

CITY OF DAWSONVILLE  
DAWSONVILLE, GEORGIA

FINANCIAL STATEMENTS  
(With supplemental material)

FOR THE YEAR ENDED  
JUNE 30, 2013

CITY OF DAWSONVILLE

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October 7, 2013

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council  
City of Dawsonville  
Dawsonville, Georgia

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 10 and Defined Benefit Retirement Plan Schedule of Funding Progress on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dawsonville, Georgia's basic financial statements. The combining and individual non-major fund financial statements, the Schedule of Projects Constructed with Special Sales Tax Proceeds, the Schedules of Functional Allocations for the Water, Sewer and Sanitation fund, and the Schedule of Revenues, Expenses and Changed in Net Position budget and actual for the Water, Sewer and Sanitation fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, on pages 47 through 54, the Schedule of Projects Constructed with Special Sales Tax Proceeds on page 57, the Schedules of Functional Allocations for the Water, Sewer and Sanitation fund on pages 58 through 59 and the Schedule of Revenues, Expenses and Changes in Net Position budget versus actual for the Water, Sewer and Sanitation fund on page 60 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Projects Constructed with Special Sales Tax Proceeds, the Schedules of Functional Allocations for the Water, Sewer and Sanitation fund, and the Schedule of Revenues, Expenses and Changes in Net Position budget versus actual for the Water, Sewer and Sanitation fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2013, on our consideration of the City of Dawsonville, 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* in considering City of Dawsonville, Georgia's internal control over financial reporting and compliance.



Alexander, Almand & Bangs, LLP  
Gainesville, Georgia

P.O. Box 6  
415 Highway 53 E. Suite 100  
Dawsonville, Georgia 30534



W. James Grogan  
Mayor

(706) 265-3256  
Fax (706) 265-4214  
www.dawsonville-ga.gov

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Dawsonville (the "City") provides this Management Discussion and Analysis as prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34). This narrative overview and analysis of the City of Dawsonville's financial activities is for the fiscal years ending June 30, 2013 and 2012. Please consider this information in conjunction with the accompanying Basic Financial Statements.

### FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

- The assets of the City of Dawsonville exceeded its liabilities at the close of the year ending June 30, 2012 by \$ 12,051,929 (net position).
- The City's net position increased by \$ 569,114 for the year ending June 30, 2013 from the prior year. Of this amount, an increase of \$ 353,448 was associated with governmental activities and an increase of \$ 215,666 with business-type activities. In the government activities, the City continued progress on installation of sidewalks funded through SPLOST IV contributions.
- The City's net investment in capital assets, increased \$ 276,759 or 3.32% for the year ending June 30, 2013.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Dawsonville's basic financial statements. The City's basic financial statements include three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. These components are described below:

#### Government-wide financial statements

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

The statement of net position presents information on all of the city's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of net position combines and consolidates governmental funds' current financial resources with capital assets and long-term obligations.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods

Both of 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 of Dawsonville include general government, public safety, highways and streets and other charges. The major business-type activity of the City includes the water and sewer system.

The government-wide financial statements include a legally separate Dawsonville Downtown Development Authority, a component unit of the City. Financial information for the component unit is blended into the City's financial statements.

## **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. All of the funds of the City of Dawsonville can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. These funds also include the blended component unit.

## **Governmental funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The City maintains three governmental funds – the general fund, a capital projects fund and a hotel-motel tax special revenue fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The general fund is considered a major fund, while capital projects funds, cemetery fund and the hotel-motel tax fund are considered non-major governmental funds.

The City of Dawsonville adopted a full year budget for the period ending June 30, 2013 for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

## **Proprietary funds**

The City of Dawsonville maintains one proprietary enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented separately in the proprietary statement of net position and the proprietary statement of revenues, expense and changes in net position for the water, sewer and sanitation fund, which is considered a major proprietary fund.

## **Permanent Funds**

Permanent funds account for resources that are legally restricted to allow the earnings (and not the principle) to be used to support the governments programs such as cemeteries, libraries, parks and scholarships.

## **Notes to the financial statements**

Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in government-wide and the fund financial statements. The notes can be found immediately following the fund financial statements.

## **Other information**

Required supplementary information is reported in addition to the basic financial statements and accompanying notes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

At June 30, 2012, the City's assets exceeded liabilities by \$ 12,051,929. By far the largest portion of the City's net position reflects its net investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A prior period adjustment was made to the City's net position in the amount of \$ 74,459. See Note 7 of the financial statements for further details.

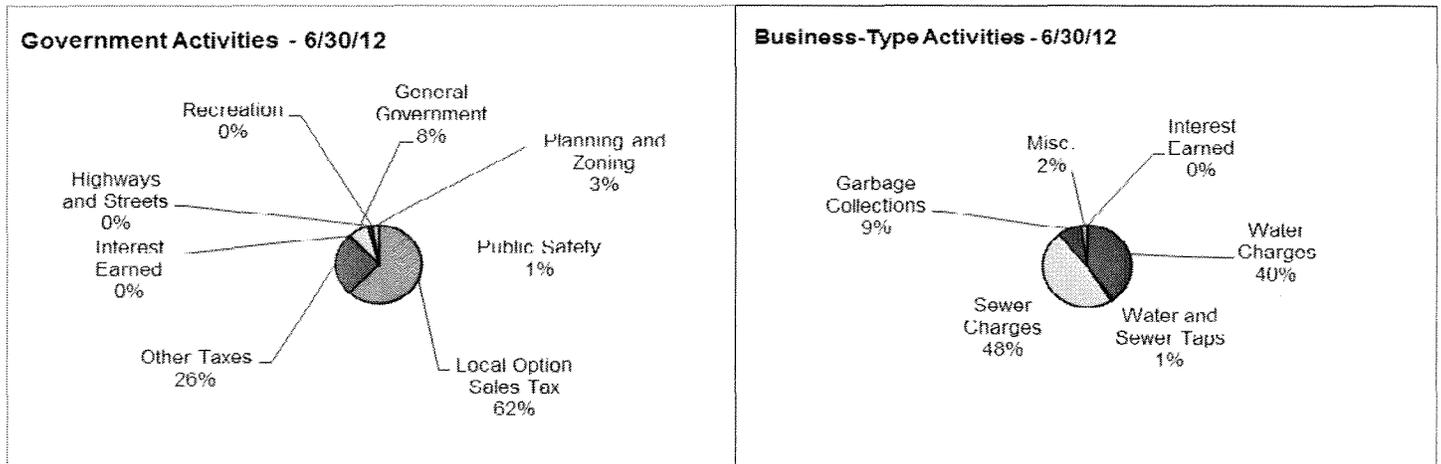
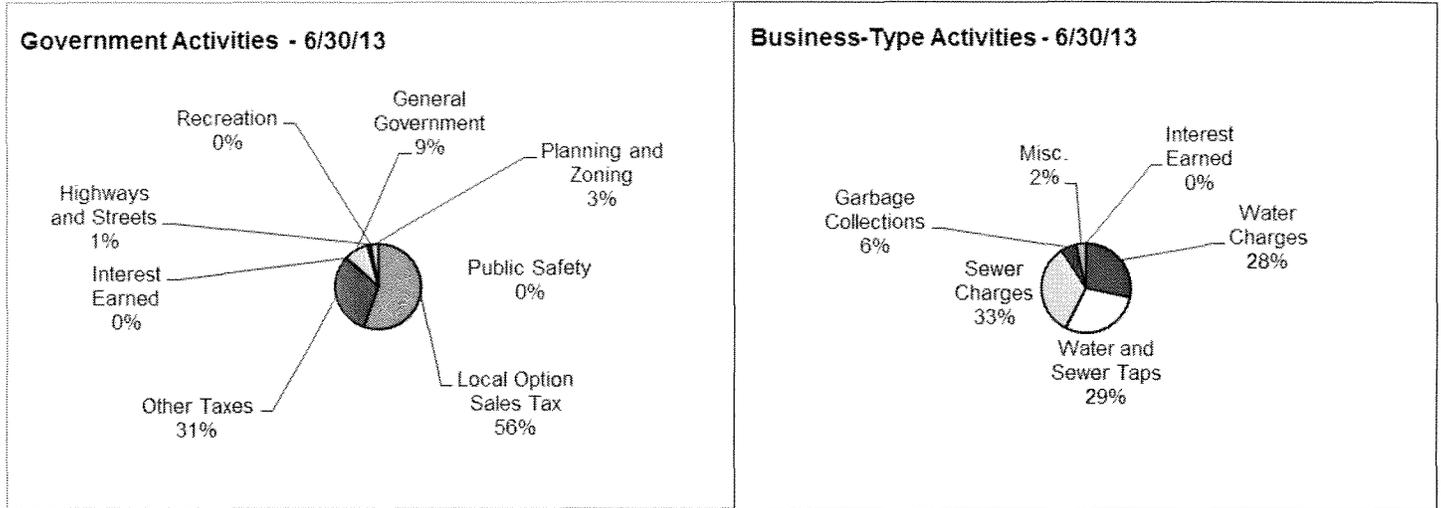
### City of Dawsonville's Net Position

