DAHLONEGA

GEORGIA, USA

CITY OF DAHLONEGA, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2011

SUBMITTED BY:

BILL LEWIS

CITY MANAGER

Certified City of Ethics

TREE CITY USA.

PRESERVE AMERICA

Explore and Enjoy Our Heritage

DAHLONEGA
EST. 1833
FIRST MAJOR U.S. GOLD RUSH

INTRODUCTORY SECTION

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INTRODUCTORY SECTION

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dahlonega Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

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

President

Executive Director

Elected and Appointed Officials
September 30, 2011

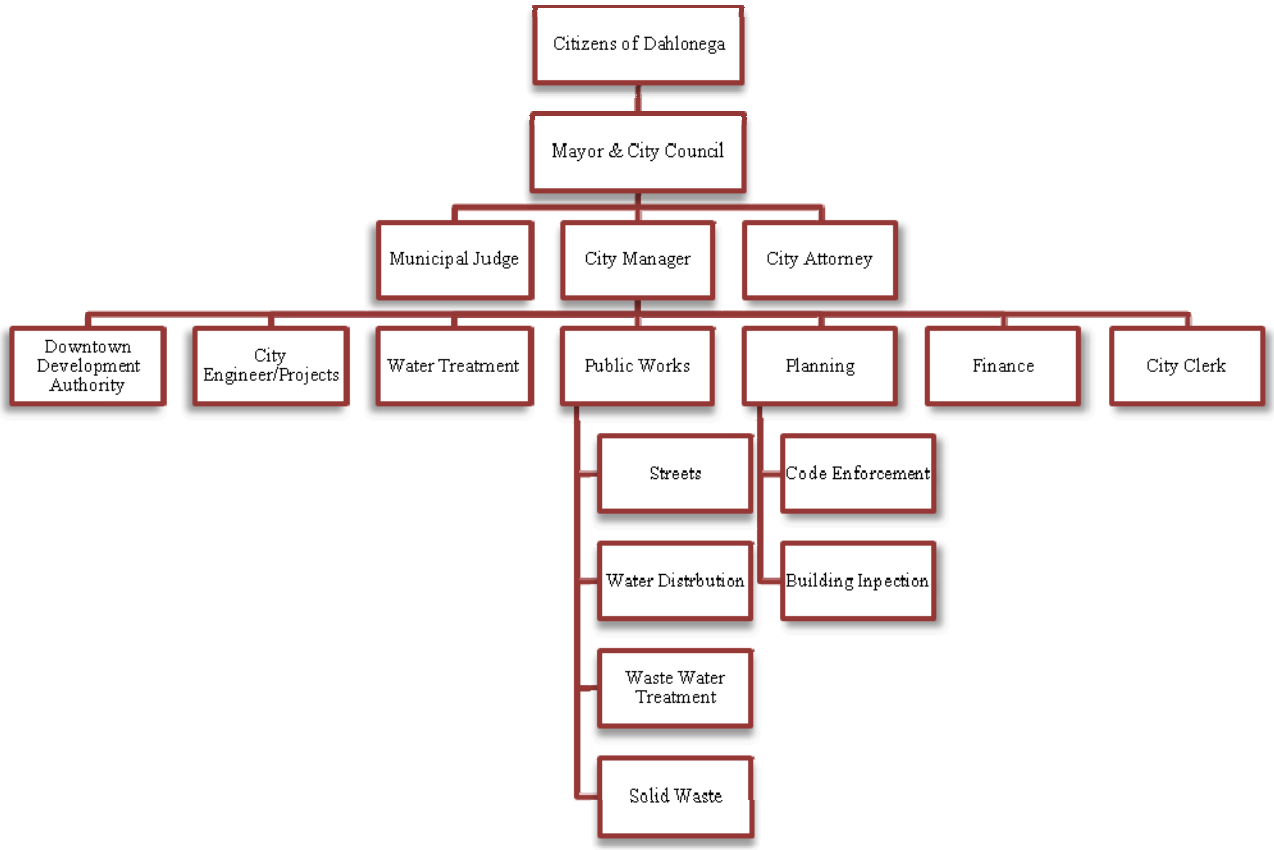
Elected Officials

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

Appointed Officials

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

City of Dahlonega Organization Chart
September 30, 2011



February 15, 2012

To the Honorable Mayor, Members of the Council, and Citizens of the City of Dahlonega:

We are pleased to present the Comprehensive Annual Financial Report of the City of Dahlonega for the fiscal year ended September 30, 2011 to the City Council, the Mayor and the citizens of Dahlonega. Georgia Code requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This is the third Comprehensive Annual Financial Report published to fulfill that requirement.

Within this report management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Since the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Georgia Code requires an annual audit by independent certified public accountants. The City selected Rushton & Company, Certified Public Accountants to perform the annual independent financial statement audit for fiscal year 2011. The audit issued an unqualified opinion for the 2011 fiscal year which is included within this document.

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

Profile of the Government

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

approximately 70 miles north east of Atlanta. The population of Dahlonega is estimated to be 5,214. Dahlonega was incorporated December 21, 1833 and was the site of the first major gold rush in the United States. A US Branch Mint minted Half Eagle, Quarter Eagle, the Gold Dollar (72,529) and the Three Dollar Gold Coin here between 1838 and 1861. North Georgia College and State University, founded in 1873 in the abandoned Mint Building, was the first state-supported college in Georgia to grant a degree to a woman and is now one of 6 senior military colleges in the US with an enrollment of 5,997 undergraduate and graduate students.

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

The government of the City of Dahlonega is vested in a City Council composed of a mayor and six council members. Each member serves a four year term of office and there are no limits on the amount of terms they may serve. The Council appoints a City Manager to supervise and coordinate all activities of the City. The City has the authority to levy property tax on both real and personal property located within its boundaries.

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

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

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

The City of Dahlonega develops and adopts a balanced budget for each fiscal year. The City Manager and the Finance Director develop this document which is submitted

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

Local Economy

The economy within the City of Dahlonega is mainly based on tourism. During the past five years, through ongoing efforts of the Convention and Visitors Bureau, the tourism industry in Dahlonega has grown. With historic interests, outdoor recreational activities, and five local wineries and vineyards Dahlonega attracts many different

types of tourists. The City dedicates all of the Hotel/Motel tax proceeds to promoting its number one industry.

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

The 2011 year has been hard on Dahlonega as it has on the entire country. Dahlonega has had tentative signs of recovery but unemployment continues to be high at 9.9%. The manufacturing sector has rehired some of the previous years' layoffs but is not at full capacity to date

	Unemployment (Lumpkin Co.)	Building Permits (City)
2011	9.9%	47
2010	9.9%	47
2009	11.5%	69
2008	7.3%	77
2007	4.0%	192

Building permits remain slower during 2011. The housing and banking crisis has led to a stop in all development within the City, but developers are committing to restart projects soon.

Throughout the poor economic news of 2011 the bright news has been that the tourism industry in Dahlonega has been relatively unaffected.

Long-term Financial Planning

Unassigned fund balance in the General Fund is $1,196,824 or 37 percent of the 2012 annual revenue budget. The City maintains these funds to provide cash flow throughout the year and as a buffer against unforeseen events.

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

Relevant Financial Policies

The Council has adopted a comprehensive set of financial policies which guide and direct the Finance Department throughout the year. These policies address fund

balances, the use of one-time revenues, issuance of debt, purchasing and procurement, cash and investment management, accounting practices, and water and sewer billing. These policies were designed to provide assurance that the City is able to meet its fiduciary responsibility to its citizens. The Council reviews and updates these policies annually.

Major Initiatives

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

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

Awards and Acknowledgements

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

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

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

Sincerely,

Bill Lewis
City Manager

FINANCIAL SECTION

DAHLONEGA
EST. 1833
FIRST MAJOR U.S. GOLD RUSH

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Dahlonega, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2011, and the respective changes in financial position, and cash flows, where applicable, and the budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2012, on our consideration of the City of Dahlonega, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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W. Barclay Rushton, CPA | J. Chris Hollifield, CPA | Perry C. Barnett, CPA, PFS | Sally Walden-Crowe, CPA

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dahlonega, Georgia's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, the schedule of projects financed with special purpose local option sales tax, and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules and the schedule of projects financed with special purpose local option sales tax are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
February 15, 2012

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Dahlonega, we offer readers of the City of Dahlonega's financial statements this narrative overview and analysis of the financial activities of the City of Dahlonega for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with the basic financial statements, accompanying notes to those financial statements, and the additional information that we have furnished in our letter of transmittal, which can be found in the beginning of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

Government wide Financial Statements

- At the close of the fiscal year, the assets of the City exceeded its liabilities by $23,849,284. Of this $6,840,597 (28.68%) represents unrestricted net assets which may be used to meet the City's ongoing obligations.
- At the close of the fiscal year, the net assets of the City's governmental activities were $9,028,696. This represents an increase of $653,918 (7.81%) over the prior year net asset balance for governmental activities.
- At the close of the fiscal year, the net assets of the City's business-type activities were $14,820,588. This represents a decrease of $1,556,772 (9.51%) under the prior year net asset balance for business-type activities.

Fund Financial Statements

- As of the close of the current fiscal year, the City of Dahlonega's governmental funds reported combined ending fund balances of $4,569,918, an increase of $534,471 from the prior year. At the close of the fiscal year, the General Fund's unassigned fund balance, which is available for spending at the City's discretion, is $1,196,824 or 26.19% of the governmental funds' combined ending fund balance.
- The General Fund had revenues of $3,074,010 for the current fiscal year. Of this amount $897,967 (29.2%) was from property taxes and $763,535 (24.8%) was from sales taxes.

Debt Obligations

- Long-term debt obligations from the primary governmental activities decreased $12,843 (55.72%) from $23,050 at September 30, 2010, to $10,207 at September 30, 2011.
- Long-term debt obligations from the business-type activities decreased $914,187 (2.44%) from $37,406,042 at September 30, 2010, to $36,491,855 at September 30, 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

provided following the governmental fund financial statements.

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

Proprietary Funds

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

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

The basic proprietary fund financial statements can be found on pages 32 through 35 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38 through 65 of this report.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 68 through 103 of this report.

Government-wide Financial Analysis

The City's net assets for governmental activities increased $653,918 or 7.81% during the year ending September 30, 2011. This increase was in net assets invested in capital assets net of related debt of $117,143, restricted net assets of $489,897, and unrestricted net assets of $46,878. The increase is a result of increased grant funding providing opportunities to increase capital assets. Unrestricted net assets are funds available to finance governmental operations. The City maintians a large amount of its net assets in cash to enable the City to have funds for emergencies and avoid short term borrowing.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Current assets	$5,490,033	$4,948,487	$ 6,000,061	$ 6,525,487	$11,490,094	$11,473,974
Noncurrent assets	4,488,191	4,383,891	45,715,534	47,659,928	50,203,725	52,043,819
Total assets	9,978,224	9,332,378	51,715,595	54,185,415	61,693,819	63,517,793
Current liabilities	938,790	947,393	1,424,938	1,333,693	2,363,728	2,281,086
Noncurrent liabilities	10,738	10,207	35,470,069	36,474,362	35,480,807	36,484,569
Total liabilities	949,528	957,600	36,895,007	37,808,055	37,844,535	38,765,655
Net assets:						
Invested in capital assets, net of related debt	4,477,984	4,360,841	11,446,338	13,637,369	15,924,322	17,998,210
Restricted	1,061,542	571,645	22,823	124,070	1,084,365	695,715
Unrestricted	3,489,170	3,442,292	3,351,427	2,615,921	6,840,597	6,058,213
Total net assets	$9,028,696	$8,374,778	$14,820,588	$16,377,360	$23,849,284	$24,752,138

Net assets for business-type activities decreased $1,556,772 or 9.51%. Restricted net assets decreased by $101,247 or 81.6%. Unrestricted net assets increased by $735,506 or 28.1%. These funds are available to finance operations. The amount invested in capital assets (e.g. land, infrastructure, buildings, equipment, and other), less any related debt outstanding that was needed to acquire or construct the assets decreased by $2,191,031, or 16.1%. The City uses these capital assets to provide services to the customers of the City; consequently, these net assets are not available for future spending. These net assets represent a capital investment in the business-type activities of the City. The decrease in this net asset class is the effect of continued deprecation of the City's capital assets.

Approximately 22.79% of the City's governmental activities revenues came from property taxes and approximately 47.96% came from sales and other taxes. Combined the City is dependent on taxes for approximately 70.75% of its governmental activities revenues.

