of January 1, 2024, 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, 2025.

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 10 years

Asset valuation method = Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.

Net investment rate of return = 7.375%

Projected salary increases = 2.25% plus service based merit increases

Cost of living adjustments = 1.70%

Retirement age for inactive vested participants = 65

Mortality = Healthy mortality rates were based on the sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25. Disabled mortality rates were based on the sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.

**CITY OF DAHLONEGA – NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION
SEPTEMBER 30, 2024**

3. CHANGES IN BENEFITS

There were no changes in benefit provisions in the last two fiscal years.

4. CHANGES OF ASSUMPTIONS

There were no changes in assumptions in the last two fiscal years.



SUPPLEMENTARY INFORMATION



COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF DAHLONEGA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2024

	Special Revenue Hotel/Motel Tax	Capital Projects Grants	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 41,328	\$ 6,680	\$ 48,008
Taxes receivable	<u>66,887</u>	0	<u>66,887</u>
Total assets	\$ 108,215	\$ 6,680	\$ 114,895
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 108,215	\$ 0	\$ 108,215
Fund balances			
Assigned to capital outlay	<u>0</u>	6,680	<u>6,680</u>
Total liabilities and fund balances	\$ 108,215	\$ 6,680	\$ 114,895

CITY OF DAHLONEGA, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended September 30, 2024

	Special Revenue Hotel/Motel Tax	Capital Projects Grants	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 783,070	\$ 0	\$ 783,070
Interest	<u>1,226</u>	<u>0</u>	<u>1,226</u>
Total revenues	<u>784,296</u>	<u>0</u>	<u>784,296</u>
EXPENDITURES			
Current Housing and Development	<u>413,766</u>	<u>0</u>	<u>413,766</u>
Total expenditures	<u>413,766</u>	<u>0</u>	<u>413,766</u>
Excess (deficiency) of revenues over (under) expenditures	370,530	0	370,530
Other financing sources (uses)			
Transfers out	<u>(370,530)</u>	<u>0</u>	<u>(370,530)</u>
Net change in fund balance	0	0	0
Fund balances, October 1	<u>0</u>	<u>6,680</u>	<u>6,680</u>
Fund balances, September 30	<u>\$ 0</u>	<u>\$ 6,680</u>	<u>\$ 6,680</u>



SPECIAL REVENUE FUNDS

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

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
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, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Hotel/Motel taxes	\$ 700,000	\$ 783,070	\$ 83,070
Interest	<u>600</u>	<u>1,226</u>	<u>626</u>
 Total revenues	 <u>700,600</u>	 <u>784,296</u>	 <u>83,696</u>
EXPENDITURES			
Current			
Housing and Development			
Tourism	381,938	413,766	(31,828)
 Total expenditures	 <u>381,938</u>	 <u>413,766</u>	 <u>(31,828)</u>
Excess (deficiency) of revenues over (under) expenditures	318,662	370,530	51,868
Other financing sources (uses)			
Transfers in (out)			
General Fund	(106,474)	(158,342)	(51,868)
General Government Capital Projects Fund	<u>(212,188)</u>	<u>(212,188)</u>	<u>0</u>
 Total other financing sources (uses)	 <u>(318,662)</u>	 <u>(370,530)</u>	 <u>(51,868)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0
Fund balances, October 1	0	0	0
 Fund balances, September 30	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</u>

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)
BALANCE SHEET
September 30, 2024

ASSETS

Cash and cash equivalents	\$ 531,480
Prepaid items	<u>4,919</u>
Total assets	<u>\$ 536,399</u>

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	\$ 21,810
Accrued salaries and payroll liabilities	<u>4,521</u>
Total liabilities	<u>26,331</u>
Fund balances	
Nonspendable:	
Prepaid items	4,919
Assigned to:	
Redevelopment projects	193,466
Operations	<u>311,683</u>
Total fund balances	<u>510,068</u>
Total liabilities and fund balances	<u>\$ 536,399</u>