	<u>Total</u> <u>6/30/2013</u>	<u>Total</u> <u>6/30/2012</u>	<u>Govt'l</u> <u>Activities</u> <u>06/30/13</u>	<u>Govt'l</u> <u>Activities</u> <u>06/30/12</u>	<u>Business</u> <u>Type</u> <u>Activities</u> <u>06/30/13</u>	<u>Business</u> <u>Type</u> <u>Activities</u> <u>06/30/12</u>
Current assets	\$ 3,629,986	\$ 3,364,133	\$ 1,817,605	\$ 1,892,969	\$ 1,812,381	\$ 1,471,164
Other assets	161,730	15,540	-	-	161,730	15,540
Capital assets	<u>15,005,880</u>	<u>15,216,096</u>	<u>4,180,589</u>	<u>4,117,862</u>	<u>10,825,291</u>	<u>11,098,234</u>
Total assets	<u>18,797,596</u>	<u>18,595,769</u>	<u>5,998,194</u>	<u>6,010,831</u>	<u>12,799,402</u>	<u>12,584,938</u>
Long-term liabilities	6,182,957	6,681,575	1,451,562	1,806,697	4,731,395	4,874,878
Other current liabilities	<u>562,710</u>	<u>431,379</u>	<u>168,606</u>	<u>179,556</u>	<u>394,104</u>	<u>251,823</u>
Total liabilities	<u>6,745,667</u>	<u>7,112,954</u>	<u>1,620,168</u>	<u>1,986,253</u>	<u>5,125,499</u>	<u>5,126,701</u>
Net position:						
Net investment in capital assets	8,605,117	8,328,358	2,625,541	2,193,856	5,979,576	6,134,502
Restricted for cemetery	196,950	191,620	196,950	191,620	-	-
Restricted for tourism	168	76	168	76	-	-
Restricted for capital projects	18,080	113,142	18,080	113,142	-	-
Restricted for debt service	217,758	216,476	-	-	217,758	216,476
Unrestricted	<u>3,013,856</u>	<u>2,633,143</u>	<u>1,537,287</u>	<u>1,525,884</u>	<u>1,476,569</u>	<u>1,107,259</u>
Total net position	<u>\$ 12,051,929</u>	<u>\$ 11,482,815</u>	<u>\$ 4,378,026</u>	<u>\$ 4,024,578</u>	<u>\$ 7,673,903</u>	<u>\$ 7,458,237</u>

**City of Dawsonville's Changes in Net Position (continued)**

	<u>Total</u> <u>6/30/2013</u>	<u>Total</u> <u>6/30/2012</u>	<u>Govt'l</u> <u>Activities</u> <u>06/30/13</u>	<u>Govt'l</u> <u>Activities</u> <u>06/30/12</u>	<u>Business</u> <u>Type</u> <u>Activities</u> <u>06/30/13</u>	<u>Business</u> <u>Type</u> <u>Activities</u> <u>06/30/12</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,293,841	\$ 1,127,233	\$ 171,863	\$ 165,191	\$ 1,121,978	\$ 962,042
Operating grants & contributions	1,000	1,000	1,000	1,000	-	-
Capital grants & contributions	482,523	4,320	16,523	4,320	466,000	-
General revenues:						
Taxes	1,255,305	1,271,851	1,255,305	1,271,851	-	-
Gain (loss) on sale of assets	-	(2)	-	-	-	(2)
Interest	6,526	6,667	2,573	2,254	3,953	4,413
<b>Total Revenues</b>	<u>3,039,195</u>	<u>2,411,069</u>	<u>1,447,264</u>	<u>1,444,616</u>	<u>1,591,931</u>	<u>966,453</u>
Expenses:						
General government	706,717	728,050	706,717	728,050	-	-
Public safety	80,000	160,000	80,000	160,000	-	-
Highways and streets	265,141	157,539	265,141	157,539	-	-
Culture/recreation	5,641	5,993	5,641	5,993	-	-
Planning and zoning	63,448	79,660	63,448	79,660	-	-
Housing and development	23,667	5,357	23,667	5,357	-	-
Interest on long-term debt	245,981	258,875	39,202	46,422	206,779	212,453
Water and sewer	1,153,945	1,140,627	-	-	1,153,945	1,140,627
<b>Total Expense</b>	<u>2,544,540</u>	<u>2,536,101</u>	<u>1,183,816</u>	<u>1,183,021</u>	<u>1,360,724</u>	<u>1,353,080</u>
Increase in net position before transfers	494,655	(125,032)	263,448	261,595	231,207	(386,627)
Transfers	-	-	-	-	-	-
Change in net position	494,655	(125,032)	263,448	261,595	231,207	(386,627)
Net position - beginning of year	11,482,815	11,607,847	4,024,578	3,762,983	7,458,237	7,844,864
Prior period adjustment	74,459	-	90,000	-	(15,541)	-
<b>Net position - ending of year</b>	<u>\$ 12,051,929</u>	<u>11,482,815</u>	<u>\$ 4,378,026</u>	<u>\$ 4,024,578</u>	<u>\$ 7,673,903</u>	<u>\$ 7,458,237</u>

**Revenues by Source:**

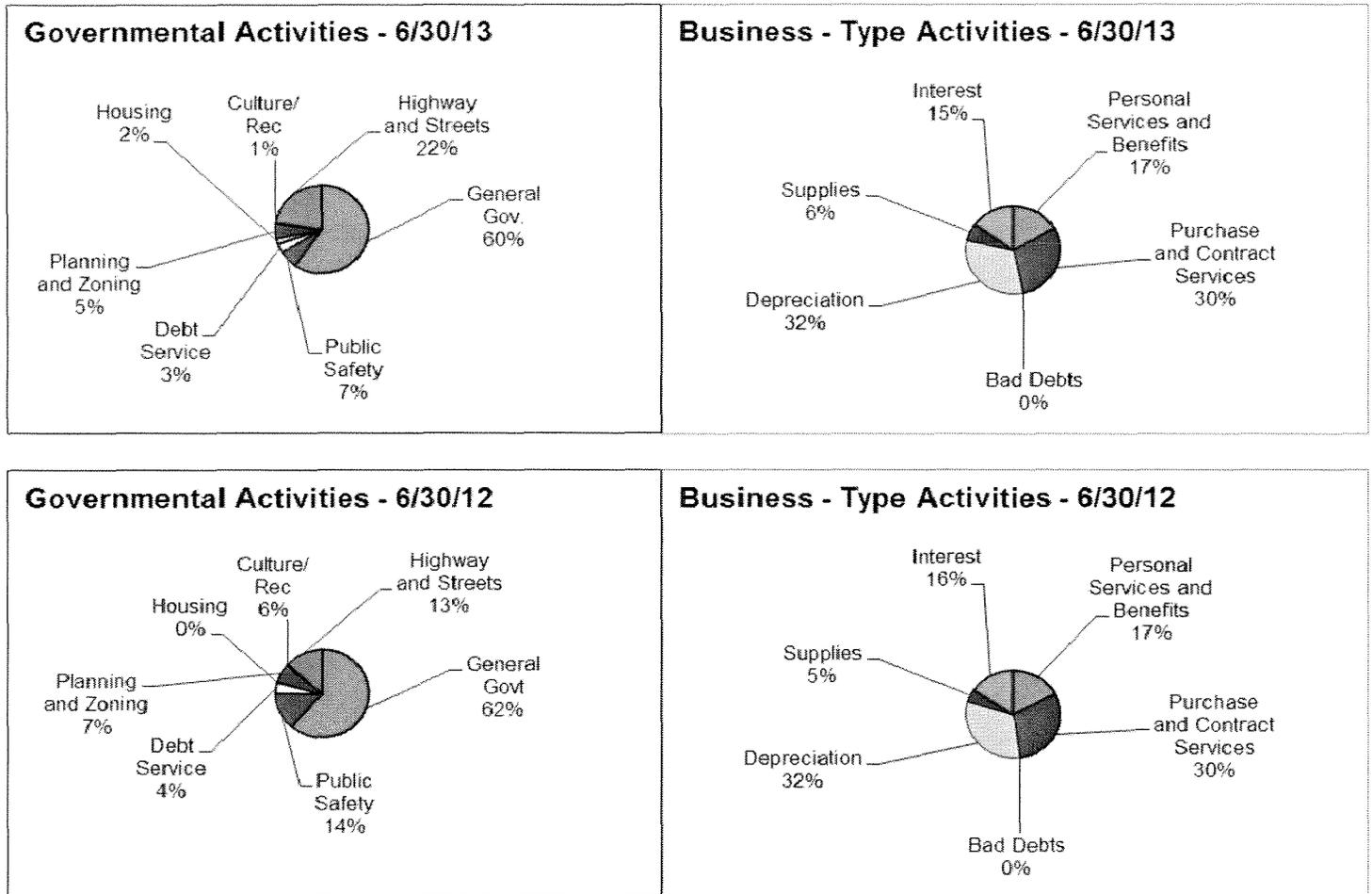


**GENERAL FUND BUDGETARY HIGHLIGHTS**

Changes from the City's General Fund original budget to the final budget are detailed in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual along with a comparison to actual activity for the year ended June 30, 2013. Fiscal management, expenditure control and using a minimal amount of reserved funds helped keep the budget in balance.

General Fund revenues of \$ 1,408,318 were more than budgeted revenues of \$ 1,384,000 for the year ended June 30, 2013. General Fund expenditures were less than budgeted. With total appropriations of \$ 1,642,387 the City actually spent \$ 1,388,945 or \$ 253,892 less than budgeted, for the year ended June 30, 2013.

**Expenditures by Function:**



**ECONOMIC FACTORS**

The issues facing the national economy correlate with the City's local economy. Permitting for new home or commercial building construction has been flat. Spec homes remain vacant and foreclosures continue to rise. The City strives to be good stewards of the revenues received through fiscal management and expenditure control using a minimal amount of reserved funds to help keep the budget in balance. The City plans to maintain a conservative fiscal position while the economic conditions dictate.