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

	Governmental Activities		Business-Type Activities		Total	
Revenues	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Program revenues:						
Charges for services	$ 394,266	$ 406,965	$ 4,101,156	$ 4,044,229	$ 4,495,422	$ 4,451,194
Operating grants and contributions	24,392	6,410	0	0	24,392	6,410
Capital grants and contributions	660,679	524,614	0	100,158	660,679	624,772
General revenues:						
Property taxes	890,743	903,412	0	0	890,743	903,412
Sales taxes	763,535	744,801	0	0	763,535	744,801
Other taxes	1,111,505	1,083,052	0	0	1,111,505	1,083,052
Interest and investment earnings	10,755	41,210	67,471	22,442	78,226	63,652
Miscellaneous revenue	53,442	47,543	5,006	2,514	58,448	50,057
Total revenues	3,909,317	3,758,007	4,173,633	4,169,343	8,082,950	7,927,350
Expenses						
General government	1,036,537	1,041,292	0	0	1,036,537	1,041,292
Judicial	233,740	282,317	0	0	233,740	282,317
Public Safety	84,785	60,651	0	0	84,785	60,651
Public Works	1,051,610	909,630	0	0	1,051,610	909,630
Culture and Recreation	23,294	47,874	0	0	23,294	47,874
Housing and Development	540,307	490,080	0	0	540,307	490,080
Interest on long-term debt	834	1,399	0	0	834	1,399
Water and Sewage	0	0	5,555,316	4,068,774	5,555,316	4,068,774
Solid Waste	0	0	459,381	451,793	459,381	451,793
Total expenses	2,971,107	2,833,243	6,014,697	4,520,567	8,985,804	7,353,810
Increase (decrease) in net assets before transfers	938,210	924,764	(1,841,064)	(351,224)	(902,854)	573,540
Transfers	(284,292)	(801,224)	284,292	801,224	0	0
Increase (decrease) in net assets	653,918	123,540	(1,556,772)	450,000	(902,854)	573,540
Net assets - beginning	8,374,778	8,251,238	16,377,360	15,927,360	24,752,138	24,178,598
Net assets - ending	$ 9,028,696	$ 8,374,778	$14,820,588	$ 16,377,360	$ 23,849,284	$ 24,752,138

Financial Analysis of the City's Funds

Governmental Funds

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

As of the close of the year, the City's governmental funds reported a combined ending fund balance of $4,569,918, with $72,242 reported as nonspendable, $1,061,542 reported as restricted, $2,239,310 reported as assigned, and the remaining amount of $1,196,824 reported as unassigned.

The General Fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $1,196,824. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures for fiscal year 2011. Unassigned fund balance represents 42.87% of total General Fund expenditures. The net change in the General Fund's fund balance for the year ended September 30, 2011 was a decrease of $46,113.

The SPLOST Fund is required by Georgia State law to account for the collection and expending of proceeds of a one percent Special Purpose Local Option Sales Tax. Of this one percent sales tax the City of Dahlonega receives 17.3%. These funds are limited to paying debt service on bonds issued to finance a water treatment facility. The sales tax generated $528,313 in revenues and no transfers were made in fiscal year 2011 to fund debt service payments. The total fund balance for this fund at September 30, 2011 was $698,183, which will be used to fund future debt service payments.

Enterprise Funds

The Enterprise Funds are composed of the Water and Sewage Fund and the Solid Waste Fund. The net change in the total Enterprise Funds' net asset balance for the year ended September 30, 2011 was a decrease before transfers of $1,841,064 and after transfers a decrease of $1,556,772. The total net assets for the Enterprise Funds at the beginning of the fiscal year were $16,377,360 and net assets at the end of the fiscal year were $14,820,588.

Budgetary Highlights

The City revised the General Fund Budget at various times through the end of the fiscal year to reflect changes in estimated revenues and expenditures. Total amendments to the General Fund Budget increased revenues and other financing sources by $45,000 and increased expenditures and other financing uses by $141,000 using $96,000 of the City's fund balance primarily due to capital projects.

Capital Asset and Long-Term Debt Activity

At September 30, 2011, the City reported $49,607,315 in capital assets net of accumulated depreciation. This is a decrease of $1,814,411 or 3.5% under fiscal year 2010. Additional information on the City's capital assets can be found in Note 8 in the Notes to the Financial Statements beginning on page 53 of this report.

At September 30, 2011, the City reported long-term debt of $36,502,062 net of unamortized bond discounts. This is a decrease of $927,030 or 2.48% under fiscal year 2010. Additional information about the City's long-term debt activity can be found in Notes 9 and 10 in the Notes to the Financial Statements beginning on page 54.

In conclusion, the City of Dahlonega finished the year with an increase in fund balance and a decrease in net assets. The property tax digest decreased while the property tax millage rate changed slightly from 3.95 to 3.99. Fiscal management has been sound while providing the services that the citizens expect and deserve.

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

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

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

CITY OF DAHLONEGA, GEORGIA

STATEMENT OF NET ASSETS

September 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	$ 3,869,963	$ 1,749,485	$ 5,619,448	$ 191,829
Restricted assets				
Cash and cash equivalents	363,359	831,070	1,194,429	1,157
Investments	0	2,223,653	2,223,653	0
Receivables (net)				
Accounts	3,987	608,685	612,672	3,156
Taxes	879,848	0	879,848	0
Fines	88,116	0	88,116	0
Intergovernmental	206,543	0	206,543	0
Inventory	22,123	131,598	153,721	0
Property held for resale	0	386,937	386,937	0
Prepaid items	50,119	74,608	124,727	1,786
Internal balances	5,975	(5,975)	0	0
Total current assets	5,490,033	6,000,061	11,490,094	197,928
Noncurrent assets				
Debt issuance costs	0	596,410	596,410	0
Capital assets				
Non-depreciable	2,278,493	3,303,852	5,582,345	0
Depreciable (net)	2,209,698	41,815,272	44,024,970	0
Total noncurrent assets	4,488,191	45,715,534	50,203,725	0
Total assets	9,978,224	51,715,595	61,693,819	197,928
LIABILITIES				
Current liabilities				
Payables				
Accounts	129,358	87,691	217,049	587
Intergovernmental	20,867	1,304	22,171	0
Interest	0	32,481	32,481	0
Deposits	300	0	300	0
Deferred revenue	740,942	0	740,942	0
Accrued payroll liabilities	3,113	2,774	5,887	289
Compensated absences	34,003	50,214	84,217	942
Notes payable	0	640,369	640,369	0
Capital leases payable	10,207	17,274	27,481	0
Liabilities payable from restricted assets				
Interest payable	0	113,254	113,254	0
Customer deposits payable	0	99,577	99,577	0
Revenue bonds payable	0	380,000	380,000	0
Total current liabilities	938,790	1,424,938	2,363,728	1,818

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA

STATEMENT OF NET ASSETS

September 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Noncurrent liabilities				
Compensated absences	$ 10,738	$ 15,857	$ 26,595	$ 297
Notes payable	0	10,211,943	10,211,943	0
Capital leases payable	0	2,711	2,711	0
Revenue bonds payable	0	25,239,558	25,239,558	0
Total noncurrent liabilities	10,738	35,470,069	35,480,807	297
Total liabilities	949,528	36,895,007	37,844,535	2,115
NET ASSETS				
Invested in capital assets, net of related debt	4,477,984	11,446,338	15,924,322	0
Restricted for:				
Public works	321,828	0	321,828	0
Housing and development	41,531	0	41,531	1,157
Debt service	698,183	22,823	721,006	0
Unrestricted	3,489,170	3,351,427	6,840,597	194,656
Total net assets	$ 9,028,696	$ 14,820,588	$ 23,849,284	$ 195,813

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA

STATEMENT OF ACTIVITIES

For the fiscal year ended September 30, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 1,036,537	$ 80,081	$ 4,000	$ 0	$ (952,456)
Judicial	233,740	223,361	0	0	(10,379)
Public Safety	84,785	0	0	0	(84,785)
Public Works	1,051,610	40,150	10,000	619,148	(382,312)
Culture and Recreation	23,294	0	0	0	(23,294)
Housing and Development	540,307	50,674	10,392	41,531	(437,710)
Interest on long-term debt	834	0	0	0	(834)
Total governmental activities	2,971,107	394,266	24,392	660,679	(1,891,770)
Business-type activities					
Water and Sewage	5,555,316	3,555,939	0	0	(1,999,377)
Solid Waste	459,381	545,217	0	0	85,836
Total business-type activities	6,014,697	4,101,156	0	0	(1,913,541)
Total primary government	8,985,804	4,495,422	24,392	660,679	(3,805,311)
Component Unit					
Downtown Development Authority					
Housing and Development	157,841	30,005	4,569	1,000	(122,267)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Change in net assets				
Net (expense) revenue	$ (1,891,770)	$ (1,913,541)	$ (3,805,311)	$ (122,267)
General revenues				
Taxes				
Property	890,743	0	890,743	0
Sales	763,535	0	763,535	0
Franchise	478,013	0	478,013	0
Insurance premium	195,840	0	195,840	0
Intangibles	8,191	0	8,191	0
Alcoholic beverage	164,240	0	164,240	0
Occupational	115,560	0	115,560	0
Hotel/Motel	149,661	0	149,661	0
Payments from City of Dahlonega	0	0	0	143,788
Interest and investment earnings	10,755	67,471	78,226	173
Miscellaneous	53,442	5,006	58,448	475
Transfers	(284,292)	284,292	0	0
Total general revenues, special items, and transfers	2,545,688	356,769	2,902,457	144,436
Change in net assets	653,918	(1,556,772)	(902,854)	22,169
Net assets - beginning	8,374,778	16,377,360	24,752,138	173,644
Net assets - ending	$ 9,028,696	$ 14,820,588	$ 23,849,284	$ 195,813

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2011

	General	SPLOST	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	$ 3,214,900	$ 604,566	$ 50,497	$ 3,869,963
Restricted cash and cash equivalents	321,828	0	41,531	363,359
Receivables (net)				
Accounts	3,987	0	0	3,987
Taxes	865,934	0	13,914	879,848
Fines	88,116	0	0	88,116
Intergovernmental	12,954	93,617	99,972	206,543
Inventory	22,123	0	0	22,123
Prepaid items	50,119	0	0	50,119
Due from other funds	6,005	0	0	6,005
Total assets	$ 4,585,966	$ 698,183	$ 205,914	$ 5,490,063
LIABILITIES AND FUND BALANCES				
Liabilities				
Payables				
Accounts	$ 69,947	$ 0	$ 59,411	$ 129,358
Intergovernmental	20,867	0	0	20,867
Deposits	300	0	0	300
Due to other funds	0	0	30	30
Accrued salaries and payroll expenses	3,113	0	0	3,113
Deferred revenue	766,477	0	0	766,477
Total liabilities	860,704	0	59,441	920,145
Fund balances				
Nonspendable:				
Inventory	22,123	0	0	22,123
Prepaid items	50,119	0	0	50,119
Restricted for:				
Public works	321,828	0	0	321,828
Housing and development	0	0	41,531	41,531
Debt service	0	698,183	0	698,183
Assigned to:				
Public works	0	0	35,939	35,939
Housing and development	0	0	9,172	9,172
Capital outlay	349,368	0	59,831	409,199
City Hall construction	1,500,000	0	0	1,500,000
Subsequent year's budget	285,000	0	0	285,000
Unassigned	1,196,824	0	0	1,196,824
Total fund balances	3,725,262	698,183	146,473	4,569,918
Total liabilities and fund balances	$ 4,585,966	$ 698,183	$ 205,914	$ 5,490,063

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

September 30, 2011

Total fund balance - total governmental funds	$	4,569,918
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $6,229,851, net of accumulated depreciation of ($1,741,660), are not financial resources and, therefore, are not reported in the funds.		4,488,191
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These include deferred property taxes of $25,535.		25,535
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are capital leases of ($10,207) and compensated absences of ($44,741).		(54,948)
Net assets of governmental activities	$	9,028,696

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the fiscal year ended September 30, 2011

	General	SPLOST	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	$ 2,615,155	$ 0	$ 149,661	$ 2,764,816
Licenses and permits	130,755	0	0	130,755
Fines, fees and forfeitures	223,361	0	0	223,361
Charges for services	40,150	0	0	40,150
Intergovernmental	0	528,313	103,972	632,285
Interest	10,755	863	0	11,618
Contributions	392	0	51,531	51,923
Other	53,442	0	0	53,442
Total revenues	3,074,010	529,176	305,164	3,908,350
EXPENDITURES				
Current				
General Government	993,190	0	4,218	997,408
Judicial	233,740	0	0	233,740
Public Safety	84,785	0	0	84,785
Public Works	1,080,232	0	11,496	1,091,728
Culture and Recreation	8,820	0	0	8,820
Housing and Development	376,987	0	161,489	538,476
Debt Service	13,677	0	0	13,677
Capital outlay	0	0	120,953	120,953
Total expenditures	2,791,431	0	298,156	3,089,587
Excess (deficiency) of revenues over (under) expenditures	282,579	529,176	7,008	818,763
Other financing sources (uses)				
Transfers in (out)	(328,692)	0	44,400	(284,292)
Net change in fund balances	(46,113)	529,176	51,408	534,471
Fund balances, October 1	3,771,375	169,007	95,065	4,035,447
Fund balances, September 30	$ 3,725,262	$ 698,183	$ 146,473	$ 4,569,918

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the fiscal year ended September 30, 2011

Net change in fund balances - total governmental funds	$	534,471
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $280,020 exceed depreciation of ($175,720) in the current period.		104,300
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred revenue.		967
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net change of $1,337 in compensated absences.		1,337
The proceeds of debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt payments of $12,843 exceeded proceeds of $0.		12,843
Change in net assets of governmental activities	$	653,918