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, 2024

	Final Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 184,875	\$ 199,275	\$ 14,400
Contributions	100	1,605	1,505
Other	<u>7,800</u>	<u>28,674</u>	<u>20,874</u>
 Total revenues	 <u>192,775</u>	 <u>229,554</u>	 <u>36,779</u>
 EXPENDITURES			
Current			
Housing and Development			
Personal services	184,111	162,367	21,744
Contract services	111,454	126,170	(14,716)
Supplies and materials	26,100	73,239	(47,139)
Debt service			
Principal	0	6,147	(6,147)
Interest	<u>0</u>	<u>488</u>	<u>(488)</u>
 Total expenditures	 <u>321,665</u>	 <u>368,411</u>	 <u>(46,746)</u>
Excess of revenues over (under) expenditures	(128,890)	(138,857)	(9,967)
Fund balances, October 1	<u>128,890</u>	<u>648,925</u>	<u>520,035</u>
Fund balances, September 30	<u><u>\$ 0</u></u>	<u><u>\$ 510,068</u></u>	<u><u>\$ 510,068</u></u>



OTHER REPORTING SECTION



Single Audit Section

This section contains reports required by Uniform
Guidance and grantor agencies.

**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 the 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, 2024, 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 January 30, 2026.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Dahlonega, Georgia's financial statements are free from 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 financial statements. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2024-003.

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City of Dahlonega, Georgia's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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, LLC

Certified Public Accountants

Gainesville, Georgia
January 30, 2026

**Independent Auditor's Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Dahlonega, Georgia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Dahlonega, Georgia's major federal programs for the year ended September 30, 2024. The City of Dahlonega, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Dahlonega, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Dahlonega, Georgia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Dahlonega, Georgia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Dahlonega, Georgia's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Dahlonega, Georgia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Dahlonega, Georgia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Dahlonega, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Dahlonega, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Dahlonega, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rushton, LLC

Gainesville, Georgia
January 30, 2026

CITY OF DAHLONEGA, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended September 30, 2024

Federal Grant/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass- Through Number	Total Federal Expenditures
<u>U.S. Department of Transportation</u>			
Passed through the Georgia Department of Transportation: Highway Planning and Construction	20.205	PI#0016629	\$ 100,598
<u>U.S. Department of Treasury</u>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,432,140
<u>U.S. Environmental Protection Agency</u>			
<u>Clean Water State Revolving Fund Cluster</u>			
Passed through the Georgia Environmental Finance Authority: Clean Water State Revolving Funds	66.468	DWLSL2022131	<u>31,374</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,564,112</u></u>

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

CITY OF DAHLONEGA – NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Dahlonega, Georgia, under programs for the federal government for the current fiscal year. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The City of Dahlonega, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

4. PAYMENTS TO SUBRECIPIENTS

For the current year, the City of Dahlonega, Georgia did not pass federal funds through to subrecipients.

**CITY OF DAHLONEGA – SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

1. SUMMARY OF THE AUDITOR'S RESULTS

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiencies identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	None reported
Identification of major programs:	
21.027 Covid-19 Coronavirus State and Local Fiscal Recovery Funds	
Dollar threshold used to distinguish Between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**CITY OF DAHLONEGA – SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

2. FINANCIAL STATEMENT FINDINGS

A. Current Year Audit Findings

2024-001

Condition: The financial statements were restated for material misstatements in the Governmental Activities, General Fund, and Water and Sewage Enterprise Fund.

Criteria: Generally accepted accounting principles require that accruals be properly calculated and recorded.

Effect: Failure to properly apply generally accepted accounting principles led to financial statements that were materially misstated.

Cause: City staff did not ensure that accruals were properly calculated and recorded.

Recommendation: Management should review their year-end procedures for calculating and recording accruals.

Management Response: Management concurs with this finding. Accounting staff will receive training to properly calculate and record year-end accruals and adjustments. This action was taken immediately upon receipt of the comment from our auditors.