**CAPITAL ASSETS**

As of June 30, 2013 and 2012 the City had \$ 19,980,171 and \$ 19,578,882 invested in a variety of capital assets, as in the schedule below. Adjustments for depreciation are \$ 611,505 and \$ 681,707 for the years ending June 30, 2013 and 2012. Adjustments for accumulated depreciation are \$ 4,974,291 and \$ 4,362,786 for the years ending June 30, 2013 and 2012. Further detail on capital assets is provided in the notes to the financial statements.

## Capital Assets at Year-end

	<u>Total</u>	<u>Total</u>	<u>Gov't</u>	<u>Gov't</u>	<u>Business</u>	<u>Business</u>
	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Activities</u>	<u>Activities</u>	<u>Type</u>	<u>Type</u>
			<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Activities</u>	<u>Activities</u>
					<u>6/30/2013</u>	<u>6/30/2012</u>
Land	\$ 3,343,989	\$ 3,253,989	\$ 410,802	\$ 320,802	\$ 2,933,187	\$ 2,933,187
Artifacts	49,751	49,751	49,751	49,751	-	-
Construction in progress	243,759	130,245	-	47,710	243,759	82,535
Buildings	3,537,289	3,537,289	3,306,824	3,306,824	230,465	230,465
Improvements	34,365	34,365	34,365	34,365	-	-
Vehicles	108,040	108,040	86,556	86,556	21,484	21,484
Equipment	471,373	440,986	228,137	197,750	243,236	243,236
Infrastructure	1,732,317	1,564,929	1,732,317	1,564,929	-	-
Water and Sewer System	9,540,972	9,540,972	-	-	9,540,972	9,540,972
Sewer Treatment Plant	918,316	918,316	-	-	918,316	918,316
<b>Total</b>	<b>\$ 19,980,171</b>	<b>\$ 19,578,882</b>	<b>\$ 5,848,752</b>	<b>\$ 5,608,687</b>	<b>14,131,419</b>	<b>13,970,195</b>

## The following reconciliation summarizes the change in Capital Assets:

	<u>Total</u>	<u>Total</u>	<u>Gov't</u>	<u>Gov't</u>	<u>Business</u>	<u>Business</u>
	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Activities</u>	<u>Activities</u>	<u>Type</u>	<u>Type</u>
			<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Activities</u>	<u>Activities</u>
					<u>6/30/2013</u>	<u>6/30/2012</u>
Beginning Balance:	\$ 19,578,882	\$ 19,515,438	\$ 5,608,687	\$ 5,546,340	\$ 13,970,195	\$ 13,969,098
Additions:						
Land	90,000	-	90,000	-	-	-
Construction in Progress	168,440	54,414	-	47,710	168,440	6,704
Buildings	-	83,664	-	-	-	83,664
Equipment	30,387	-	30,387	-	-	-
Infrastructure	167,388	41,192	167,388	41,192	-	-
Water and Sewer System	-	-	-	-	-	-
Dispositions:						
Construction in Progress	(54,926)	(110,219)	(47,710)	(26,555)	(7,216)	(83,664)
Equipment	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-
Water and Sewer System	-	(5,607)	-	-	-	(5,607)
<b>Total</b>	<b>\$ 19,980,171</b>	<b>\$ 19,578,882</b>	<b>\$ 5,848,752</b>	<b>\$ 5,608,687</b>	<b>\$ 14,131,419</b>	<b>\$ 13,970,195</b>

## LONG-TERM DEBT

As of June 30, 2013, the City was liable for long-term capital lease obligations totaling \$ 1,555,048 for revenue bond debt totaling \$ 3,761,717 and municipal loans of \$ 1,083,998. As of June 30, 2012, the City was liable for long-term capital lease obligations totaling \$ 1,924,006 for revenue bond debt totaling \$ 3,816,575 and municipal loans of \$ 1,147,157. This is a debt reduction of \$ 486,975 from prior year. Further detail on long-term debt is provided in the notes to the financial statements.

## **REQUEST FOR FINANCIAL INFORMATION**

This financial report is designed to provide a general overview of the City of Dawsonville's finances for all of Dawsonville's residents, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the City Clerk, c/o City of Dawsonville, P. O. Box 6, Dawsonville, Georgia 30534.

## BASIC FINANCIAL STATEMENTS

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF NET POSITION  
June 30, 2013

	Primary Government - 2013		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,468,740	\$ 1,552,425	\$ 3,021,165
Restricted assets:			
Cash and cash equivalents	215,030	109,013	324,043
Certificates of deposit	-	24,264	24,264
Accounts receivable	130,686	97,895	228,581
Internal balances	(10,381)	10,381	-
Prepaid items	13,530	18,403	31,933
Total current assets	<u>1,817,605</u>	<u>1,812,381</u>	<u>3,629,986</u>
Non-current assets			
Restricted assets:			
Certificates of deposit	-	161,730	161,730
Capital assets (net of accumulated depreciation)			
Land	410,802	2,933,187	3,343,989
Artifacts	49,751	-	49,751
Construction in progress	-	243,759	243,759
Depreciable, capital assets net	<u>3,720,036</u>	<u>7,648,345</u>	<u>11,368,381</u>
Total non-current assets	<u>4,180,589</u>	<u>10,987,021</u>	<u>15,167,610</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,998,194</u></u>	<u><u>\$ 12,799,402</u></u>	<u><u>\$ 18,797,596</u></u>

See accompanying notes to the basic financial statements.

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF NET POSITION  
June 30, 2013

	Primary Government - 2013		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 59,159	\$ 193,484	\$ 252,643
Current portion, capital lease debt	109,447	-	109,447
Current portion, bond debt	-	57,220	57,220
Current portion, municipal loans	-	65,935	65,935
Customer deposits	-	77,465	77,465
Total current liabilities	<u>168,606</u>	<u>394,104</u>	<u>562,710</u>
Non-current liabilities			
Long-term debt, capital lease	1,445,601	-	1,445,601
Long-term debt, bond debt	-	3,704,497	3,704,497
Long-term debt, municipal loans	-	1,018,063	1,018,063
Compensated absences	5,961	8,835	14,796
Total non-current liabilities	<u>1,451,562</u>	<u>4,731,395</u>	<u>6,182,957</u>
Total liabilities	<u>1,620,168</u>	<u>5,125,499</u>	<u>6,745,667</u>
Net Position			
Net investment in capital assets	2,625,541	5,979,576	8,605,117
Restricted for cemetery	196,950	-	196,950
Restricted for tourism	168	-	168
Restricted for capital projects	18,080	-	18,080
Restricted for debt service	-	217,758	217,758
Unrestricted	1,537,287	1,476,569	3,013,856
Total net position	<u>4,378,026</u>	<u>7,673,903</u>	<u>12,051,929</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 5,998,194</u></u>	<u><u>\$ 12,799,402</u></u>	<u><u>\$ 18,797,596</u></u>

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2013

	Program Revenues		
	Expenses	Charges For Services	Operating Grants and Contributions
<b>PRIMARY GOVERNMENT</b>			
Governmental Activities			
General government	\$ 706,717	\$ 129,225	\$ 1,000
Public safety	80,000	1,500	-
Highways and streets	265,141	-	-
Culture/recreation	5,641	-	-
Planning and zoning	63,448	41,138	-
Housing and development	23,667	-	-
Interest on long term debt	39,202	-	-
	<u>1,183,816</u>	<u>171,863</u>	<u>1,000</u>
Total Government Activities			
Business-Type Activities			
Water and sewer	1,360,724	1,121,978	-
	<u>1,360,724</u>	<u>1,121,978</u>	<u>-</u>
Total Business-Type Activities			
Total-Primary Government	<u>\$ 2,544,540</u>	<u>\$ 1,293,841</u>	<u>\$ 1,000</u>

GENERAL REVENUES:

Taxes: Sales  
    Alcoholic Beverage  
    Franchise  
    Other  
Interest earned

Total General Revenues

Change In Net Position

NET POSITION - beginning of year

Prior period adjustments

NET POSITION - end of year

See accompanying notes to the basic financial statements.

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2013

Capital Grants and Contributions	Net (Expense) Revenue and Changes In Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
\$ -	\$ (576,492)	\$ -	\$ (576,492)
-	(78,500)	-	(78,500)
16,523	(248,618)	-	(248,618)
-	(5,641)	-	(5,641)
-	(22,310)	-	(22,310)
-	(23,667)	-	(23,667)
-	(39,202)	-	(39,202)
<u>16,523</u>	<u>(994,430)</u>	<u>-</u>	<u>(994,430)</u>
<u>466,000</u>	<u>-</u>	<u>227,254</u>	<u>227,254</u>
<u>466,000</u>	<u>-</u>	<u>227,254</u>	<u>227,254</u>
<u>\$ 482,523</u>	<u>(994,430)</u>	<u>227,254</u>	<u>(767,176)</u>
	802,222	-	802,222
	84,451	-	84,451
	148,922	-	148,922
	219,710	-	219,710
	<u>2,573</u>	<u>3,953</u>	<u>6,526</u>
	<u>1,257,878</u>	<u>3,953</u>	<u>1,261,831</u>
	263,448	231,207	494,655
	4,024,578	7,458,237	11,482,815
	<u>90,000</u>	<u>(15,541)</u>	<u>74,459</u>
	<u>\$ 4,378,026</u>	<u>\$ 7,673,903</u>	<u>\$ 12,051,929</u>

CITY OF DAWSONVILLE, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2013

	General	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,468,740	\$ -	\$ 1,468,740
Restricted assets:			
Cash and cash equivalents	-	215,030	215,030
Receivables (net, where applicable of allowance for uncollectible):			
Taxes receivable	130,463	223	130,686
Prepaid expense	13,530	-	13,530
Due from other funds	-	694	694
	<u>\$ 1,612,733</u>	<u>\$ 215,947</u>	<u>\$ 1,828,680</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES</b>			
Accounts payable	50,412	749	51,161
Salaries payable	2,785	-	2,785
Interest payable	213	-	213
Deposits payable	5,000	-	5,000
Due to other funds	11,074	-	11,074
	<u>69,484</u>	<u>749</u>	<u>70,233</u>
Total liabilities			
<b>FUND BALANCE</b>			
Non-spendable:			
Prepaid items	13,530	-	13,530
Restricted:			
Permanent funds	-	196,950	196,950
Special revenue funds	-	168	168
Capital project funds	-	18,080	18,080
Unassigned:	1,529,719	-	1,529,719
	<u>1,543,249</u>	<u>215,198</u>	<u>1,758,447</u>
Total Fund Balances			
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 1,612,733</u>	<u>\$ 215,947</u>	<u>\$ 1,828,680</u>

See accompanying notes to the basic financial statements.