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET (GAAP) AND ACTUAL

For the fiscal year ended September 30, 2011

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 2,523,984	$ 2,568,984	$ 2,615,155	$ 46,171
Licenses and permits	111,000	111,000	130,755	19,755
Fines, fees and forfeitures	250,000	250,000	223,361	(26,639)
Charges for services	35,000	35,000	40,150	5,150
Interest	15,000	15,000	10,755	(4,245)
Contributions	250	250	392	142
Other	43,650	43,650	53,442	9,792
Total revenues	2,978,884	3,023,884	3,074,010	50,126
EXPENDITURES				
Current				
General Government				
Legislative	170,260	173,860	173,549	311
Executive	170,285	187,435	187,314	121
Elections	2,700	2,100	967	1,133
General Administration	630,559	622,034	631,360	(9,326)
Judicial				
Municipal Court	334,944	235,944	233,740	2,204
Public Safety				
Law Enforcement	118,200	85,300	84,785	515
Public Works				
Street Maintenance	709,042	551,427	525,210	26,217
Street Construction	0	429,089	406,044	23,045
Shop Department	69,041	73,691	73,620	71
Cemetery	70,986	75,436	75,358	78
Culture and Recreation				
Parks	32,800	8,906	8,820	86
Housing and Development				
Building Inspections	152,302	174,352	174,179	173
Better Home Towns	43,900	59,050	59,020	30
Downtown Development Authority	131,093	143,788	143,788	0
Debt Service				
General Government				
General Administration	3,830	3,830	3,518	312
Public Works				
Street Maintenance	9,870	10,170	10,159	11
Total expenditures	2,649,812	2,836,412	2,791,431	44,981
Excess (deficiency) of revenues over (under) expenditures	329,072	187,472	282,579	95,107
Other financing sources (uses)				
Transfers in (out)				
Transfers out	(316,062)	(360,462)	(328,692)	31,770
Contingency	(90,000)	0	0	0
Total other financing sources (uses)	(406,062)	(360,462)	(328,692)	31,770
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(76,990)	(172,990)	(46,113)	126,877
Fund balances, October 1	76,990	172,990	3,771,375	3,598,385
Fund balances, September 30	$ 0	$ 0	$ 3,725,262	$ 3,725,262

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2011

	Water and Sewage	Solid Waste	Totals
ASSETS			
Current assets			
Cash and cash equivalents	$ 1,332,357	$ 417,128	$ 1,749,485
Restricted assets			
Cash and cash equivalents	831,070	0	831,070
Investments	2,223,653	0	2,223,653
Receivables (net)			
Accounts	531,449	77,236	608,685
Inventory	131,598	0	131,598
Property held for resale	386,937	0	386,937
Prepaid items	62,263	12,345	74,608
Due from other funds	122,523	0	122,523
Total current assets	5,621,850	506,709	6,128,559
Noncurrent assets			
Capital assets			
Non-depreciable	3,303,852	0	3,303,852
Depreciable (net)	41,594,304	220,968	41,815,272
Other assets			
Debt issuance costs	596,410	0	596,410
Total noncurrent assets	45,494,566	220,968	45,715,534
Total assets	51,116,416	727,677	51,844,093
LIABILITIES			
Current liabilities			
Payables			
Accounts	82,362	5,329	87,691
Intergovernmental	1,304	0	1,304
Interest	32,481	0	32,481
Accrued salaries and payroll expenses	2,185	589	2,774
Compensated absences	47,840	2,374	50,214
Due to other funds	1,147	127,351	128,498
Notes payable	640,369	0	640,369
Capital leases payable	17,274	0	17,274
Liabilities payable from restricted assets:			
Interest payable	113,254	0	113,254
Customer deposits payable	99,577	0	99,577
Revenue bonds payable	380,000	0	380,000
Total current liabilities	1,417,793	135,643	1,553,436
Noncurrent liabilities			
Compensated absences	15,107	750	15,857
Notes payable	10,211,943	0	10,211,943
Capital leases payable	2,711	0	2,711
Revenue bonds payable	25,239,558	0	25,239,558
Total noncurrent liabilities	35,469,319	750	35,470,069
Total liabilities	36,887,112	136,393	37,023,505
NET ASSETS			
Invested in capital assets, net of related debt	11,225,370	220,968	11,446,338
Restricted for debt service	22,823	0	22,823
Unrestricted	2,981,111	370,316	3,351,427
Total net assets	$ 14,229,304	$ 591,284	$ 14,820,588

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the fiscal year ended September 30, 2011

	Water and Sewage	Solid Waste	Totals
OPERATING REVENUES			
Charges for sales and services	$ 3,555,939	$ 545,217	$ 4,101,156
Other	4,507	499	5,006
Total operating revenues	3,560,446	545,716	4,106,162
OPERATING EXPENSES			
Costs of sales and services	847,436	171,099	1,018,535
Personal services	1,013,629	276,692	1,290,321
Depreciation	1,768,427	11,590	1,780,017
Total operating expenses	3,629,492	459,381	4,088,873
Operating income (loss)	(69,046)	86,335	17,289
Non-operating revenues (expenses)			
Interest revenue	66,296	1,175	67,471
Interest expense	(1,825,061)	0	(1,825,061)
Gain (loss) on sale of assets	(100,763)	0	(100,763)
Total non-operating revenues (expenses)	(1,859,528)	1,175	(1,858,353)
Income (loss) before transfers	(1,928,574)	87,510	(1,841,064)
Transfers in (out)			
Transfers in	284,292	0	284,292
Change in net assets	(1,644,282)	87,510	(1,556,772)
Net assets, October 1	15,873,586	503,774	16,377,360
Net assets, September 30	$ 14,229,304	$ 591,284	$ 14,820,588

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2011

	Water and Sewage	Solid Waste	Totals
Cash flows from operating activities:			
Receipts from customers	$ 3,468,251	$ 535,542	$ 4,003,793
Payments to suppliers	(846,433)	(174,079)	(1,020,512)
Payments to employees	(1,021,317)	(278,673)	(1,299,990)
Other receipts	4,507	499	5,006
Net cash provided (used) by operating activities	1,605,008	83,289	1,688,297
Cash flows from non-capital financing activities:			
Receipts from other funds	325,276	0	325,276
Payments to other funds	0	(43,819)	(43,819)
Net cash provided (used) by non-capital financing activities	325,276	(43,819)	281,457
Cash flows from capital and related financing activities:			
Payments to other funds	(4,075)	0	(4,075)
Payments for acquisitions of capital assets	(349,006)	0	(349,006)
Payment of capital related accounts payable	(3,129)	0	(3,129)
Principal payments - revenue bonds	(285,000)	0	(285,000)
Principal payments - promissory notes	(613,692)	0	(613,692)
Payment of capital leases	(33,170)	0	(33,170)
Interest paid	(1,783,286)	0	(1,783,286)
Net cash provided (used) by capital and related financing activities	(3,071,358)	0	(3,071,358)
Cash flows from investing activities:			
Proceeds from sale of investments	4,528,224	0	4,528,224
Purchases of investments	(4,512,600)	0	(4,512,600)
Interest received	66,296	1,175	67,471
Net cash provided (used) by investing activities	81,920	1,175	83,095
Net increase (decrease) in cash and cash equivalents	(1,059,154)	40,645	(1,018,509)
Cash and cash equivalents, October 1	3,222,581	376,483	3,599,064
Cash and cash equivalents, September 30	$ 2,163,427	$ 417,128	$ 2,580,555

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2011

	Water and Sewage	Solid Waste	Totals
Reconciliation of operating income (loss) to net cash cash provided (used) by operating activities:			
Operating income (loss)	$ (69,046)	$ 86,335	$ 17,289
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,768,427	11,590	1,780,017
(Increase) decrease in accounts receivable	(101,649)	(9,675)	(111,324)
(Increase) decrease in inventory	3,729	0	3,729
(Increase) decrease in prepaid items	(9,894)	2,629	(7,265)
Increase (decrease) in accounts payable	6,177	(5,609)	568
Increase (decrease) in intergovernmental payable	991	0	991
Increase (decrease) in payroll liabilities	(7,688)	(1,981)	(9,669)
Increase (decrease) in deposits payable	13,961	0	13,961
Total adjustments	1,674,054	(3,046)	1,671,008
Net cash provided (used) by operating activities	$ 1,605,008	$ 83,289	$ 1,688,297
Cash and cash equivalents reconciliation:			
Cash and cash equivalents	$ 1,332,357	$ 417,128	$ 1,749,485
Restricted assets			
Cash and cash equivalents	831,070	0	831,070
Total cash and cash equivalents	$ 2,163,427	$ 417,128	$ 2,580,555

Noncash capital and related financing and investing activities:

Reclassification of capital assets to property held for resale totaled $386,937 for the fiscal year ended September 30, 2011.

See accompanying notes to the financial statements.

DAHLONEGA
EST. 1833
FIRST MAJOR U.S. GOLD RUSH

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF GOVERNMENT UNIT

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity, continued

City of Dahlonega Downtown Development Authority

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

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

C. Government-wide and Fund Financial Statements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-wide and Fund Financial Statements, continued

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental Fund Financial Statements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

Governmental Fund Types

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

Component Units

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Component Units, continued

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

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

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in the governmental and business-type activities and enterprise fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets and Budgetary Accounting

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

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

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

The legal level of budgetary control is the departmental level. Any increases in total appropriations of a department require approval and amendment of the budget by the City Council. Except as indicated on the major fund budgetary comparison statement, budget amounts included in this report are as amended as of September 30, 2011.

F. Cash and Investments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Intergovernmental Receivables

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

H. Inventories

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

I. Prepaid Items

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

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets, continued

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

K. Restricted Assets

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

L. Compensation for Future Absences

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

M. Long-Term Obligations

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Long-Term Obligations, continued

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

N. Capital Contributions

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

O. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balances of Governmental Funds, continued

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.

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 assignements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balances of Governmental Funds, continued

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

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

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

3. DEPOSIT AND INVESTMENT RISK

Custodial Credit Risk – Deposits

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

3. DEPOSIT AND INVESTMENT RISK (CONTINUED)

Investment Policies

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

Credit Risk

At September 30, 2011, the City's investments in securities were as follows:

Investment		Fair Value	Average Maturity (in years)	Standard and Poor's Credit Rating
JP Morgan Chase (FDIC Ins) Bonds	$	2,223,653	< 1	AA+

Interest Rate Risk

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

Concentration of Credit Risk

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

Foreign currency risk

The City has no investments denominated in a foreign currency.

4. ACCOUNTS RECEIVABLE

Net accounts receivable at September 30, 2011 consist of the following:

Major Funds	
General Fund	$ 3,987
Enterprise Funds	
Water and Sewage	545,904
Less: Allowances for Uncollectibles	(14,455)
Solid Waste	81,394
Less: Allowances for Uncollectibles	(4,158)
Total Primary Government	$ 612,672

5. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at September 30, 2011 consist of the following:

Major Funds		
General Fund		
North Georgia College and State University	$ 9,113	
State of Georgia Department of Revenue	2,165	
United States Army	1,554	
Dahlonega Housing Authority	122	$ 12,954
SPLOST Capital Projects Fund		
Lumpkin County Board of Commissioners		93,617
Nonmajor Funds		
Multiple Grant Special Revenue Fund		
State of Georgia Forestry Commission		10,000
Streetscape Capital Projects Fund		
State of Georgia Department of Transportation		89,972
Total Primary Government		$ 206,543

6. PROPERTY TAXES

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for digest year 2010, based upon the assessments of January 1, 2010, were levied on July 13, 2010, billed on August 14, 2010, and due on November 15, 2010. Taxes were delinquent and subject to liens on November 16, 2010.

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of interfund receivables and payables as of September 30, 2011 is as follows:

	Due from:			
	Major Funds		Nonmajor Funds	
	Water and Sewage	Solid Waste	Streetscape	Total
Due to:				
Major Funds				
General	$ 1,147	$ 4,828	$ 30	$ 6,005
Water and Sewage	0	122,523	0	122,523
Total	$ 1,147	$ 127,351	$ 30	$ 128,528

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

A summary of interfund transfers as of September 30, 2011 is as follows:

	Transfers out:
	Major Funds
	General
Transfers in:	
Major Funds	
Water and Sewage	$ 284,292
Nonmajor Funds	
Multiple Grant	44,400
Total	$ 328,692

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

8. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended September 30, 2011 was as follows:

Non-depreciable assets				
Land	$ 2,207,123	$ 0	$ 0	$ 2,207,123
Construction in progress	386	70,984	0	71,370
Total non-depreciable assets	2,207,509	70,984	0	2,278,493
Depreciable assets				
Buildings and improvements	1,850,601	0	0	1,850,601
Equipment	656,418	68,360	0	724,778
Infrastructure	1,235,303	140,676	0	1,375,979
Total depreciable assets	3,742,322	209,036	0	3,951,358
Accumulated depreciation				
Buildings and improvements	(856,397)	(49,731)	0	(906,128)
Equipment	(437,942)	(54,717)	0	(492,659)
Infrastructure	(271,601)	(71,272)	0	(342,873)
Total accumulated depreciation	(1,565,940)	(175,720)	0	(1,741,660)
Total depreciable assets, net	2,176,382	33,316	0	2,209,698
Governmental activities capital assets, net	$ 4,383,891	$ 104,300	$ 0	$ 4,488,191

Business-type activities

Non-depreciable assets				
Land	$ 3,303,707	$ 145	$ 0	$ 3,303,852
Construction in progress	13,623	36,098	(49,721)	0
Total non-depreciable assets	3,317,330	36,243	(49,721)	3,303,852
Depreciable assets				
Buildings	23,295,351	84,571	(877,269)	22,502,653
Improvements	3,765,806	84,855	0	3,850,661
Equipment and vehicles	5,702,019	57,777	(442,607)	5,317,189
Water and sewer infrastructure	21,322,330	135,281	(193,609)	21,264,002
Total depreciable assets	54,085,506	362,484	(1,513,485)	52,934,505
Accumulated depreciation				
Buildings	(1,441,444)	(757,487)	633,101	(1,565,830)
Improvements	(1,250,291)	(98,934)	0	(1,349,225)
Equipment and vehicles	(3,237,757)	(285,583)	292,513	(3,230,827)
Water and sewer infrastructure	(4,435,509)	(638,013)	100,171	(4,973,351)
Total accumulated depreciation	(10,365,001)	(1,780,017)	1,025,785	(11,119,233)
Total depreciable assets, net	43,720,505	(1,417,533)	(487,700)	41,815,272
Business-type activities capital assets, net	$ 47,037,835	$ (1,381,290)	$ (537,421)	$ 45,119,124

8. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 49,569
Public Works	109,420
Culture and Recreation	14,475
Housing and Development	2,256
Total depreciation expense for governmental activities	$ 175,720
Business-type activities	
Water and Sewage	$ 1,768,427
Solid Waste	11,590
Total depreciation expense for business-type activities	$ 1,780,017

9. CAPITAL AND OPERATING LEASE AGREEMENTS

The City has entered into agreements for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these leases at September 30, 2011 are $10,207 and $19,985 for governmental and business-type activities, respectively.