2024-002

Condition: The City lacks sufficient controls and procedures regarding year-end close to ensure timely and accurate financial reporting. This included significant adjustments during the audit to the City's financial statements.

Criteria: Internal controls should be in place to ensure the City can perform timely and accurate year-end close procedures for the City to be able to produce its annual financial statements timely.

Effect: Failure to properly design and implement internal controls over year-end close procedures may lead to financial statements that are materially misstated and lead to delays in financial reporting.

Cause: The City did not perform a timely year-end close of the financials.

Recommendation: We recommend that the City continue to implement and/or strengthen internal controls over the year-end closeout procedures. We also recommend management reconcile account balances monthly to the subsidiary ledgers to ensure proper and timely recording.

Management Response: Management concurs with this finding. The City will implement policies and procedures that will ensure that account balances are reconciled monthly to the subsidiary ledgers. This action was taken immediately upon receipt of the comment from our auditors.

**CITY OF DAHLONEGA – SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

2. FINANCIAL STATEMENT FINDINGS (CONTINUED)

A. Current Year Audit Findings, continued

2024-003

Condition: The City experienced a material excess of expenditures over appropriations in the General Fund, and the Hotel/Motel Tax Special Revenue Fund, as required by state law.

Criteria: OCGA Code Section 36-81-3 requires local governments to operate under an approved annual budget for the General Fund, and each Special Revenue Fund.

Effect: Failure to maintain expenditures within the balanced budgets and failure to adopt annual budgets as required by OCGA Code Section 36-81-3 will place the City in violation of state law.

Cause: The City did not amend the budgets to ensure resources were available for the material overbudget expenditures, as required by state law.

Recommendation: City management should ensure that annual operating budgets are adopted for the General Fund, and each Special Revenue Fund. Budget to actual comparisons should be periodically reviewed by City management and budgets amended as needed to ensure that the City remains in compliance with state law.

Management Response: Management concurs with this finding. Management will review the budget to actual comparisons and recommend any necessary budget revisions to the City Council. This action was taken immediately upon receipt of the comment from our auditors.

B. Prior Year Audit Findings Follow-Ups

None reported

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.



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, 2024

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<u>2020 Referendum</u>					
Roads & Bridges Resurfacing and Improvements	\$ 992,250	\$ 992,250	\$ 587,900	\$ 187,579	\$ 775,479
Stormwater Infrastructure	992,250	992,250	764,227	293,265	1,057,492
Water & Sewer System Improvements	1,984,500	1,984,500	1,528,457	586,530	2,114,987
Total	\$ 3,969,000	\$ 3,969,000	\$ 2,880,584	\$ 1,067,374	\$ 3,947,958
Total expenditures and transfers out of SPLOST Capital Projects Fund					
Expenditures financed through other revenue sources for:					
Roads & Bridges Resurfacing and Improvements				(250,542)	
					\$ 1,067,374

Date of Completion - March 2026

* 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.

CITY OF DAHLONEGA, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH
TRANSPORTATION SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended September 30, 2024

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
<u>2019 Referendum</u>					
Roads and Bridges					
Construction and Improvement, Sidwalks Construction & Improvements, Bicycle Paths Construction & Improvements	\$ 2,310,000	\$ 2,310,000	\$ 1,219,811	\$ 713,157	\$ 1,932,968
<u>2023 Referendum</u>					
Auraria Road/Dawsonville Highway/Torrington Drive Intersection Improvements					
Construction and Improvement, Sidwalks Construction & Improvements, Bicycle Paths Construction & Improvements	\$ 950,000	\$ 950,000	\$ 0	\$ 0	\$ 0
Roads and Bridges					
Construction and Improvement, Sidwalks Construction & Improvements, Bicycle Paths Construction & Improvements	\$ 2,850,000	\$ 2,850,000	\$ 0	\$ 0	\$ 0
	\$ 3,800,000	\$ 3,800,000	\$ 0	\$ 0	\$ 0

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