CITY OF DAWSONVILLE, GEORGIA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2013

		2013
TOTAL GOVERNMENTAL FUND BALANCES		\$ 1,758,447
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost	\$ 5,848,752	
Accumulated depreciation	<u>(1,668,163)</u>	
Total capital assets, net depreciation		4,180,589
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds .		
Long-term debt	(1,555,048)	
Long-term compensated absences payable	<u>(5,961)</u>	
Total long-term liabilities		(1,561,009)
Rounding		<u>(1)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 4,378,026</u></u>

See accompanying notes to the basic financial statements.

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,252,245	\$ 3,060	\$ 1,255,305
Charges for services	6,545	18,920	25,465
Intergovernmental	1,000	16,523	17,523
Licenses and permits	69,713	-	69,713
Interest earned	2,130	443	2,573
Miscellaneous	76,685	-	76,685
	<u>1,408,318</u>	<u>38,946</u>	<u>1,447,264</u>
Total Revenues			
EXPENDITURES			
Current operating:			
General government	564,015	13,969	577,984
Public safety	80,000	-	80,000
Highways and streets	247,217	-	247,217
Culture/recreation	1,991	-	1,991
Planning and zoning	63,448	-	63,448
Housing and development	23,667	2,968	26,635
Capital outlay:	-	119,678	119,678
Debt service:	408,157	-	408,157
	<u>1,388,495</u>	<u>136,615</u>	<u>1,525,110</u>
Total Expenditures			
EXCESS REVENUES (EXPENDITURES)	19,823	(97,669)	(77,846)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(8,029)	8,029	-
	<u>(8,029)</u>	<u>8,029</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	11,794	(89,640)	(77,846)
FUND BALANCES - beginning of year	1,531,455	304,838	1,836,293
	<u>1,531,455</u>	<u>304,838</u>	<u>1,836,293</u>
FUND BALANCES - end of year	\$ 1,543,249	\$ 215,198	\$ 1,758,447
	<u>\$ 1,543,249</u>	<u>\$ 215,198</u>	<u>\$ 1,758,447</u>

See accompanying notes to the basic financial statements.

CITY OF DAWSONVILLE, GEORGIA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2013

		2013
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ (77,846)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>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 as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.</p>		
Depreciation expense		\$ (177,338)
Capital outlay - capital projects fund	\$ 119,678	
Capital outlay reported in general government function	30,387	
Capital outlay moved from construction in progress	47,710	
	197,775	
Prior period adjustment for land	90,000	
Prior period adjustment to beginning net position	(90,000)	
Capital outlay moved from construction in progress	(47,710)	
Capital outlay		150,065
		(27,273)
Governmental funds include the cost of principal debt reduction as an expenditure which is not included in the statement of activities.		368,958
Governmental funds do not include the expense of long-term compensated absences liabilities, which are reflected in the Statement of Net Assets.		
Current year liability - long term compensated absences		(5,961)
Prior year liability - long term compensated absences		5,571
		(390)
Rounding		(1)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ 263,448

See accompanying notes to the basic financial statements.

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,249,300	\$ 1,249,300	\$ 1,252,245	\$ 2,945
Charges for services	5,850	5,850	6,545	695
Fines and forfeitures	50	50	-	(50)
Licenses and permits	41,900	41,900	69,713	27,813
Intergovernmental revenues	1,000	1,000	1,000	-
Interest earned	1,800	1,800	2,130	330
Miscellaneous	84,100	84,100	76,685	(7,415)
<b>Total revenues</b>	<b>1,384,000</b>	<b>1,384,000</b>	<b>1,408,318</b>	<b>24,318</b>
<b>EXPENDITURES</b>				
Current operating:				
General government	590,500	620,887	564,015	56,872
Public safety	160,000	160,000	80,000	80,000
Highways and streets	295,000	295,000	247,217	47,783
Culture/recreation	3,500	3,500	1,991	1,509
Planning and zoning	125,000	125,000	63,448	61,552
Housing and development	25,000	25,000	23,667	1,333
Debt service:	185,000	413,000	408,157	4,843
<b>Total expenditures</b>	<b>1,384,000</b>	<b>1,642,387</b>	<b>1,388,495</b>	<b>253,892</b>
<b>TOTAL REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>(258,387)</b>	<b>19,823</b>	<b>278,210</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Contingencies, surplus reserves	-	267,387	-	(267,387)
Transfers out	-	(9,000)	(8,029)	971
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>258,387</b>	<b>(8,029)</b>	<b>(266,416)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>-</b>	<b>11,794</b>	<b>\$ 11,794</b>
FUND BALANCES - beginning of year			1,531,455	
FUND BALANCES - end of year			<b>\$ 1,543,249</b>	

See accompanying notes to the basic financial statements.

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF NET POSITION  
WATER, SEWER AND GARBAGE  
PROPRIETARY FUND  
June 30, 2013

	Total Water Sewer & Garbage Enterprise Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,552,425
Receivables (net of allowance for uncollectible):	
Accounts	97,895
Interfund receivables	10,381
Prepaid expense	18,403
Restricted assets:	
Cash and cash equivalents	109,013
Certificates of deposit	24,264
	1,812,381
Total current assets	
Non-current assets:	
Restricted assets:	
Certificates of deposit	161,730
Capital assets:	
Nondepreciable capital assets	3,176,946
Depreciable capital assets, net	7,648,345
	10,987,021
Total non-current assets	
<b>TOTAL ASSETS</b>	<b>\$ 12,799,402</b>

See accompanying notes to the basic financial statements.

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF NET POSITION  
WATER, SEWER AND GARBAGE  
PROPRIETARY FUND  
June 30, 2013

	Total Water Sewer & Garbage Enterprise Fund
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 22,362
Accrued expenses	155,504
Accrued interest payable	15,618
Current portion of long-term debt	123,155
Customer deposits - payable from restricted assets	77,465
Total current liabilities	394,104
Long-term liabilities:	
Compensated absences payable	8,835
Long-term debt (net of current portion)	4,722,560
Total long-term liabilities	4,731,395
<b>TOTAL LIABILITIES</b>	<b>5,125,499</b>
<b>NET POSITION</b>	
Net investment in capital assets	5,979,576
Restricted for debt service	217,758
Unrestricted	1,476,569
<b>TOTAL NET POSITION</b>	<b>7,673,903</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 12,799,402</b>

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF REVENUES,  
EXPENSES AND CHANGE IN NET POSITION  
WATER, SEWER AND GARBAGE  
PROPRIETARY FUND  
For the Year Ended June 30, 2013

	Total Water Sewer & Garbage Enterprise Fund
OPERATING REVENUES	
Charges for services	\$ 1,064,401
Miscellaneous	57,577
Total operating revenues	1,121,978
OPERATING EXPENSES	
Personal services and benefits	230,094
Purchased and contractual services	400,923
Bad debts	3,744
Supplies	85,017
Depreciation	434,167
Total operating expenses	1,153,945
OPERATING INCOME (LOSS)	(31,967)
NON-OPERATING INCOME (LOSS)	
Interest and fiscal charges	(206,779)
Interest earned	3,953
Total non-operating income (loss)	(202,826)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(234,793)
Capital contributions - tap fees and other	466,000
CHANGE IN NET POSITION	231,207
NET POSITION - beginning of year	7,458,237
Prior period adjustments	(15,541)
NET POSITION - end of year	\$ 7,673,903

See accompanying notes to the basic financial statements.

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF CASH FLOWS  
WATER, SEWER AND GARBAGE  
PROPRIETARY FUND  
For the Year Ended June 30, 2013

	Total Water Sewer & Garbage Enterprise Fund
Cash flows from operating activities	
Cash receipts from customers	\$ 1,027,816
Cash receipts from other operating sources	57,577
Cash payments for goods and services	(526,841)
Cash payments to employees for services and benefits	(231,683)
	326,869
Net cash provided by (used in) operating activities	
Cash Flows from capital and related financing activities	
Proceeds from tap fees	466,000
Acquisition, construction and disposal of capital assets, net	4,315
Principal paid on debt	(118,017)
Interest paid on debt	(208,528)
	143,770
Net cash provided by capital and related financing activities	
Cash Flows from investing activities	
Proceeds from certificates of deposit	16,148
Interest received	3,953
	20,101
Net cash provided by investing activities	
Net increase (decrease) in cash and cash equivalents	490,740
Cash and equivalents - beginning of year	1,170,698
Cash and equivalents - end of year	\$ 1,661,438

See accompanying notes to the basic financial statements.