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of September 30, 2011:

Year Ending September 30,	Governmental activities	Business-type activities
2012	$ 10,494	$ 17,838
2013	0	2,738
Total minimum lease payments	10,494	20,576
Less amounts representing interest	(287)	(591)
Present value of minimum lease payments	$ 10,207	$ 19,985

9. CAPITAL AND OPERATING LEASE AGREEMENTS (CONTINUED)

Total assets leased under capital leases are $48,113 and $79,641 for governmental and business-type activities, respectively, and are classified as equipment and vehicles.

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

10. LONG-TERM DEBT

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

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at September 30, 2011:

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

10. LONG-TERM DEBT (CONTINUED)

Revenue Bonds, continued

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

Year Ending September 30,	Principal	Interest	Total
2012	$ 380,000	$ 1,359,044	$ 1,739,044
2013	475,000	1,340,044	1,815,044
2014	580,000	1,316,294	1,896,294
2015	685,000	1,293,094	1,978,094
2016	105,000	1,265,694	1,370,694
2017 - 2021	2,055,000	6,190,525	8,245,525
2022 - 2026	4,355,000	5,435,775	9,790,775
2027 - 2031	6,255,000	4,138,925	10,393,925
2032 - 2036	9,025,000	2,124,375	11,149,375
2037	2,115,000	116,325	2,231,325
Totals	$ 26,030,000	$ 24,580,095	$ 50,610,095

Notes Payable

The City has entered into 8 borrowings with the Georgia Environmental Facilities Authority for expansion of the City's water and sewage system. At September 30, 2011 the original amounts of these borrowings were $7,970,290, with a total outstanding balance of $4,874,424. Monthly installments of principal and interest are due through October 1, 2030; interest at 3.75% to 5.56%.

Additionally, the City has entered into an agreement with the Georgia Environmental Facilities Authority for land and construction of a reservoir, in the original amount of $6,475,877. At September 30, 2011, the balance of this note is $5,977,888. Monthly installments of principal and interest are due through June 1, 2045; interest at 3.00%. The payments for this note payable are currently funded through transfers from the General Fund.

10. LONG-TERM DEBT (CONTINUED)

Notes Payable, continued

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

Year Ending September 30,	Principal	Interest	Total
2012	$ 640,369	$ 382,283	$ 1,022,652
2013	667,539	355,113	1,022,652
2014	695,403	327,249	1,022,652
2015	724,628	298,024	1,022,652
2016	745,106	267,664	1,012,770
2017 - 2021	2,261,358	984,449	3,245,807
2022 - 2026	984,779	707,817	1,692,596
2027 - 2031	1,026,762	548,447	1,575,209
2032 - 2036	1,029,524	391,954	1,421,478
2037 - 2041	1,195,912	225,566	1,421,478
2042 - 2045	880,932	44,460	925,392
Totals	$ 10,852,312	$ 4,533,026	$ 15,385,338

10. LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for the year ended September 30, 2011:

	Balance 9/30/2010	Additions	Deductions	Balance 9/30/2011	Due Within One Year
Governmental activities					
Capital lease obligations	$ 23,050	$ 0	$ 12,843	$ 10,207	$ 10,207
Compensated absences	46,078	44,741	46,078	44,741	34,003
Total governmental activities	$ 69,128	$ 44,741	$ 58,921	$ 54,948	$ 44,210
Business-type activities					
Notes payable	$ 11,466,004	$ 0	$ 613,692	$ 10,852,312	$ 640,369
Revenue bonds	26,315,000	0	285,000	26,030,000	380,000
Unamortized bond discount	(428,117)	0	(17,675)	(410,442)	0
Capital lease obligations	53,155	0	33,170	19,985	17,274
Compensated absences	72,883	66,071	72,883	66,071	50,214
Total business-type activities	$ 37,478,925	$ 66,071	$ 987,070	$ 36,557,926	$ 1,087,857

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

11. PENSION PLAN

Plan Description

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

11. PENSION PLAN (CONTINUED)

Plan Description, continued

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

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

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

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

Current Membership is as follows:

Retirees and beneficiaries currently receiving benefits	19
Terminated vested participants entitled to but not yet receiving benefits	9
Active participants	47
Total number of participants	75

11. PENSION PLAN (CONTINUED)

Funding Policy

The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The current rate is 22.16% of annual covered payroll. The Plan is a noncontributory participant plan. The recommended contribution meets the guidelines for calculating an annual required contribution set forth in Paragraphs 9-10 of GASB Statement No. 27. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The actuarial value of plan assets was determined by using the prior year's actuarial value, plus current year activity, plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982. The remaining amortization period at January 1, 2010 varies for the bases, with a net effective amortization period of 10 years. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

Annual Pension Cost

For fiscal year 2011, the City's annual pension cost of $363,128 was equal to the City's recommended and actual contributions. The required contribution was $363,128. The recommended contribution (projected to October 1, 2010) was computed as part of an actuarial valuation as of January 1, 2010. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 5.5 percent per year compounded annually (3.5 percent and 2.0 percent attributable to merit and inflation, respectively), (c) no post-retirement benefit increases.

11. PENSION PLAN (CONTINUED)

Historical Trend Information

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

Pension Cost Information

Funding Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2006	$ 142,191	100%	$ 0
9/30/2007	154,451	100%	0
9/30/2008	189,671	100%	0
9/30/2009	282,269	100%	0
9/30/2010	380,869	100%	0
9/30/2011	363,128	100%	0

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Funded) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
5/1/2006	$ 2,117,298	$ 2,504,340	$ 387,042	84.55%	$ 1,147,037	33.74%
5/1/2007	2,312,173	2,838,688	526,515	81.45%	1,314,660	40.05%
5/1/2008	2,524,647	3,483,911	959,264	72.47%	1,472,806	65.13%
5/1/2009	1,875,376	3,740,153	1,864,777	50.14%	1,518,853	122.78%
1/1/2010	2,571,306	3,900,120	1,328,814	65.93%	1,596,682	83.22%
1/1/2011	2,964,150	4,240,874	1,276,724	69.89%	1,549,377	82.40%

The actuarial value of assets is calculated as the sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return (7.75%), adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 50% of market value for 2009, 44% of market value for 2010, 38% of market value for 2011, 32% of market value for 2012, 26% of market value for 2013, and 20% of market value for 2014 and later years.

12. DEFERRED COMPENSATION PLANS

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

The Plan is a noncontributory participant plan. Funds vest 100% at the time of contribution. Amounts held in the Plan are not available to the employees until termination, retirement, or death. During the year, the City contributed $11,016 to the Plan based on covered salaries of $86,674. The plan member made voluntary contributions of $10,112.

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

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

During the year, plan members made voluntary contributions of $48,680.

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.

13. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(3). The City is required to spend an amount equal to the amount by which the total taxes collected under the Code section exceed the taxes which would be collected at a rate of 3 percent for the purpose of promoting tourism, conventions, and trade shows. A summary of the transactions for the year ending September 30, 2011 follows:

Lodging Tax Receipts	$149,661	
Disbursements to the Dahlonega – Lumpkin County Chamber of Commerce	$149,661	100% of tax receipts

14. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During its fiscal year ended September 30, 2011, the City paid $5,488 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from Georgia Mountains Regional Commission, PO Box 1720, Gainesville, GA 30503.

On March 6, 1998, the City of Dahlonega, Georgia (City), Lumpkin County (County) and the Lumpkin County Water and Sewage Authority (Authority) formed a joint authority to construct a reservoir. The City and County have signed an agreement to each own 54% and 46% undivided interest in the reservoir assets, respectively. The responsibility of constructing the reservoir and liability for the debt was divided between the City (47.59%), the County (52.41%) and the Authority (0%). A Georgia Environmental Facilities Authority note for which the City and County will be responsible for based on the preceding debt percentages originally funded the project. The City has been paying principal and interest payments based on their percentage of 47.59% during fiscal year 2011.

15. RELATED ORGANIZATIONS

The Housing Authority of the City of Dahlonega is considered a related organization to the City of Dahlonega. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Dahlonega. The City received $2,186 as payment-in-lieu-of-taxes for 2011. Separate financial statements may be obtained from Housing Authority of the City of Dahlonega, 90 Thompson Circle, Dahlonega, GA 30553.

16. RISK MANAGEMENT

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

16. RISK MANAGEMENT (CONTINUED)

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

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At September 30, 2011, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

17. COMMITMENTS AND CONTINGENCIES

Commitments

The City has active construction projects as of September 30, 2011. At fiscal year end, the City's commitments with contractors are as follows:

Project	Amount Spent to Date	Remaining Commitment
Dahlonega Complete Streets Plan	$100,033	$301,096

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.

DAHLONEGA
EST. 1833
FIRST MAJOR U.S. GOLD RUSH

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF DAHLONEGA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2011

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Multiple Grant	Hotel/Motel Tax	Streetscape	
ASSETS				
Current assets				
Cash and cash equivalents	$ 37,773	$ 12,724	$ 0	$ 50,497
Restricted cash and cash equivalents	41,531	0	0	41,531
Receivables (net)				
Taxes	0	13,914	0	13,914
Intergovernmental	10,000	0	89,972	99,972
Total assets	$ 89,304	$ 26,638	$ 89,972	$ 205,914
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 2,662	$ 26,638	$ 30,111	$ 59,411
Due to other funds	0	0	30	30
Total liabilities	2,662	26,638	30,141	59,441
Fund balances				
Restricted for housing and development	41,531	0	0	41,531
Assigned to:				
Public works	35,939	0	0	35,939
Housing and development	9,172	0	0	9,172
Capital outlay	0	0	59,831	59,831
Total fund balances	86,642	0	59,831	146,473
Total liabilities and fund balances	$ 89,304	$ 26,638	$ 89,972	$ 205,914

CITY OF DAHLONEGA, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the fiscal year ended September 30, 2011

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Multiple Grant	Hotel/Motel Tax	Streetscape	
REVENUES				
Taxes	$ 0	$ 149,661	$ 0	$ 149,661
Intergovernmental	14,000	0	89,972	103,972
Contributions	51,531	0	0	51,531
Total revenues	65,531	149,661	89,972	305,164
EXPENDITURES				
Current				
General Government	4,218	0	0	4,218
Public Works	11,496	0	0	11,496
Housing and Development	11,828	149,661	0	161,489
Capital outlay	0	0	120,953	120,953
Total expenditures	27,542	149,661	120,953	298,156
Excess (deficiency) of revenues over (under) expenditures	37,989	0	(30,981)	7,008
Other financing sources (uses)				
Transfers in	44,400	0	0	44,400
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	82,389	0	(30,981)	51,408
Fund balances, October 1	4,253	0	90,812	95,065
Fund balances, September 30	$ 86,642	$ 0	$ 59,831	$ 146,473

DAHLONEGA
EST. 1833
FIRST MAJOR U.S. GOLD RUSH

General Fund

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

CITY OF DAHLONEGA, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
September 30, 2011 and 2010

	2011	2010
ASSETS		
Cash and cash equivalents	$ 3,214,900	$ 3,259,361
Receivables (net)		
Accounts	3,987	760
Taxes	865,934	891,661
Fines	88,116	101,404
Intergovernmental	12,954	4,371
Inventory	22,123	26,795
Prepaid items	50,119	45,782
Due from other funds	6,005	16,235
Restricted assets		
Cash and cash equivalents	321,828	311,826
Total assets	$ 4,585,966	$ 4,658,195
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 69,947	$ 63,693
Intergovernmental	20,867	611
Deposits	300	200
Accrued salaries and payroll expenses	3,113	5,654
Deferred revenue	766,477	816,662
Total liabilities	860,704	886,820
Fund balances		
Nonspendable:		
Inventory	22,123	26,795
Prepaid items	50,119	45,782
Restricted for public works	321,828	311,826
Assigned to:		
Capital outlay	349,368	359,035
City Hall construction	1,500,000	1,500,000
Subsequent year's budget	285,000	76,990
Unassigned	1,196,824	1,450,947
Total fund balances	3,725,262	3,771,375
Total liabilities and fund balances	$ 4,585,966	$ 4,658,195