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF CASH FLOWS (CONT'D)  
WATER, SEWER AND GARBAGE  
PROPRIETARY FUND  
For the Year Ended June 30, 2013

	Total Water Sewer & Garbage Enterprise Fund
Reconciliation of operating gain (loss) to net cash provided by (used in) operating activities	
Operating income	\$ (31,967)
Adjustments	
Depreciation	434,167
(Increase) decrease in assets	
Accounts receivable	(15,343)
Prepaid expense	4,711
Interfund receivables	(10,381)
Increase (decrease) in liabilities	
Accounts payable	(13,555)
Customer deposits	(998)
Accrued expenses	2,163
Compensated absences payable	(3,752)
Unearned revenue	(16,500)
Interfund payables	(21,676)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>\$ 326,869</b>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents	\$ 1,552,425
Cash and cash equivalents - restricted	109,013
Total cash and cash equivalents	\$ 1,661,438
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>	
Capital construction costs payable	\$ 150,000

See accompanying notes to the basic financial statements.

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Narrative Profile**

The City of Dawsonville (the "City") operates under a council/mayor form of government and provides the following services: public safety, highways and streets, culture and recreation, planning and zoning, public improvements and general and administrative services. In addition, the City operates a public utility (water/sewer and sanitation) for the incorporated and immediate surrounding areas.

The financial statements of the City have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounts Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure. In addition, the City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its governmental and business-type activities. The more significant of these accounting policies are described below.

In June 1999, the GASB issued Statement No. 34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." This Statement provides for the most significant change in financial reporting in over twenty years and requires implementation starting with fiscal years ending after June 15, 2004 for governments with total revenues less than \$ 10 million. The City implemented the basic model during the year ended December 31, 2004.

**B. Financial Reporting Entity**

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable.

**Blended Component Unit:**

**Dawsonville Downtown Development Authority**

On February 6, 1996, the Mayor and Council of Dawsonville, Georgia determined that there was a need in the City for the revitalization and redevelopment of the central business district of the municipal corporations of the State of Georgia. The board of directors determined among them their respective terms of office as required under O.C.G.A Section 36-42-4. The members appointed 2 members for a 2 year term of office, 2 members for a 4 year term of office, and 3 members for a 6 year of office. Thereafter, the members shall duly elect by majority vote a chairperson and vice chairperson. In addition thereto, a treasurer/secretary or a treasurer and a secretary will also be elected from among the remaining directors or appointed from non-director candidates.

The Dawsonville Downtown Development Authority and the City have a financial and operational relationship which requires that the Dawsonville Downtown Development Authority financial statements be blended into the City's financial statements. The Dawsonville Downtown Development Authority has no employees and all staff work is done by the City staff or by the Authority Board of Directors. The financial statements for the Dawsonville Downtown Development Authority can be obtained at the following address:

Dawsonville Municipal Complex, 415 Highway 53 East, Dawsonville, GA 30534

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Basic Financial Statements-GASB Statement No. 34**

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Fiduciary activities are not included at the government-wide reporting level. While the previous model emphasized fund types (the total of all funds of a particular type), in the new reporting model the focus is on either the City as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, etc.), which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. Program revenues include revenues from licenses and permits fees, service assessments, and charges for services. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net cost (by function or business-type activity) is normally covered by general revenue (sales or use taxes, intergovernmental revenues, interest income, etc.). Historically, the previous model did not summarize or present net cost by function or activity.

This government-wide focus is more on the substantiality of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The flow of economic resources measurement focus is used for both government-wide financial statements.

The fund financial statements are, in substance, very similar to the financial statements presented in the previous model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category or fund type) are summarized into a single column.

Unless an internal service fund is combined with the business-type activities (deemed to be an infrequent event), totals on the proprietary fund statements should directly reconcile to the business-type activity column presented in the government-wide statements.

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the City's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, reconciliation is presented either on the fund statement or on the page following each statement which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The focus of the current model is on the City as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the component unit. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Basis of Presentation**

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The model as defined in Statement No. 34 establishes criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a single column in the fund financial statements. The City reports the following major funds.

**1. Major Funds**

**Governmental Fund:**

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

**Proprietary Funds:**

The Water, Sewer and Garbage Fund is for the operation of the City's water and sewer utility and trash collection service. Activities of the fund include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

**2. Other Governmental Funds**

**Capital Projects Fund:**

This includes the Splost fund, and a LMIG grant which is used to account for the receipt and expenditures related to capital construction projects using Splost, and LMIG funding.

**Special Revenue Fund:**

This includes the Hotel-Motel tax fund which is used to account for the receipt of Hotel-Motel tax revenues. These funds are used to support tourism.

**Permanent Fund:**

Permanent Funds account for resources that are legally restricted to allow the earnings (and not the principle) to be used to support the governments programs, such as cemeteries, libraries, parks and scholarships.

**3. Non-Current Governmental Assets/Liabilities**

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net Position.

**E. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-wide Financial Statements and the Proprietary and Component Unit Combining Financial Statements are presented on an accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on a modified accrual basis.

**Accrual**—Revenues are recognized when earned and expenses are recognized when incurred.

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**E. Basis of Accounting (cont'd)**

**Modified Accrual**—all governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Measurable” means the amount of the transaction can be determined. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The City defined the length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements to be 60 days.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

The City recognizes sales tax revenue on a modified accrual basis. Intergovernmental grant revenues, entitlements and contributions are recognized in the year in which all eligibility requirements are met. In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB Statement No. 33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and as deferred revenue by the recipient.

Proprietary funds, which employ the economic resources measurement focus, distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the proprietary fund’s ongoing operations. The principal operating revenues of the City’s proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses, transfers or capital contributions.

**F. Budgets**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Mayor submits to the Council, a proposed operating budget for the calendar year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The current year period budget was adopted for the fiscal year July 1, 2012 to June 30, 2013.
2. The Council holds a public hearing on the budget, giving notice thereof at least ten days in advance by publication in the official organ of the City of Dawsonville.
3. The budget is then revised and adopted or amended by the Council at the first regular meeting in July of the year to which it applies.
4. The budget so adopted may be revised during the year “only” by formal action of the Council in a regular meeting and no increase shall be made therein without provision also being made for financing the increase.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Water and Sewer Fund.
6. The level of budgetary control is at the department level. Budgets for the General Fund and Water and Sewer Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Budgeted amounts are as originally adopted, or as amended by the Council. Individual amendments were not material in relation to the original appropriations, which were amended.

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**G. Assets, Liabilities, and Net Assets**

**1. Cash, Cash Equivalents, and Investments**

For purposes of the statement of cash flows, the City considers cash and cash equivalents (including restricted cash and cash equivalents) to be currency on hand, and liquid investments with a maturity of three months or less when purchased.

Cash and cash equivalents are included in both unrestricted as well as restricted assets.

Investments include pooled investments and certificates of deposit (with maturities of three months or greater). Investments and certificates of deposit are reported at fair value.

The City does not maintain an investment policy that limits its investment choices. Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the U.S. government or by governmental agency of the United States
- Obligations of any corporation of the U.S. government
- Prime bankers' acceptances
- The State of Georgia local government investment pool
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

**2. Inventories**

Expendable supplies are recorded as expenditures at the time the items are purchased. The City does not record inventories of supplies at year end due to the lack of materiality.

**3. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

**4. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the enterprise funds represent cash, cash equivalents and certificates of deposit set aside for repayment of deposits to utility customers and cash funds required to be maintained by the bond.

**5. Property Taxes**

The City does not levy property taxes.

**6. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise fund's statement of net position.

CITY OF DAWSONVILLE, GEORGIA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2013

**Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**G. Assets, Liabilities, and Net Position (cont'd)**

**6. Capital Assets (cont'd)**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$ 5,000. The City's infrastructure consists of roads, bridges and water lines. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise fund is capitalized.

All reported capital assets are depreciated except for land, artifacts, right-of-ways and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method for all real property and primarily straight line with other methods used periodically for equipment over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	20-50 years	20-50 years
Machinery and Equipment	5-10 years	5-10 years
Vehicles	5-7 years	5-7 years
Infrastructure	15-40 years	25-65 years
Water and Sewer System and Plant		25-50 years

**7. Compensated Absences**

Personal leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due".

**8. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent they are "due for payment" during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**G. Assets, Liabilities, and Net Position (cont'd)**

**9. Fund Equity**

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific services.

Net Position – Net position represent the difference between assets and liabilities. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Government Fund Type Definitions, the County classifies government fund balances as follows:

- Non-spendable – includes fund balances that cannot be spent either because it is not in spendable forms or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Mayor and City Council.
- Unassigned – includes positive fund balance with the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The City does not have an official policy; however, when an expense is incurred for which bother restricted and unrestricted net position is available, the City is to apply restricted position first. The City has not adopted a minimum fund balance policy for the General Fund or a minimum net position policy for the Enterprise Fund but is currently being discussed at the City Council meetings for future years.

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**G. Assets, Liabilities, and Net Position (cont'd)**

**9. Fund Equity (cont'd)**

Fund balances at June 30, 2013 consist of the following for the governmental funds:

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:			
Non-spendable			
Prepaid items	\$ 13,530	\$ -	\$ 13,530
Restricted:			
Hotel/motel	-	168	168
Cemetery	-	196,950	196,950
Capital projects	-	18,080	18,080
Unassigned:	<u>1,529,719</u>	<u>-</u>	<u>1,529,719</u>
 Total fund balance	 <u><u>\$ 1,543,249</u></u>	 <u><u>\$ 215,198</u></u>	 <u><u>\$ 1,758,447</u></u>

**10. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer and sanitation. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from non-exchange transactions or ancillary activities. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund.