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the fiscal years ended September 30, 2011 and 2010

	2011	2010
REVENUES		
Taxes	$ 2,615,155	$ 2,630,705
Licenses and permits	130,755	113,675
Fines, fees and forfeitures	223,361	262,317
Charges for services	40,150	30,973
Interest	10,755	41,210
Contributions	392	908
Other	53,442	47,543
Total revenues	3,074,010	3,127,331
EXPENDITURES		
Current		
General Government	993,190	999,758
Judicial	233,740	283,124
Public Safety	84,785	60,651
Public Works	1,080,232	759,852
Culture and Recreation	8,820	33,446
Housing and Development	376,987	378,613
Debt Service	13,677	13,678
Total expenditures	2,791,431	2,529,122
Excess of revenues over expenditures	282,579	598,209
Other financing sources (uses)		
Transfers in (out)		
Multiple Grant Special Revenue Fund	(44,400)	3,579
Water and Sewage Enterprise Fund	(284,292)	(286,224)
Streetscape Capital Projects Fund	0	(156,784)
Total other financing sources (uses)	(328,692)	(439,429)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(46,113)	158,780
Fund balances, October 1	3,771,375	3,612,595
Fund balances, September 30	$ 3,725,262	$ 3,771,375

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2011

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

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	$ 839,015	$ 857,611	$ 18,596	$ 889,248
Real estate transfer tax	15,000	8,191	(6,809)	11,854
Motor vehicle tax	20,969	23,913	2,944	22,410
Cost, penalties, and interest	5,000	8,252	3,252	13,027
Total general property taxes	879,984	897,967	17,983	936,539
Local option sales tax	750,000	763,535	13,535	744,801
Franchise tax	482,500	478,013	(4,487)	460,629
Insurance premium tax	200,000	195,840	(4,160)	201,702
Alcoholic beverage excise tax	150,000	164,240	14,240	176,223
Occupational tax	106,500	115,560	9,060	110,811
Total taxes	2,568,984	2,615,155	46,171	2,630,705
Licenses and Permits				
Alcohol licenses	80,000	80,081	81	77,355
Building permits	31,000	50,674	19,674	36,320
Total licenses and permits	111,000	130,755	19,755	113,675
Fines, fees and forfeitures	250,000	223,361	(26,639)	262,317
Charges for Services				
Cemetery	35,000	40,150	5,150	30,950
Other	0	0	0	23
Total charges for services	35,000	40,150	5,150	30,973
Interest	15,000	10,755	(4,245)	41,210
Contributions	250	392	142	908
Other	43,650	53,442	9,792	47,543
Total revenues	$ 3,023,884	$ 3,074,010	$ 50,126	$ 3,127,331

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2011
(With comparative actual amounts for the fiscal year ended September 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
General Government				
Legislative				
Personal services	$ 136,060	$ 136,001	$ 59	$ 147,113
Contract services	33,100	32,929	171	30,946
Supplies and materials	4,700	4,619	81	1,558
Total Legislative	173,860	173,549	311	179,617
Executive				
Personal services	166,385	166,354	31	153,430
Contract services	20,200	20,135	65	18,166
Supplies and materials	850	825	25	990
Total Executive	187,435	187,314	121	172,586
Elections				
Contract services	1,500	386	1,114	620
Supplies and materials	600	581	19	152
Total Elections	2,100	967	1,133	772
General Administration				
Personal services	295,834	295,461	373	324,336
Contract services	288,500	288,489	11	274,184
Supplies and materials	37,700	37,375	325	44,243
Capital outlay	0	10,035	(10,035)	4,020
Total General Administration	622,034	631,360	(9,326)	646,783
Total General Government	985,429	993,190	(7,761)	999,758
Judicial				
Municipal Court				
Personal services	8,169	7,859	310	63,604
Contract services	149,175	148,195	980	139,740
Supplies and materials	1,600	1,317	283	1,209
Payments to other agencies	77,000	76,369	631	78,571
Total Judicial	235,944	233,740	2,204	283,124

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2011
(With comparative actual amounts for the fiscal year ended September 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Public Safety				
Law Enforcement				
Contract services	$ 82,950	$ 82,475	$ 475	$ 59,918
Supplies and materials	2,350	2,310	40	733
Total Public Safety	85,300	84,785	515	60,651
Public Works				
Street Maintenance				
Personal services	386,847	383,224	3,623	435,248
Contract services	47,630	47,583	47	54,127
Supplies and materials	94,450	94,403	47	86,986
Capital outlay	22,500	0	22,500	37,608
Total Street Maintenance	551,427	525,210	26,217	613,969
Street Construction				
Personal services	77,295	76,853	442	0
Contract services	4,900	4,809	91	0
Supplies and materials	77,894	55,633	22,261	0
Capital outlay	269,000	268,749	251	0
Total Street Construction	429,089	406,044	23,045	0
Shop Department				
Personal services	55,541	55,531	10	55,657
Contract services	3,600	3,562	38	2,305
Supplies and materials	14,550	14,527	23	12,346
Total Shop Department	73,691	73,620	71	70,308
Cemetery				
Personal services	67,736	67,702	34	66,530
Contract services	1,850	1,829	21	2,133
Supplies and materials	5,850	5,827	23	6,912
Total Cemetery	75,436	75,358	78	75,575
Total Public Works	1,129,643	1,080,232	49,411	759,852

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2011
(With comparative actual amounts for the fiscal year ended September 30, 2010)

	2011			2010
	Final Budget	Actual	Variance	Actual
Culture and Recreation				
Parks				
Personal services	$ 6	$ 0	$ 6	$ 5,573
Contract services	2,900	2,864	36	21,030
Supplies and materials	6,000	5,956	44	6,843
Total Culture and Recreation	8,906	8,820	86	33,446
Housing and Development				
Building Inspections				
Personal services	140,652	140,634	18	136,040
Contract services	28,550	28,402	148	47,781
Supplies and materials	5,150	5,143	7	3,207
Total Building Inspections	174,352	174,179	173	187,028
Better Home Towns				
Contract services	57,000	56,977	23	59,766
Supplies and materials	2,050	2,043	7	485
Total Better Home Towns	59,050	59,020	30	60,251
Downtown Development Authority				
Payment to others	143,788	143,788	0	131,334
Total Housing and Development	377,190	376,987	203	378,613
Debt Service				
General Government				
General Administration	3,830	3,518	312	3,824
Public Works				
Street Maintenance	10,170	10,159	11	9,854
Total Debt Service	14,000	13,677	323	13,678
Total expenditures	$ 2,836,412	$ 2,791,431	$ 44,981	$ 2,529,122

DAHLONEGA
EST. 1833
FIRST MAJOR U.S. GOLD RUSH

SPECIAL REVENUE FUNDS

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

Multiple Grant Fund

This fund is used to account for the grant revenues and expenditures for various government purposes.

Hotel/Motel Tax Fund

This fund is used to collect Hotel/Motel taxes which are used to support trade and tourism in the City of Dahlonega.

CITY OF DAHLONEGA, GEORGIA
MULTIPLE GRANT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 37,773	$ 0
Restricted cash and cash equivalents	41,531	0
Intergovernmental receivable	10,000	8,102
Total assets	$ 89,304	$ 8,102
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 2,662	$ 499
Due to other funds	0	3,350
Total liabilities	2,662	3,849
Fund balances		
Restricted for housing and development	41,531	0
Assigned to:		
Public works	35,939	4,253
Housing and development	9,172	0
Total fund balances	86,642	4,253
Total liabilities and fund balances	$ 89,304	$ 8,102

CITY OF DAHLONEGA, GEORGIA

MULTIPLE GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2011

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

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 114,000	$ 14,000	$ (100,000)	$ 12,102
Contributions	39,000	51,531	12,531	0
Total revenues	153,000	65,531	(87,469)	12,102
EXPENDITURES				
Current				
General Government	4,000	4,218	(218)	1,828
Public Works	93,400	11,496	81,904	11,000
Housing and Development	100,000	11,828	88,172	0
Total expenditures	197,400	27,542	169,858	12,828
Excess (deficiency) of revenues over (under) expenditures	(44,400)	37,989	82,389	(726)
Other financing sources (uses)				
Transfers in (out)				
General Fund	44,400	44,400	0	(3,579)
Streetscape Capital Projects Fund	0	0	0	(10,050)
Total other financing sources (uses)	44,400	44,400	0	(13,629)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	0	82,389	82,389	(14,355)
Fund balances, October 1	0	4,253	4,253	18,608
Fund balances, September 30	$ 0	$ 86,642	$ 86,642	$ 4,253

CITY OF DAHLONEGA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 12,724	$ 11,553
Taxes receivable	13,914	12,728
Total assets	$ 26,638	$ 24,281
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 26,638	$ 24,281

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, 2011

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

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/Motel taxes	$ 150,500	$ 149,661	$ (839)	$ 121,833
Total revenues	150,500	149,661	(839)	121,833
EXPENDITURES				
Current				
Housing and Development				
Tourism				
Chamber of Commerce	150,500	149,661	839	121,833
Total expenditures	150,500	149,661	839	121,833
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Fund balances, October 1	0	0	0	0
Fund balances, September 30	$ 0	$ 0	$ 0	$ 0

DAHLONEGA
EST. 1833
FIRST MAJOR U.S. GOLD RUSH

CAPITAL PROJECTS FUND

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

Special Purpose Local Option Sales Tax Fund

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

Streetscape Capital Project Fund

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

CITY OF DAHLONEGA, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30, 2011 and 2010

	2011	2010
ASSETS		
Cash and cash equivalents	$ 604,566	$ 75,833
Intergovernmental receivable	93,617	93,174
Total assets	$ 698,183	$ 169,007
LIABILITIES AND FUND BALANCES		
Liabilities		
Fund balances		
Restricted for debt service	$ 698,183	$ 169,007
Total liabilities and fund balances	$ 698,183	$ 169,007

CITY OF DAHLONEGA, GEORGIA

SPECIAL PURPOSE LOCAL OPTION SALES TAX CAPITAL PROJECTS FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the fiscal years ended September 30, 2011 and 2010

	2011	2010
REVENUES		
Intergovernmental	$ 528,313	$ 515,327
Interest	863	2,687
Total revenues	529,176	518,014
Other financing uses		
Transfers out		
Water and Sewage Enterprise Fund	0	(515,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	529,176	3,014
Fund balances, October 1	169,007	165,993
Fund balances, September 30	$ 698,183	$ 169,007

CITY OF DAHLONEGA, GEORGIA
STREETSCAPE CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30, 2011 and 2010

	2011	2010
ASSETS		
Cash and cash equivalents	$ 0	$ 92,252
Intergovernmental receivable	89,972	0
Total assets	$ 89,972	$ 92,252
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 30,111	$ 1,440
Due to other funds	30	0
Total liabilities	30,141	1,440
Fund balances		
Assigned to capital outlay	59,831	90,812
Total liabilities and fund balances	$ 89,972	$ 92,252

CITY OF DAHLONEGA, GEORGIA

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

For the fiscal years ended September 30, 2011 and 2010

	2011	2010
REVENUES		
Intergovernmental	$ 89,972	$ 0
Total revenues	89,972	0
EXPENDITURES		
Capital outlay		
Public works	120,953	76,022
Total expenditures	120,953	76,022
Excess (deficiency) of revenues over (under) expenditures	(30,981)	(76,022)
Other financing sources		
Transfers in		
General Fund	0	156,784
Multiple Grant Special Revenue Fund	0	10,050
Total other financing sources	0	166,834
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	(30,981)	90,812
Fund balances, October 1	90,812	0
Fund balances, September 30	$ 59,831	$ 90,812

DAHLONEGA
EST. 1833
FIRST MAJOR U.S. GOLD RUSH

ENTERPRISE FUNDS

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

Water and Sewage Fund

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

Solid Waste Fund

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

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
September 30, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,332,357	$ 1,129,148
Receivables		
Accounts (net)	531,449	429,800
Inventory	131,598	135,327
Property held for resale	386,937	0
Prepaid items	62,263	52,369
Due from other funds	122,523	163,507
Total current assets	2,567,127	1,910,151
Restricted assets		
Debt Redemption		
Cash and cash equivalents	136,077	241,518
Investments	2,223,653	2,239,277
Construction Fund		
Cash and cash equivalents	595,416	1,766,299
Customer Deposits		
Cash and cash equivalents	99,577	85,616
Total restricted assets	3,054,723	4,332,710
Capital assets		
Land	3,303,852	3,303,707
Improvements	3,839,078	3,754,223
Buildings	22,247,587	23,040,285
Water and sewer lines and towers	21,264,002	21,322,330
Machinery and equipment	4,949,137	5,333,967
Construction in progress	0	13,623
Accumulated depreciation	(10,705,500)	(9,962,858)
Total capital assets (net of accumulated depreciation)	44,898,156	46,805,277
Other assets		
Debt issuance costs, net	596,410	622,093
Total assets	51,116,416	53,670,231