The Water and Sewer fund recognizes the portion of tap fees intended to recover current costs (e.g. labor and materials to hook up new customers as operating revenue. The portion intended to recover the costs of the infrastructure is recognized as non-operating revenue or capital contributions. Operating expenses for the proprietary funds include the costs of sales and service, depreciation on capital assets and personnel services and benefits. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses or capital contributions and transfers.

**11. Program Revenues**

Program revenues are those revenues that are generated directly from the primary activity of the governmental funds. These consist of licenses, permits, inspections, rental income, cemetery lot sales, fire protection service, and grants.

**12. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**G. Assets, Liabilities, and Net Position (cont'd)**

**13. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2 – DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Credit and Concentration Risk – Investments:** The City maintains investments in Georgia Fund 1, a combined state general fund and local government investment pool managed by the Office of the State Treasurer. Georgia Fund 1, formerly referred to as “LGIP” was established by O.C.G.A. 36-83-8. Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings on a monthly basis and determines participant's shares sold and redeemed based on \$ 1.00 per share. The Georgia Office of the State Treasurer manages Georgia Fund 1. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board, which provides regulatory oversight.

The Georgia Fund 1 is rated AAf rated investment pool by Standard & Poor's. The weighted average maturity at June 30, 2013 was 43 days. Yield is an actual/365 day basis, net of administrative fees. The City's balance in Georgia Fund 1 at June 30, 2013 was \$ 1,275,140.

**Custodial Credit Risk – Deposits:**

The City does not maintain a formal adopted deposit, investment and custodial credit risk policies, however all deposits at June 30, 2013 were insured or collateralized by pledges held in the City's name in the Georgia Bankers Association, Inc. pledging pool. Public funds are not required to disclose custodial credit risk for external investment pools; therefore, the Georgia Fund 1 is exempt from this requirement

**Interest Rate Risk – Deposits:**

Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk than an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinate of the tolerance of a fund's investments to risking interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rate. According to GASB Statement 40, an acceptable method for reporting interest rate risk is WAM. WAM is the method used for reporting purposes for Georgia Fund 1.

CITY OF DAWSONVILLE, GEORGIA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2013

**NOTE 2 – DETAILED NOTES ON ALL FUNDS (CONT'D)**

**A. Deposits and Investments (cont'd)**

**1. Restricted Assets:**

The City's cash, cash equivalents and certificates of deposit are restricted for the following purposes:

	6/30/2013
Capital projects fund:	
Sidewalk projects	\$ 18,080
Permanent fund:	
Maintenance and care for the cemetery	196,950
Proprietary fund:	
Customer deposits	77,249
Debt service	217,758
 Total restricted cash, cash equivalents and certificates of deposit	 \$ 510,037

**B. Receivables**

Receivables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances for uncollectible accounts netted with accounts receivable were \$ - 0 - as of June 30, 2013, respectively.

Receivables at June 30, 2013 consist of the following:

	General Fund	Other Governmental Funds	Proprietary Water & Sewer Fund	Total
Receivables				
Water, sewer and garbage bills	\$ -	\$ -	\$ 97,895	\$ 97,895
Taxes receivable	130,463	223	-	130,686
 Gross receivables	 \$ 130,463	 \$ 223	 \$ 97,895	 \$ 228,581

**C. Interfund Balances and Transfers**

Interfund transactions are reflected as loans, services provided reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and referred to as either "due to/from other funds". Any residual balances outstanding between the government activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not financial resources.

CITY OF DAWSONVILLE, GEORGIA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2013

**NOTE 2 – DETAILED NOTES ON ALL FUNDS (CONT'D)**

**C. Interfund Balances and Transfers (cont'd)**

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between government or proprietary funds are netted as part of the reconciliation to the government-wide presentation:

The composition of interfund balances as of June 30, 2013 as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 11,075
Other governmental funds:		
Hotel-motel fund reimbursement	694	-
Proprietary fund:	10,381	-
Total	\$ 11,075	\$ 11,075

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 2 – DETAILED NOTES ON ALL FUNDS (CONT'D)**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance 6/30/2012	Additions	Deductions	Balance 6/30/2013
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 320,802	\$ 90,000	\$ -	\$ 410,802
Artifacts	49,751	-	-	49,751
Construction in progress	47,710	-	47,710	-
<b>Total capital assets not being depreciated</b>	<b>418,263</b>	<b>90,000</b>	<b>47,710</b>	<b>\$ 460,553</b>
Depreciable capital assets:				
Buildings	3,306,824	-	-	3,306,824
Improvements other than buildings	34,365	-	-	34,365
Vehicles	86,556	-	-	86,556
Machinery and equipment	197,750	30,387	-	228,137
Infrastructure	1,564,929	167,388	-	1,732,317
<b>Total depreciable capital assets</b>	<b>5,190,424</b>	<b>197,775</b>	<b>-</b>	<b>5,388,199</b>
Accumulated depreciation:				
Buildings	972,880	96,659	-	1,069,539
Improvements other than buildings	19,435	2,195	-	21,630
Vehicles	86,557	-	-	86,557
Machinery and equipment	156,006	16,028	-	172,034
Infrastructure	255,947	62,456	-	318,403
<b>Total accumulated depreciation</b>	<b>1,490,825</b>	<b>177,338</b>	<b>-</b>	<b>1,668,163</b>
<b>Total depreciable capital assets - net</b>	<b>3,699,599</b>	<b>(9,950)</b>	<b>-</b>	<b>3,689,649</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 4,117,862</b>	<b>\$ 110,437</b>	<b>\$ 47,710</b>	<b>\$ 4,180,589</b>

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 2 – DETAILED NOTES ON ALL FUNDS (CONT'D)**

**D. Capital Assets (cont'd)**

	<u>Balance 6/30/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2013</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 2,933,187	-	\$ -	\$ 2,933,187
Construction in progress	<u>82,535</u>	<u>168,440</u>	<u>7,216</u>	<u>243,759</u>
Total capital assets not being depreciated	<u>3,015,722</u>	<u>168,440</u>	<u>7,216</u>	<u>3,176,946</u>
Depreciable capital assets:				
Buildings	230,465	-	-	230,465
Machinery and equipment	264,720	-	-	264,720
Water and sewer system	9,540,972	-	-	9,540,972
Sewer treatment plant	<u>918,316</u>	<u>-</u>	<u>-</u>	<u>918,316</u>
Total depreciable capital assets	<u>10,954,473</u>	<u>-</u>	<u>-</u>	<u>10,954,473</u>
Accumulated depreciation				
Buildings	39,607	5,909	-	45,516
Machinery and equipment	216,915	23,865	-	240,780
Water and sewer system	2,296,959	380,703	-	2,677,662
Sewer treatment plant	<u>318,480</u>	<u>23,690</u>	<u>-</u>	<u>342,170</u>
Total accumulated depreciation	<u>2,871,961</u>	<u>434,167</u>	<u>-</u>	<u>3,306,128</u>
Total depreciable capital assets - net	<u>8,082,512</u>	<u>(434,167)</u>	<u>-</u>	<u>7,648,345</u>
Business-type activities capital assets, net	<u>\$ 11,098,234</u>	<u>\$ (265,727)</u>	<u>\$ 7,216</u>	<u>\$ 10,825,291</u>
Depreciation expense was charged to function as follows:				
General government		\$ 156,153		
Highways and streets		17,535		
Culture and recreation		3,650		
Planning and zoning		<u>-</u>		
Total governmental activities depreciation expense		<u>\$ 177,338</u>		
Business-type activities				
Water and sewer		<u>\$ 434,167</u>		

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 2 – DETAILED NOTES ON ALL FUNDS (CONT'D)**

**H. Retirement Plan (cont'd)**

**F. Compensated Absences**

Employees earn personal leave based on 26 bi-weekly payroll periods per year at the rate of 6 hours per bi-weekly payroll period for the first 5 years of employment, 8 hours per bi-weekly payroll period for 5 to 10 years of continuous service, and 10 hours per bi-weekly payroll period for over 10 years of continuous service.

Personal leave cannot be accrued in excess of 240 hours. Employees may be compensated for excess personal leave up to 80 hours per year provided they have banked a minimum of 120 hours of personal leave.

**G. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions injuries to employees; and natural disasters. The Government 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 Government 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 Government is also to allow the pool's agents and attorneys to represent the Government in investigation, settlement discussions and all levels of litigation arising out of any claim made against the Government 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.

**H. Retirement Plan**

**1. Plan Description**

The City participates in the Georgia Municipal Employees Benefit System (GMEBS) Retirement Fund, an agent multiple-employer defined benefit plan where contributions made by the City are commingled with contributions made by the other participants of the GMEBS Retirement Fund for investment purposes. The Plan periodically issues an overall report to the required agencies. A stand-alone financial report can be obtained at City Hall.

The specific benefit provisions of the City's Plan were established by an adoption agreement executed by the City Council. The Plan provides for benefits upon retirement, death, disablement, and termination of employment. The Plan is affiliated with the Georgia Municipal Employees Benefit System Retirement Fund, an agent multiple-employer pension plan administered by the Georgia Municipal Association (GMA). The City Council retains the authority to amend the adoption agreement, which defines the specific operational provisions of The Plan. An outline of the plan provisions is as follows:

**2. Funding Policy**

The City is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the GMEBS Plan Trustees and intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statutes.

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 2 – DETAILED NOTES ON ALL FUNDS (CONT'D)**

**H. Retirement Plan (cont'd)**

**3. Annual Contribution Cost**

The City's annual pension cost and net pension obligation for the pension plan for the current year are as follows:

	July 1, 2013	July 1, 2012	July 1, 2011
Annual required contribution	\$ 26,444	\$ 31,425	\$ 32,506
Interest on net pension obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Annual cost	<u>26,444</u>	<u>31,425</u>	<u>32,506</u>
Required employee contribution	-	-	-
Total contributions made	<u>\$ 26,444</u>	<u>\$ 31,425</u>	<u>\$ 32,506</u>
Recommended contribution as a percentage of payroll	<u>10.09%</u>	<u>13.69%</u>	<u>15.20%</u>

Current valuation date	July 1, 2013
Actuarial cost method	Projected Unit Credit
Amortization method for remaining unfunded liability	Closed level dollar for remaining unfunded liability
Remaining amortization period	Remaining amortization period varies for the bases, with a net effective amortization period of 17 years.
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 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.
Actuarial assumptions:	
Net investment rate of return	7.75%
Projected annual salary increased	3.5% plus age and service based merit increases
Inflation rate	3.50%
Cost of living adjustment	0.00%
Membership of the plan:	
Retirees and beneficiaries receiving benefits	3
Terminated plan members entitled to, but not yet receiving benefits	5
Active plan members	<u>11</u>
Total	<u>19</u>

CITY OF DAWSONVILLE, GEORGIA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2013

**NOTE 2 – DETAILED NOTES ON ALL FUNDS (CONT'D)**

**H. Retirement Plan (cont'd)**

**3. Annual Contribution Cost (cont'd)**

The recommended contribution meets the guidelines for calculating an annual required contribution as set forth in paragraphs 9-10 of Statement No. 27 issued by the Governmental Accounting Standards Board. These contributions are determined under the projected unit credit actuarial cost method. The asset valuation method for developing the actuarial value of assets is the sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10 percent of the amount that the value exceeds or is less than the market value at the end of year. The actuarial value is adjusted, if necessary, to be within 50% of market value of 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.

The amortization of the unfunded accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods. The total amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/ (surplus) actuarial accrued liability. In a year when the 10-year or 30-year corridor applies, the following year, the prior year bases are combined into one 10-year or 30-year bases.

Details of the funded status and funding results for the Plan as of July 1, 2013 are presented as Required Supplementary Information immediately following the notes to the financial statements. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Trend Analysis**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability AAL	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	(c) Covered Payroll (prior year)	UAAL as a Percentage of Covered Payroll ( (b-a)/c)
7/1/2013	\$ 251,717	\$ 347,407	72.46%	\$ 95,690	\$ 257,486	37.16%
7/1/2012	218,040	307,336	70.95%	89,296	225,663	39.57%
7/1/2011	181,909	297,955	61.05%	116,046	210,223	55.20%
7/1/2010	150,837	277,356	54.38%	126,519	281,976	44.87%
10/1/2009	133,082	239,503	55.57%	106,421	281,976	37.74%
9/1/2008	92,458	227,325	40.67%	134,867	365,102	36.94%
9/1/2007	69,471	193,493	35.90%	124,022	322,927	38.41%
9/1/2006	48,068	168,254	28.57%	120,186	189,119	41.57%

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 2 – DETAILED NOTES ON ALL FUNDS (CONT'D)**

**I. Long-Term Debt**

**1. Municipal Loans (Water & Sewer Fund)**

During 2001, the City incurred debt from a Georgia Environmental Facilities Authority loan for the purchase of land and construction of a new water tank. In 2008, the City finalized a contract with Georgia Environmental Facilities Authority issued for financing the purchase of land and construction of three wells. The Georgia Environmental Facilities Authority requires the City to maintain a fixed charge coverage ratio of 1.05 or greater in the Water & Sewer fund and the City met that compliance requirement as of June 30, 2013, respectively.

	<u>Balance 6/30/2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/2012</u>	<u>Due One Year</u>
Georgia Environmental Facilities Authority loan dated November 15, 2000 with 4.72% interest and quarterly payments of \$ 10,323.54 beginning January 1, 2003 and ending October 1, 2023. Original loan \$ 532,603.	\$ 340,359	\$ -	\$ 25,710	\$ 314,649	\$ 26,912
Georgia Environmental Facilities Authority loan dated February 1, 2008, with 4.12% interest and monthly payments of \$ 5,832.29 beginning March 1, 2008 and ending February 1, 2028. Original loan \$ 952,487.	<u>806,798</u>	<u>-</u>	<u>37,449</u>	<u>769,349</u>	<u>39,023</u>
Total Municipal Loans (Water & Sewer Fund)	<u>\$ 1,147,157</u>	<u>\$ -</u>	<u>\$ 63,159</u>	<u>\$ 1,083,998</u>	<u>\$ 65,935</u>

Debt-service requirements for long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 65,935	\$ 45,343	\$ 111,278
2015	68,868	42,410	111,278
2016	71,886	39,392	111,278
2017	75,447	35,831	111,278
2018	78,467	32,811	111,278
2019-2023	427,141	108,575	535,716
2024-2028	<u>296,254</u>	<u>29,907</u>	<u>326,161</u>
Total	<u>\$ 1,083,998</u>	<u>\$ 334,269</u>	<u>\$ 1,418,267</u>

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 2 – DETAILED NOTES ON ALL FUNDS (CONT'D)**

**I. Long-Term Debt (cont'd)**

**2. Revenue Bonds (Water & Sewer Fund)**

The 1997 Series Revenue Bonds were issued for the cost of the acquisition, construction and installation of certain additions, extensions and improvements to the water and sewer system of the City. The bonds are collateralized by the revenue of the water and sewer system. The City is required to maintain a reserve fund holding 10% of monthly revenue bond payments until sufficient funds are on deposit in the Debt Service Reserve Account to pay the principal and interest on the Series 1997 Bonds for the next succeeding year. As of June 30, 2013, the account has sufficient funds on deposit in the amount of \$ 31,764.

The 2003 Series Revenue Bonds were issued to provide financing for acquiring, constructing and installing certain additions, extensions, and improvements to the water and sewer system. The bonds are collateralized by the revenue of the water and sewer system. The City is required to maintain a reserve fund holding 10% of monthly revenue bond payments until sufficient funds are on deposit in the Debt Service Reserve Account to pay the principal and interest on the Series 2003 Bonds for the succeeding year. As of June 30, 2013, the account has sufficient funds on deposit in the amount of \$ 24,264.

The 2006 Series Revenue Bonds were issued to provide financing for acquiring, constructing and installing additions, extensions and improvements to the existing water and sewer system of the City. The bonds are collateralized by the revenue of the water and sewer system. The City is required to maintain a reserve fund holding 10% of monthly revenue bond payments until sufficient funds are on deposit in the Debt Service Reserve Account to pay the principal and interest on the Series 2006 Bonds for the succeeding year. As of June 30, 2013, the account has sufficient funds on deposit in the amount of \$ 161,730.

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 2 – DETAILED NOTES ON ALL FUNDS (CONT'D)**

**I. Long-Term Debt (cont'd)**

**2. Revenue Bonds (Water & Sewer Fund – cont'd)**

Changes in bond debt liability for the year ending June 30, 2013 are as follows:

	<u>Balance 6/30/2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/2013</u>	<u>Due One Year</u>
Series 1997-A, Water & Sewer Revenue Bond dated December 31, 1997 with 4.5% interest and monthly payments of \$ 606 beginning January 11, 1998 and ending December 31, 2037. Original loan \$ 134,540.	\$ 110,043	\$ -	\$ 2,354	\$ 107,689	\$ 2,462
Series 1997 - B, Water & Sewer Revenue Bond dated December 11, 1997 with 4.5% interest with monthly payment of \$ 960 beginning January 11, 1998 and ending December 11, 2037. Original loan \$ 213,300.	174,322	-	3,752	170,570	3,925
Series 1997-C, Water & Sewer Revenue Bond dated December 11, 1997 with 4.5% interest with monthly payments of \$ 1,081 beginning January 11, 1998 and ending December 11, 2037. Original loan \$ 240,120.	196,363	-	4,203	192,160	4,395
Series 2003, Water & Sewer Revenue Bond dated May 4, 2004 with 4.375% interest with monthly payment of \$ 2,022 beginning June 30, 2004 and ending May 3, 2044. Original loan \$ 457,250.	416,424	-	6,228	410,196	6,506
Series 2006, Water & Sewer Revenue Bond dated March 7, 2007 with interest currently at 4.125% and not to exceed 4.5% with monthly payments of \$ 13,910 beginning April 7, 2007 and ending March 7, 2047. Original loan \$ 3,091,100.	<u>2,919,423</u>	<u>-</u>	<u>38,321</u>	<u>2,881,102</u>	<u>39,932</u>
<b>Total Revenue Bond Debt (Water &amp; Sewer Fund)</b>	<u><u>\$ 3,816,575</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 54,858</u></u>	<u><u>\$ 3,761,717</u></u>	<u><u>\$ 57,220</u></u>

CITY OF DAWSONVILLE, GEORGIA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2013

**NOTE 2 – DETAILED NOTES ON ALL FUNDS (CONT'D)**

**I. Long-Term Debt (cont'd)**

**2. Revenue Bonds (Water & Sewer Fund – cont'd)**

Debt-service requirements for long-term revenue bond debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 57,220	\$ 156,836	\$ 214,056
2015	59,688	154,368	214,056
2016	62,258	151,798	214,056
2017	64,593	149,463	214,056
2018	67,616	146,440	214,056
2019-2023	384,398	685,882	1,070,280
2024-2028	473,607	596,673	1,070,280
2029-2033	586,277	484,003	1,070,280
2034-2038	707,400	346,330	1,053,730
2039-2043	712,411	199,049	911,460
2044-2048	<u>586,249</u>	<u>47,562</u>	<u>633,811</u>
Total	<u>\$ 3,761,717</u>	<u>\$ 3,118,404</u>	<u>\$ 6,880,121</u>

**3. Downtown Development Authority Series 2005 Revenue Bonds (Component Unit)  
 And Intergovernmental Capital Lease Agreement (General Fund)**

On December 22, 2005, the Downtown Development Authority issued Series 2005 Revenue Bonds for the purpose of financing or refinancing the costs of acquiring property known as the Dawsonville Municipal Complex for the City of Dawsonville. The value of capital assets recorded under the capital lease agreement for the Dawsonville Municipal Complex building totals \$ 2,575,106. Subsequently, the City entered into an Intergovernmental Lease Agreement with the Downtown Development Authority by which the City has agreed to pay the bond debt installments under a lease-purchase arrangement until the full debt is satisfied. The City has agreed, if necessary, to levy ad valorem tax on property to produce revenues sufficient to fulfill the debt obligation.