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
September 30, 2011 and 2010

	2011	2010
LIABILITIES		
Current liabilities		
Payables		
Accounts	$ 82,362	$ 76,185
Intergovernmental	1,304	313
Interest	32,481	32,999
Accrued salaries and payroll expenses	2,185	4,637
Compensated absences	47,840	68,183
Due to other funds	1,147	5,222
Notes payable	640,369	613,510
Capital leases payable	17,274	33,170
Total current liabilities	824,962	834,219
Current liabilities payable from restricted assets		
Payables		
Accounts	0	3,129
Interest	113,254	114,319
Customer deposits payable	99,577	85,616
Revenue bonds payable	380,000	285,000
Total liabilities payable from restricted assets	592,831	488,064
Noncurrent liabilities		
Compensated absences	15,107	0
Notes payable	10,211,943	10,852,494
Capital leases payable	2,711	19,985
Revenue bonds payable	25,239,558	25,601,883
Total noncurrent liabilities	35,469,319	36,474,362
Total liabilities	36,887,112	37,796,645
NET ASSETS		
Invested in capital assets, net of related debt	11,225,370	13,404,811
Restricted for debt service	22,823	124,070
Unrestricted	2,981,111	2,344,705
Total net assets	$ 14,229,304	$ 15,873,586

CITY OF DAHLONEGA, GEORGIA

WATER AND SEWAGE ENTERPRISE FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the fiscal years ended September 30, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Charges for sales and services		
Water sales	$ 2,043,434	$ 1,902,232
Sewer charges	1,316,006	1,240,529
Tap fees	196,499	375,631
Other	4,507	4,670
Total operating revenues	3,560,446	3,523,062
OPERATING EXPENSES		
Cost of sales and services	847,436	746,567
Personal services	1,013,629	1,089,368
Depreciation	1,768,427	1,275,219
Total operating expenses	3,629,492	3,111,154
Operating income (loss)	(69,046)	411,908
Non-operating revenues (expenses)		
Interest revenue	66,296	18,598
Interest expense	(1,825,061)	(936,687)
Gain (loss) on sale of assets	(100,763)	(20,933)
Total non-operating revenues (expenses)	(1,859,528)	(939,022)
Net income (loss) before capital contributions and transfers	(1,928,574)	(527,114)
Capital contributions		
Intergovernmental	0	100,158
Net income (loss) before transfers	(1,928,574)	(426,956)
Transfers in (out)		
General Fund	284,292	286,224
SPLOST Capital Projects Fund	0	515,000
Total transfers in (out)	284,292	801,224
Change in net assets	(1,644,282)	374,268
Net assets, October 1	15,873,586	15,499,318
Net assets, September 30	$ 14,229,304	$ 15,873,586

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from customers	$ 3,468,251	$ 3,509,689
Payments to suppliers	(846,433)	(779,358)
Payments to employees	(1,021,317)	(1,091,074)
Other receipts	4,507	4,670
Net cash provided (used) by operating activities	1,605,008	1,643,927
Cash flows from non-capital financing activities:		
Receipts from other funds	325,276	333,174
Cash flows from capital and related financing activities:		
Receipts from other governments	0	450,136
Receipts from sale of capital assets	0	23,705
Receipts from other funds	0	516,209
Payments to other funds	(4,075)	0
Payments for acquisitions of capital assets	(349,006)	(8,224,466)
Payment of capital related accounts payable	(3,129)	0
Principal payments - revenue bonds	(285,000)	(515,000)
Issuance of promissory notes	0	43,284
Principal payments - promissory notes	(613,692)	(654,262)
Payment of capital leases	(33,170)	(31,720)
Interest paid	(1,783,286)	(1,854,908)
Net cash provided (used) by capital and related financing activities	(3,071,358)	(10,247,022)
Cash flows from investing activities:		
Proceeds from certificates of deposit	0	35,000
Proceeds from sale of investments	4,528,224	6,792,993
Purchases of investments	(4,512,600)	(6,693,348)
Interest received	66,296	100,439
Net cash provided (used) by investing activities	81,920	235,084
Net increase (decrease) in cash and cash equivalents	(1,059,154)	(8,034,837)
Cash and cash equivalents, October 1	3,222,581	11,257,418
Cash and cash equivalents, September 30	$ 2,163,427	$ 3,222,581

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2011 and 2010

	2011	2010
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (69,046)	$ 411,908
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,768,427	1,275,219
(Increase) decrease in accounts receivable	(101,649)	(24,190)
(Increase) decrease in inventory	3,729	(51,318)
(Increase) decrease in prepaid items	(9,894)	(8,722)
Increase (decrease) in accounts payable	6,177	27,801
Increase (decrease) in intergovernmental payable	991	(552)
Increase (decrease) in payroll liabilities	(7,688)	(1,706)
Increase (decrease) in deposits payable	13,961	15,487
Total adjustments	1,674,054	1,232,019
Net cash provided (used) by operating activities	$ 1,605,008	$ 1,643,927
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 1,332,357	$ 1,129,148
Debt Redemption		
Cash and cash equivalents	136,077	241,518
Construction Fund		
Cash and cash equivalents	595,416	1,766,299
Customer Deposits		
Cash and cash equivalents	99,577	85,616
Total cash and cash equivalents	$ 2,163,427	$ 3,222,581

Noncash capital and related financing and investing activities:

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

Reclassification of capital assets to property held for resale totaled $386,937 for the fiscal year ended September 30, 2011.

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
September 30, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 417,128	$ 376,483
Accounts receivable (net)	77,236	67,561
Prepaid items	12,345	14,974
Total current assets	506,709	459,018
Capital assets		
Improvements	11,583	11,583
Buildings	255,066	255,066
Machinery and equipment	368,052	368,052
Accumulated depreciation	(413,733)	(402,143)
Total capital assets (net of accumulated depreciation)	220,968	232,558
Total assets	727,677	691,576
LIABILITIES		
Current liabilities		
Accounts payable	5,329	10,938
Accrued salaries and payroll expenses	589	994
Compensated absences	2,374	4,700
Due to other funds	127,351	171,170
Total current liabilities	135,643	187,802
Noncurrent liabilities		
Compensated absences	750	0
Total liabilities	136,393	187,802
NET ASSETS		
Invested in capital assets	220,968	232,558
Unrestricted	370,316	271,216
Total net assets	$ 591,284	$ 503,774

CITY OF DAHLONEGA, GEORGIA

SOLID WASTE ENTERPRISE FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the fiscal years ended September 30, 2011 and 2010

	2011	2010
OPERATING REVENUES		
Charges for sales and services	$ 545,217	$ 523,681
Other	499	0
Total operating revenues	545,716	523,681
OPERATING EXPENSES		
Cost of sales and services	171,099	135,895
Personal services	276,692	297,726
Depreciation	11,590	18,172
Total operating expenses	459,381	451,793
Operating income (loss)	86,335	71,888
Non-operating revenues (expenses)		
Interest revenue	1,175	3,844
Change in net assets	87,510	75,732
Net assets, October 1	503,774	428,042
Net assets, September 30	$ 591,284	$ 503,774

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Receipts from customers	$ 535,542	$ 535,266
Payments to suppliers	(174,079)	(140,370)
Payments to employees	(278,673)	(298,981)
Other receipts	499	0
Net cash provided (used) by operating activities	83,289	95,915
Cash flows from non-capital financing activities:		
Payments to other funds	(43,819)	(41,805)
Cash flows from investing activities:		
Interest received	1,175	3,844
Net increase (decrease) in cash and cash equivalents	40,645	57,954
Cash and cash equivalents, October 1	376,483	318,529
Cash and cash equivalents, September 30	$ 417,128	$ 376,483
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 86,335	$ 71,888
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	11,590	18,172
(Increase) decrease in accounts receivable	(9,675)	11,585
(Increase) decrease in prepaid items	2,629	(1,367)
Increase (decrease) in accounts payable	(5,609)	(3,108)
Increase (decrease) in payroll liabilities	(1,981)	(1,255)
Total adjustments	(3,046)	24,027
Net cash provided (used) by operating activities	$ 83,289	$ 95,915

DAHLONEGA
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COMPONENT UNIT

Downtown Development Authority

This component unit is used to account for governmental revenues and contributions reserved for City Business Development.

CITY OF DAHLONEGA, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
September 30, 2011 and 2010

	2011	2010
ASSETS		
Cash and cash equivalents	$ 191,829	$ 172,605
Accounts receivable (net)	3,156	0
Prepaid items	1,786	3,340
Restricted assets		
Cash and cash equivalents	1,157	3,731
Total assets	$ 197,928	$ 179,676
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable	$ 587	$ 5,232
Accrued salaries and payroll liabilities	289	324
Total liabilities	876	5,556
Fund balances		
Nonspendable:		
Prepaid items	1,786	3,340
Restricted for housing and development	1,157	3,731
Assigned to:		
Redevelopment projects	134,049	0
Housing and development	60,060	167,049
Total fund balances	197,052	174,120
Total liabilities and fund balances	$ 197,928	$ 179,676

CITY OF DAHLONEGA, GEORGIA

DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2011

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

	2011			2010
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 144,788	$ 144,788	$ 0	$ 132,084
Charges for services	38,038	30,005	(8,033)	0
Interest	1,000	173	(827)	817
Contributions	4,280	4,569	289	1,507
Other	0	475	475	7,660
Total revenues	188,106	180,010	(8,096)	142,068
EXPENDITURES				
Current				
Housing and Development				
Personal services	100,293	101,160	(867)	82,624
Contract services	49,307	40,618	8,689	51,659
Supplies and materials	15,440	15,300	140	12,382
Capital outlay	0	0	0	7,885
Contingency	23,066	0	23,066	0
Total expenditures	188,106	157,078	31,028	154,550
Excess of revenues over (under) expenditures	0	22,932	22,932	(12,482)
Fund balances, October 1	0	174,120	174,120	186,602
Fund balances, September 30	$ 0	$ 197,052	$ 197,052	$ 174,120

DAHLONEGA
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FIRST MAJOR U.S. GOLD RUSH

STATISTICAL SECTION

DAHLONEGA
EST. 1833
FIRST MAJOR U.S. GOLD RUSH

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

CONTENTS PAGES

Financial Trends……108 - 121

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

Revenue Capacity……..122 - 131

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

Debt Capacity……..132 - 137

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

Demographic and Economic Information.……..…138 - 140

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

Operating Information……...……..……141 - 143

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

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

CITY OF DAHLONEGA, GEORGIA

NET ASSETS BY COMPONENT

LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

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

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

Fiscal Year				
2007	2008	2009	2010	2011
$ 4,158,131	$ 4,176,172	$ 4,462,981	$ 4,360,841	$ 4,477,984
278,314	278,314	468,257	571,645	1,061,542
2,457,506	2,975,198	3,320,000	3,442,292	3,489,170
$ 6,893,951	$ 7,429,684	$ 8,251,238	$ 8,374,778	$ 9,028,696
$ 12,188,032	$ 12,490,290	$ 15,609,939	$ 13,637,369	$ 11,446,338
86,896	0	0	124,070	22,823
877,159	2,144,761	317,421	2,615,921	3,351,427
$ 13,152,087	$ 14,635,051	$ 15,927,360	$ 16,377,360	$ 14,820,588
$ 16,346,163	$ 16,666,462	$ 20,072,920	$ 17,998,210	$ 15,924,322
365,210	278,314	468,257	695,715	1,084,365
3,334,665	5,119,959	3,637,421	6,058,213	6,840,597
$ 20,046,038	$ 22,064,735	$ 24,178,598	$ 24,752,138	$ 23,849,284

CITY OF DAHLONEGA, GEORGIA

CHANGES IN NET ASSETS

LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
Expenses	**2004**	**2005**	**2006**
Governmental activities:			
General Government	$ 646,958	$ 757,377	$ 770,403
Judicial	99,057	119,779	178,877
Public Safety	0	0	3,705
Public Works	462,201	494,936	624,272
Culture and Recreation	141,645	178,544	183,599
Housing and Development	211,670	167,031	250,683
Interest on long-term debt	0	0	0
Total governmental activities expenses	1,561,531	1,717,667	2,011,539
Business-type activities:			
Water and Sewage	2,288,348	2,580,141	2,959,190
Solid Waste	391,923	384,201	418,636
Total business-type activities expenses	2,680,271	2,964,342	3,377,826
Total primary government expenses	$ 4,241,802	$ 4,682,009	$ 5,389,365
Program Revenues			
Governmental activities:			
Charges for services:			
General Government	$ 25,766	$ 42,372	$ 64,627
Judicial	121,248	107,473	151,238
Public Works	0	0	0
Culture and Recreation	41042	31526	94772
Housing and Development	86,866	110,768	62,600
Operating grants and contributions	7,925	565	1,069
Capital grants and contributions	49,605	0	280,349
Total governmental activities program revenues	332,452	292,704	654,655
Business-Type activities:			
Charges for services:			
Water and Sewage	2,348,629	3,073,112	2,805,964
Solid Waste	416,033	437,437	452,698
Capital grants and contributions	0	0	0
Total business-type activities program revenues	2,764,662	3,510,549	3,258,662
Total primary government program revenues	$ 3,097,114	$ 3,803,253	$ 3,913,317

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

Fiscal Year				
2007	2008	2009	2010	2011
$ 853,427	$ 1,034,756	$ 1,000,735	$ 1,041,292	$ 1,036,537
208,731	185,803	253,877	282,317	233,740
0	85,007	105,371	60,651	84,785
684,195	788,450	821,886	909,630	1,051,610
83,646	50,405	64,597	47,874	23,294
534,461	664,948	508,066	490,080	540,307
5,770	2,117	1,938	1,399	834
2,370,230	2,811,486	2,756,470	2,833,243	2,971,107
3,017,628	3,218,598	3,293,531	4,068,774	5,555,316
472,945	504,539	468,490	451,793	459,381
3,490,573	3,723,137	3,762,021	4,520,567	6,014,697
$ 5,860,803	$ 6,534,623	$ 6,518,491	$ 7,353,810	$ 8,985,804
$ 56,644	$ 66,905	$ 83,755	$ 77,355	$ 80,081
171,700	135,489	186,801	262,317	223,361
52,940	45,800	29,900	30,950	40,150
0	0	0	0	0
129,677	70,473	27,729	36,343	50,674
18,959	6,366	24,747	6,410	24,392
0	31,500	906,645	524,614	660,679
429,920	356,533	1,259,577	937,989	1,079,337
3,368,076	3,219,289	2,878,205	3,520,548	3,555,939
476,076	494,200	532,465	523,681	545,217
1,389,610	997,723	965,685	100,158	0
5,233,762	4,711,212	4,376,355	4,144,387	4,101,156
$ 5,663,682	$ 5,067,745	$ 5,635,932	$ 5,082,376	$ 5,180,493

CITY OF DAHLONEGA, GEORGIA

CHANGES IN NET ASSETS

LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

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

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

Fiscal Year				
2007	2008	2009	2010	2011
$ (1,940,310)	$ (2,454,953)	$ (1,496,893)	$ (1,895,254)	$ (1,891,770)
1,743,189	988,075	614,334	(376,180)	(1,913,541)
(197,121)	(1,466,878)	(882,559)	(2,271,434)	(3,805,311)
839,600	878,253	929,774	903,412	890,743
837,951	832,447	723,690	744,801	763,535
454,128	488,607	493,335	460,629	478,013
190,631	198,849	203,612	201,702	195,840
23,432	28,148	8,306	11,854	8,191
147,210	156,736	166,266	176,223	164,240
117,176	123,662	126,506	110,811	115,560
115,031	129,217	119,547	121,833	149,661
121,675	102,272	50,981	41,210	10,755
0	294,980	67,352	0	0
10,510	41,811	47,647	47,543	53,442
(215,647)	(284,296)	(618,569)	(801,224)	(284,292)
2,641,697	2,990,686	2,318,447	2,018,794	2,545,688
70,758	78,261	29,226	22,442	67,471
0	0	0	0	0
1,123	6,685	12,521	0	0
0	5,405	17,659	2,514	5,006
215,647	284,296	618,569	801,224	284,292
287,528	374,647	677,975	826,180	356,769
2,929,225	3,365,333	2,996,422	2,844,974	2,902,457
701,387	535,733	821,554	123,540	653,918
2,030,717	1,362,722	1,292,309	450,000	(1,556,772)
2,732,104	1,898,455	2,113,863	573,540	(902,854)
6,177,128	6,893,951	7,429,684	8,251,238	8,374,778
11,080,420	13,152,087	14,635,051	15,927,360	16,377,360
17,257,548	20,046,038	22,064,735	24,178,598	24,752,138
15,436	0	0	0	0
40,950	120,242	0	0	0
56,386	120,242	0	0	0
6,893,951	7,429,684	8,251,238	8,374,778	9,028,696
13,152,087	14,635,051	15,927,360	16,377,360	14,820,588
$ 20,046,038	$ 22,064,735	$ 24,178,598	$ 24,752,138	$ 23,849,284

CITY OF DAHLONEGA, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Intangible Tax	Franchise Tax	Occupational Tax
2004	$ 440,247	$ 12,685	$ 352,622	$ 108,363
2005	454,066	12,081	369,402	108,937
2006	646,490	16,951	437,200	112,213
2007	839,600	23,432	454,128	117,176
2008	878,253	28,148	488,607	123,662
2009	929,774	8,306	493,335	126,506
2010	903,412	11,854	460,629	110,811
2011	890,743	8,191	478,013	115,560
Change 2004 - 2011	102.33%	-35.43%	35.56%	6.64%

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

Insurance Premium Tax	Alcoholic Beverage Tax	Hotel/Motel Tax	Local Option Sales Tax	Total
$ 156,271	$ 118,244	$ 83,218	$ 714,983	$ 1,986,633
169,355	149,611	87,929	708,370	2,059,751
182,204	140,133	107,244	899,995	2,542,430
190,631	147,210	115,031	837,951	2,725,159
198,849	156,736	129,217	832,447	2,835,919
203,612	166,266	119,547	723,690	2,771,036
201,702	176,223	121,833	744,801	2,731,265
195,840	164,240	149,661	763,535	2,765,783
25.32%	38.90%	79.84%	6.79%	39.22%

CITY OF DAHLONEGA, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2002	2003	2004	2005
General fund				
Reserved	$ 23,294	$ 28,352	$ 26,647	$ 32,466
Unreserved	1,189,505	1,434,183	1,872,188	2,432,607
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Total general fund	1,212,799	1,462,535	1,898,835	2,465,073
All other governmental funds				
Unreserved, reported in:				
Special revenue funds	4,647 (1)	12,500	1,611	94,917
Capital project funds	0	0	0	0
Restricted	0	0	0	0
Assigned	0	0	0	0
Total all other governmental funds	4,647	12,500	1,611	94,917
Total governmental funds	$ 1,217,446	$ 1,475,035	$ 1,900,446	$ 2,559,990

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

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

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

Note (4): The City implemented GASB 54 in fiscal year 2011.

Fiscal Year						
2006	2007	2008	2009	2010	2011	(4)
$ 35,104	$ 315,793 (2)	$ 316,579	$ 346,729	$ 357,608	$0	
2,360,698	2,459,781	2,961,152	3,265,866	3,413,767	0	
0	0	0	0	0	72,242	
0	0	0	0	0	321,828	
0	0	0	0	0	2,134,368	
0	0	0	0	0	1,196,824	
2,395,802	2,775,574	3,277,731	3,612,595	3,771,375	3,725,262	
3,579	(3,564)	3,238	18,608	4,253	0	
0	0	0	165993	(3 259819	0	
0	0	0	0	0	739,714	
0	0	0	0	0	104,942	
3,579	(3,564)	3,238	184,601	264,072	844,656	
$ 2,399,381	$ 2,772,010	$ 3,280,969	$ 3,797,196	$ 4,035,447	$ 4,569,918	

CITY OF DAHLONEGA, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

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

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

Fiscal Year				
2007	2008	2009	2010	2011
$ 2,721,488	$ 2,824,520	$ 2,750,812	$ 2,752,538	$ 2,764,816
186,291	137,327	111,484	113,675	130,755
171,700	135,489	186,801	262,317	223,361
52,970	45,851	29,900	30,973	40,150
18,827	11,740	534,270	527,429	632,285
121,675	102,272	50,981	43,897	11,618
132	1,126	747	908	51,923
10,510	41,811	47,647	47,543	53,442
3,283,593	3,300,136	3,712,642	3,779,280	3,908,350
1,243,109	1,007,524	1,342,371	1,001,586	997,408
208,740	185,931	256,045	283,124	233,740
0	85,007	105,371	60,651	84,785
646,641	758,950	782,237	770,852	1,091,728
75,841	135,478	54,167	33,446	8,820
546,511	663,407	518,510	500,446	538,476
2,454	11,740	11,739	12,279	12,843
445	1,938	1,938	1,399	834
0	0	0	76,022	120,953
2,723,741	2,849,975	3,072,378	2,739,805	3,089,587
559,852	450,161	640,264	1,039,475	818,763
2,000	0	48,869	160,363	44,400
(217,647)	(284,296)	(667,438)	(961,587)	(328,692)
12,988	48,114	0	0	0
0	294,980	494,532	0	0
(202,659)	58,798	(124,037)	(801,224)	(284,292)
357,193	508,959	516,227	238,251	534,471
2,399,381	2,772,010	3,280,969	3,797,196	4,035,447
15,436	0	0	0	0
$ 2,772,010	$ 3,280,969	$ 3,797,196	$ 4,035,447	$ 4,569,918
0.13%	0.51%	0.52%	0.51%	0.49%

CITY OF DAHLONEGA, GEORGIA

GOVERNMENTAL FUNDS TAX REVENUES BY SOURCE

LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Intangibles Tax	Franchise Tax	Occupational Tax
2004	$ 431,263	$ 12,685	$ 352,622	$ 108,363
2005	459,631	12,081	369,402	108,937
2006	639,352	16,951	437,200	112,213
2007	812,855	23,432	454,128	117,176
2008	895,002	28,148	488,607	123,662
2009	917,856	8,306	493,335	126,506
2010	924,685	11,854	460,629	110,811
2011	889,776	8,191	478,013	115,560
Change 2004 - 2011	106.32%	-35.43%	35.56%	6.64%

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

Insurance Premium Tax	Alcoholic Beverage Tax	Hotel/Motel Tax	Local Option Sales Tax	Total
$ 156,271	$ 118,244	$ 83,218	$ 714,983	$ 1,977,650
169,355	149,611	87,929	708,370	2,065,316
182,204	140,133	107,244	899,995	2,535,292
190,631	147,210	115,031	837,951	2,698,414
198,849	156,736	129,217	832,447	2,852,668
203,612	166,266	119,547	723,690	2,759,118
201,702	176,223	121,833	744,801	2,752,538
195,840	164,240	149,661	763,535	2,764,816
25.32%	38.90%	79.84%	6.79%	39.80%

CITY OF DAHLONEGA, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,		Real Property	Personal Property		
			Motor Vehicles	Mobile Homes	Heavy Equipment
2002		$ 96,641,574	$ 3,030,670	$ 393,488	$0
2003	(1)	137,665,207	3,196,860	487,989	0
2004		143,662,554	3,441,780	382,201	0
2005		153,850,631	3,863,360	578,594	0
2006		172,218,674	4,114,840	539,731	0
2007		191,169,276	4,479,710	416,297	15,385
2008	(1)	223,443,124	4,070,310	409,680	0
2009		236,400,584	5,429,330	447,042	0
2010		242,256,781	6,236,220	455,958	0
2011		236,054,887	5,564,160	455,631	0

Source: Georgia Department of Revenue, Property Tax Division

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

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

Exemption Adjustments	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ (2,001,642)	$ 98,064,090	3.88	$ 245,160,225	40%
(1,856,336)	139,493,720	2.93	348,734,300	40%
(1,606,240)	145,880,295	2.90	364,700,738	40%
(2,403,839)	155,888,746	2.87	389,721,865	40%
(2,450,446)	174,422,799	3.62	436,056,998	40%
(2,759,674)	193,320,994	4.37	483,302,485	40%
(2,542,905)	225,380,209	3.96	563,450,523	40%
(3,359,688)	238,917,268	3.95	597,293,170	40%
(3,996,620)	244,952,339	3.95	612,380,848	40%
(2,824,453)	239,250,225	3.99	598,125,563	40%

CITY OF DAHLONEGA, GEORGIA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

			Overlapping Rates	
		City of Dahlonega	Lumpkin County Board of Education	
Tax Year	Fiscal Year	Operating Millage	Operating Millage	State of Georgia
2001	2002	3.883	16.750	0.250
2002	2003	2.931	13.250	0.250
2003	2004	2.900	13.250	0.250
2004	2005	2.867	14.250	0.250
2005	2006	3.620	14.190	0.250
2006	2007	4.370	14.190	0.250
2007	2008	3.959	11.860	0.250
2008	2009	3.950	11.840	0.250
2009	2010	3.950	12.800	0.250
2010	2011	3.988	12.800	0.250

Source: Lumpkin County Tax Commissioners Office.

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

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

Overlapping Rates

Lumpkin County				Total
Operating Millage (Unincorporated)	Operating Millage (Incorporated)	Special Assesment	Total County Millage	Direct & Overlapping Rates
11.995	13.150	0	25.145	46.028
7.483	8.360	0	15.843	32.274
7.308	8.275	0	15.583	31.983
7.277	8.275	0	15.552	32.919
8.052	9.068	0.411	17.531	35.591
8.346	9.385	0.226	17.957	36.767
6.912	7.724	0.187	14.823	30.892
6.893	7.707	0.178	14.778	30.818
6.947	7.842	0.600	15.389	32.389
7.318	7.907	0.318	15.543	32.581

CITY OF DAHLONEGA, GEORGIA

PRINCIPAL TAXPAYERS

September 30, 2011

	Fiscal Year					
	2011			2006		
Taxpayer	Taxable Assessed Value[1]	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value[1]	Rank	Percentage of Total Taxable Assessed Value
Koyo Bearings USA (formally Timken USA Corp.)	$ 6,129,317	1	2.56%	$ 10,627,229	1	6.09%
Birch River Chestatee Co. LLC	5,525,054	2	2.31%			
Dahlonega Investors	3,901,805	3	1.63%			
Dahlonega Group LLC	3,499,878	4	1.46%			
Green, Sherman & Roberta	3,308,510	5	1.38%	6,858,267	2	3.93%
Southern Health Corp of Dahlonega Inc	2,500,409	6	1.05%	2,135,008	6	1.22%
Windstream Standard Inc.	2,297,942	7	0.96%	3,593,834	5	2.06%
Wal-Mart Stores East Inc.	2,099,860	8	0.88%	6,105,495	3	3.50%
Chestatee Holding Co. LLC	1,977,318	9	0.83%			
Roberta Green	1,462,313	10	0.61%			
Alladdin Manufaturing Corp.				3,621,645	4	2.08%
Bank of Dahlonega, BB&T				1,645,215	7	0.94%
Clark, E. L. etal				1,619,721	8	0.93%
Greenbriar of Dahlonega Shopping Center				1,606,194	9	0.92%
Georgia Power Company				1,599,824	10	0.92%
Total	$ 32,702,406		13.35%	$ 39,412,432		17.07%

Source: 2010 and 2005 Lumpkin County Tax Commissioner's Digest - Dahlonega District.

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

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

CITY OF DAHLONEGA, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended September 30	Total Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	$ 408,856	$ 392,381	95.97%	$ 14,328	$ 406,709	99.47%
2004	423,053	409,479	96.79%	10,430	419,909	99.26%
2005	446,933	439,029	98.23%	5,209	444,238	99.40%
2006	628,389	615,133	97.89%	13,098	628,231	99.97%
2007	847,944	837,121	98.72%	10,298	847,419	99.94%
2008	906,645	873,974	96.40%	32,671	906,645	100.00%
2009	951,193	891,905	93.77%	54,513	946,418	99.50%
2010	966,565	867,945	89.80%	91,883	959,828	99.30%
2011	954,130	74,205	7.78%	0	74,205	7.78%

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

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

CITY OF DAHLONEGA, GEORGIA

LOCAL OPTION SALES TAX
DISTRIBUTION COMMODITY REPORT
LUMPKIN COUNTY
LAST FIVE CALENDAR YEARS

	2011			2010		
Commodity	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total
General	$ 586,756	1	17.72%	$ 552,698	1	18.47%
Food	477,327	2	14.41%	433,504	2	14.49%
Automotive	422,388	3	12.75%	346,788	4	11.59%
Other Retail [3]	386,448	4	11.67%	360,584	3	12.05%
Wholesale [3]	368,513	5	11.13%	256,572	7	8.57%
Miscellaneous Services	330,063	6	9.97%	306,114	5	10.23%
Utilities	326,876	7	9.87%	298,788	6	9.98%
Manufacturers	175,356	8	5.29%	223,067	8	7.45%
Home	114,015	9	3.44%	107,528	9	3.59%
Accomodations [3]	53,216	10	1.61%	44,399	10	1.48%
Miscellaneous	45,055		1.36%	34,203		1.14%
Construction [3]	26,144		0.79%	28,377		0.95%
Lumber						
Apparel						
Total	$ 3,312,157		100%	$ 2,992,622		100%

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

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

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

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

2009			2008			2007		
Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total
$ 632,180	1	21.49%	$ 742,197	1	22.73%	$ 772,755	3	22.14%
476,912	2	16.21%	573,889	3	17.58%	715,107	1	20.49%
355,432	3	12.08%	590,324	2	18.08%	509,795	2	14.60%
229,255	7	7.79%						
82,060	9	2.79%						
265,123	5	9.01%	284,601	5	8.72%	158,846	7	4.55%
300,415	4	10.21%	350,997	4	10.75%	313,995	6	8.99%
241,531	6	8.21%	236,363	6	7.24%	277,504	9	7.95%
164,990	8	5.61%	131,107	9	4.02%	136,036	8	3.90%
29,790		1.01%						
56,113		1.91%	153,864	8	4.71%	199,886	5	5.73%
32,685		1.11%						
69,546	10	2.36%	185,651	7	5.69%	390,883	4	11.20%
5,620		0.19%	15,818	10	0.48%	16,062	10	0.46%
$ 2,941,650		100%	$ 3,264,811		100%	$ 3,490,868		100%

DAHLONEGA
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CITY OF DAHLONEGA, GEORGIA

WATER & SEWAGE UTILITY TEN LARGEST SYSTEM CUSTOMERS

SEPTEMBER 30, 2011

Customer	Type of Business	Total Water Billings	Total Sewer Billings	Total Billings	Percentage of System Revenues
North Georgia College & State University	Senior Military College	$ 270,913	$ 244,887	$ 515,800	15.35%
Koyo Bearings USA (formally Timken USA Corp.)	Manufacturer - Automoblie Parts	181,854	186,959	368,812	10.98%
Lumpkin County Board of Commissioners	Local Government	51,192	46,196	97,387	2.90%
Lumpkin County Board of Education	Local Government	51,887	28,362	80,249	2.39%
Chestatee Medical Center	Hospital	38,113	33,248	71,361	2.12%
Tysons	Manufacturer - Poultry Prosessor	14,894	15,839	30,732	0.91%
Camp Glisson	Not for Profit - Religious	18,747	11,246	29,991	0.89%
Gold City Personal Care Home	Assisted Living Home	14,740	13,974	28,714	0.85%
Holiday Inn Express	Hospitality - Hotel	11,362	10,836	22,198	0.66%
Gold City Nursing Home	Nursing Home	11,010	10,583	21,592	0.64%
Total		$ 664,712	$ 602,130	$ 1,266,836	37.71%

Total Water and Sewage sales: $ 3,359,440

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

CITY OF DAHLONEGA, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Governmental Activities		Business-Type Activities		
Fiscal Year	General Obligation Bonds	Capital Leases	Water & Sewage Bonds	Notes Payable	Capital Leases
2004	$0	$0	$ 225,000	$ 7,061,120	$0
2005	0	0	175,000	6,313,789	0
2006	0	0	120,000	13,181,845	0
2007	0	10,534	60,433	12,823,146	62,897
2008	0	47,067	26,890,682	12,581,247	115,208
2009	0	35,328	26,383,926	12,114,383	84,875
2010	0	23,050	26,315,000	11,466,004	53,155
2011	0	10,207	26,030,000	10,852,312	19,985

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

Note (1): Comparative information prior to fiscal year 2004 is not available.

Note (2): See the Schedule of Demographic and Economic Statistics on pages 138 and 139 for personal income and population data.

Total Primary Government	Percentage of Personal Income	Per Capita[2]
$ 7,286,120	7.43%	1,760
6,488,789	6.01%	1,522
13,301,845	11.48%	2,993
12,957,010	10.37%	2,843
39,634,204	30.78%	8,522
38,618,512	28.85%	8,098
37,857,209	28.41%	7,815
36,912,504	40.71%	7,042

CITY OF DAHLONEGA, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Available	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Lumpkin County Board of Commissioners	$ 6,855,000	100%	$ 6,855,000
Subtotal, overlapping debt			6,855,000
City of Dahlonega direct debt			10,207
Total direct and overlapping debt			$ 6,865,207

Source: Debt outstanding data per 12/31/2010 Lumpkin County CAFR.

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

CITY OF DAHLONEGA, GEORGIA

PLEDGED-REVENUE COVERAGE

WATER & SEWAGE FUND

LAST TEN FISCAL YEARS

	Public Utilities Revenue Bonds					
Fiscal Year	Operating Revenue[1]	Less: Operating Expenses[2]	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2002	2,131,103	1,215,658	915,445	344,509	300,599	1.42
2003	1,955,869	1,271,124	684,745	375,761	369,401	0.92
2004	2,360,189	1,253,472	1,106,717	406,619	350,865	1.46
2005	3,115,122	1,549,567	1,565,555	415,836	311,765	2.15
2006	2,863,208	1,628,650	1,234,558	436,461	447,343	1.40
2007	3,438,834	1,709,249	1,729,585	572,598	487,986	1.63
2008	3,302,955	1,864,654	1,438,301	738,045	933,272	0.86
2009	2,922,110	1,790,825	1,131,285	1,087,798	1,856,012	0.38
2010	3,541,660	1,835,935	1,705,725	1,220,426	1,889,619	0.55
2011	3,626,742	1,861,065	1,765,677	931,862	1,825,061	0.64

Note (1): Total operating revenue including interest.

Note (2): Total operating expenses exclusive of depreciation.

CITY OF DAHLONEGA, GEORGIA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2002	2003	2004	2005
Debt Limit	$ 9,806,409	$ 13,949,372	$ 14,588,030	$ 15,588,875
Total net debt applicable to limit	0	0	0	0
Legal debt margin	$ 9,806,409	$ 13,949,372	$ 14,588,030	$ 15,588,875
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

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

Fiscal Year					
2006	2007	2008	2009	2010	2011
$ 17,442,280	$ 19,332,099	$ 22,538,021	$ 23,891,727	$ 24,495,234	$ 23,925,023
0	0	0	0	0	0
$ 17,442,280	$ 19,332,099	$ 22,538,021	$ 23,891,727	$ 24,495,234	$ 23,925,023
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2009

Total Assessed value	$ 239,250,225
Debt limit (10% of total assessed value)[1]	23,925,023
Debt applicable to limit:	
General obligation bonds	0
Less: Amount set aside for repayment of general obligation debt	0
Total net debt applicable to limit	0
Legal debt margin	$ 23,925,023

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

Fiscal Year	Lumpkin County Population[(a)]	City of Dahlonega Population[(a)]	Estimated City of Dahlonega Personal Income (amounts expressed in thousands)[(a)]
2002	22,638	3,891	84,657
2003	23,542	4,047	87,588
2004	24,090	4,141	98,079
2005	24,801	4,263	107,905
2006	25,855	4,444	115,905
2007	26,511	4,557	124,988
2008	27,056	4,651	128,753
2009	27,743	4,769	133,873
2010	28,180	4,844	133,244
2011	29,966	5,242	90,676

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

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

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

City of Dahlonega Per Capita Personal Income[a]	Lumpkin County Public School Enrollment[b]	Lumpkin County Unemployment Rate[c]
21,755	3,413	4.1%
21,644	3,497	3.9%
23,685	3,520	4.2%
25,311	3,675	4.7%
26,079	3,721	4.1%
27,427	3,344	4.2%
27,684	3,732	7.0%
28,072	3,822	11.5%
27,507	3,916	9.9%
17,298	3,843	10.3%

CITY OF DAHLONEGA, GEORGIA

PRINCIPAL EMPLOYERS/LUMPKIN COUNTY

CURRENT YEAR AND FIVE YEARS AGO

	2011			2006		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
North Georgia College & State University	900	1	8.53%	697	1	6.41%
Lumpkin County Board of Education	600	2	5.69%	615	2	5.66%
Poly Portables	379	3	3.59%			
Lumpkin County Board of Commissioners	252	4	2.39%	286	4	2.63%
Wal-Mart Super Center	171	5	1.62%	265	5	2.44%
Koyo Bearings USA (formally Timken USA Corp.)	146	6	1.38%	251	6	2.31%
Chestatee Regional Hospital	141	7	1.34%	223	7	2.05%
The Louve Shop	112	8	1.06%			
RefigiWear, Inc.	109	9	1.03%	110	8	1.01%
Home Depot	88	10	0.83%	92	9	0.85%
Mohawk Industries				350	3	3.22%
Ridge Creek School (formally Hidden Lake Academy)				83	10	0.76%
Total	2,898		26.54%	2,972		27.34%

Source: 2011 employer data was based on a phone survey.
2006 employer data was obtained from Lumpkin County Board of Commissioners.

Note 1: Percentage of employment data in 2006 and 2011 was based on estimated annual average employment of 10,870 & 10,550, respectively, which was obtained from Woods & Poole 2011 Economic Data Pamphlet.

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

CITY OF DAHLONEGA, GEORGIA

FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST SEVEN FISCAL YEARS

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

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

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

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

Source: Various City Departments.

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

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

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

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

Source: Various City Departments.

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

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

DAHLONEGA
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FIRST MAJOR U.S. GOLD RUSH

OTHER REPORTING SECTION

DAHLONEGA
EST. 1833
FIRST MAJOR U.S. GOLD RUSH

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of and for the year ended September 30, 2011, which collectively comprise the City of Dahlonega, Georgia's the basic financial statements and have issued our report thereon dated February 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A *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.

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

Compliance and Other Matters

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

We noted certain matters involving the internal control over financial reporting that we have reported to management of the City of Dahlonega, Georgia in a separate letter dated February 15, 2012.

This report is intended solely for the information and use of the City Council, management, others within the entity, State of Georgia Departments of Audits and Accounts, and Community Affairs, and is not intended to be and should not be used by anyone other than these specified parties.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
February 15, 2012

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, 2011

	Estimated Cost *		Expenditures		
Project	Original	Current	Prior Years	Current Year	Total
2008 Referendum					
Water Treatment Facilities Debt Service	$ 4,359,600	$ 4,359,600	$ 1,136,693	$ 0	$ 1,136,693

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