The Series 2005 – A Bonds provide financing for the portion of the Dawsonville Municipal Complex that houses the City government facilities and thereby designated as a “qualified tax-exempt” obligation eligible for preferential governmental finance rates. Series 2005 – B Bonds fund the portion of the property that is to be used for commercial development and thereby preferred governmental finance rates are not applicable.

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 2 – DETAILED NOTES ON ALL FUNDS (CONT'D)**

**I. Long-Term Debt (cont'd)**

**3. Downtown Development Authority Series 2005 Revenue Bonds (Component Unit)  
And Intergovernmental Capital Lease Agreement (General Fund) (cont'd)**

	<u>Balance</u> <u>6/30/2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2013</u>	<u>Due One</u> <u>Year</u>
Series 2005-A, DDA Revenue Bonds dated December 22, 2005 with interest rate per annum equal to the "Prime Rate" as published in the Money Rates section of <u>The Wall Street Journal - Southeastern Edition</u> . Monthly payments of \$ 11,802.39 beginning January 22, 2006 and ending December 22, 2025. Original loan \$ 2,166,922.	\$ 1,660,029	\$ -	\$ 104,981	\$ 1,555,048	\$ 109,447
Series 2005 - B, DDA Revenue Bonds dated December 22, 2005 with interest rate per annum equal to the "Prime Rate" as published in the Money Rates section of <u>The Wall Street Journal - Southeastern Edition</u> . Monthly payments of \$ 2019.17 beginning January 22, 2006 and ending December 22, 2025. Original loan \$ 333,078.	<u>263,977</u>	-	<u>263,977</u>	-	-
Total Bond Debt (DDA)	<u>\$ 1,924,006</u>	<u>\$ -</u>	<u>\$ 368,958</u>	<u>\$ 1,555,048</u>	<u>\$ 109,447</u>

Debt-service requirements for long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	109,447	32,182	141,629
2015	111,780	29,849	141,629
2016	114,220	27,409	141,629
2017	116,693	24,936	141,629
2018	119,220	22,409	141,629
2019-2023	635,957	72,163	708,120
2024-2028	<u>347,731</u>	<u>9,621</u>	<u>357,352</u>
	<u>\$ 1,555,048</u>	<u>\$ 218,569</u>	<u>\$ 1,773,617</u>

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**NOTE 2 – DETAILED NOTES ON ALL FUNDS (CONT'D)**

**I. Long-Term Debt (cont'd)**

**4. Compensated Absences (General Fund and Water & Sewer Fund)**

Long-term compensated absences liability consists of the following as of June 30, 2013:

	Balance 6/30/2012	Issued	Retired	Balance 6/30/2013	Due One Year
<b>Governmental Activities</b>					
Compensated Absences	\$ 5,571	\$ 6,763	\$ 6,373	\$ 5,961	\$ -
<b>Water &amp; Sewer Fund</b>					
Compensated Absences	12,587	16,135	19,887	8,835	-
Total Compensated Absences	<u>\$ 18,158</u>	<u>\$ 22,898</u>	<u>\$ 26,260</u>	<u>\$ 14,796</u>	<u>\$ -</u>

Compensated absences are liquidated in the general fund for governmental activities and in the enterprise fund for business-type activities.

**J. Restricted Equity Balances**

**1. Permanent Fund**

Restricted for cemetery – An amount of \$ 196,950 has been restricted in the Cemetery Fund since this amount is not legally available for appropriation. Of these funds, \$ 196,950 is expendable for cemetery perpetual care.

**2. Special Revenue Fund**

Restricted for tourism – A total of \$ 168 has been restricted for tourism expenditures in the Hotel-Motel Fund since this amount is not legally available for appropriation.

**3. Capital Projects Fund**

Restricted for capital projects – An amount of \$ 18,080 has been restricted in the SPLOST capital projects fund for restricted assets since this amount is not legally available for appropriation.

**4. Proprietary Fund**

Restricted for debt service– An amount of \$ 217,758 has been restricted in the Water-Sewer Enterprise Fund for debt service.

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 3 – COMMITMENTS AND CONTINGENCIES**

**Liability**

**A. Intergovernmental agreement for law enforcement services, fire protection services and LOCAL OPTION SALES TAX (LOST) revenues.**

Effective January 1, 2003 the City of Dawsonville entered into a agreement with Dawson County Board of Commissioners, the Dawson County Sheriff's Department and the Dawson County Fire Department for the purpose of providing and maintaining law enforcement services and fire protection for the residents and businesses located within the geographical confines of the City of Dawsonville, Georgia. The law enforcement services and fire protection contract was terminated December 31, 2012.

As of June 30, 2013, the City paid \$ 60,000 for law enforcement services and \$ 20,000 for fire protection services. A new agreement was signed September 25, 2012. Effective January 1, 2013 through December 31, 2022, the local option sales tax proceeds shall be divided between parties with Dawson County to receive 88% of the LOST proceeds and the City to receive 12% of LOST proceeds. The City will no longer pay for law enforcement services and fire protection services, those services will still be covered by Dawson County; however, those funds are received from LOST proceeds and the Dawson County will not receive any disbursements from the City for those services.

**B. Funds owed to TGB Residential**

The City received \$ 432,000 in tap fees from TGB Residential. The City Council approved to reimburse TGB Residential \$ 150,000 for the ownership of the water and sewer lines upon completion. The lines are complete; however, TGB Residential has not received certificate of occupancy as of June 30, 2013. The \$ 432,000 has been recognized as tap fee income on the City's financial statements because the fees are considered earned and non-refundable. The City has accrued a liability for \$ 150,000 for money owed to TGB Residential in the water, sewer and garbage fund. This has been presented as a non-cash transaction on the statement of cash flows for the water, sewer and garbage fund.

**C. Litigation**

Various claims and lawsuits are pending against the City. Although the outcome of these matters is not presently determinable, it is the opinion of the management and the City's Council that any potential liability resulting from the resolution of these matters would be covered under liability insurance and not have a materially adverse effect on the financial condition of the County.

**Note 4 – GRHOF MUSEUM ARTIFACTS**

During 2001, the City of Dawsonville acquired the collateral goods and artifacts of the Georgia Racing Hall of Fame Museum for \$ 69,000. The City of Dawsonville has disposed and sold some of the artifacts during the years and now has a remaining cost basis of \$ 49,751. The collection includes racing artifacts and memorabilia, which are expected to maintain intrinsic value and are, therefore, not depreciated. Also included in the purchase were various equipment and fixtures that are not depreciated because individual items are valued below the City's capitalization threshold. In January 2011, the Georgia Racing Hall of Fame established its own entity the Dawsonville History Museum, Inc. the City still owns the collateral goods and artifacts of the Georgia Racing Hall of Fame.

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 5 – JOINT VENTURE**

**Georgia Mountains Regional Commission (GMRC)**

Under Georgia law, the City, in conjunction with other cities and counties in the thirty County Northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. Membership in GMRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organization structure of the GMRC in Georgia. The GMRC Board membership includes the chief elected official of each county and municipality of the area and private sector individuals from each County and three minority members. Annual dues are paid by the Dawson County Board of Commissioners to include the City of Dawsonville and overall county populace.

OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a GMRC. Separate financial statements may be obtained from:

Georgia Mountains Regional Commission  
1310 West Ridge Road  
Gainesville, Georgia 30501

**Note 6 – HOTEL/MOTEL TAX**

During the year ended June 30, 2013, the City had receipts of \$ 3,060 based on the tax rate of 6%. These funds are held for disbursement to the Dawson County Chamber of Commerce for the purpose of promoting tourism. The City complied with the requirements of *OCGA 48-13-51*.

**Note 7 – CHANGE IN BEGINNING BALANCES**

A prior period adjustment has been made to increase land due to blending the Dawsonville Downtown Development Authority's financial statements into the City's financial statements. On July 1, 2012, the City determined that the Dawsonville Downtown Development Authority met the requirements for inclusion on the City's financial statements as a blended component unit and should have been reported as such in prior years. In prior years it was a discretely presented component unit. This adjustment increased beginning net position for the government activities by \$ 90,000.

A prior period adjustment has been made to restate and expense prior period debt issue costs and related prior period amortization. This adjustment was the implementation of GASB Statement 65. This adjustment decreased beginning net position for the business-type activities \$ 15,141.

The net effect of these adjustments increased beginning net position \$ 74,459.

**Note 8 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 7, 2013, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF DAWSONVILLE, GEORGIA  
 DEFINED BENEFIT RETIREMENT PLAN  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS-RETIREMENT PLAN

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability AAL	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	(c) Covered Payroll	UAAL as a Percentage of Covered Payroll ( (b-a)/c)
7/1/2013	\$ 251,717	\$ 347,407	72.46%	\$ 95,690	\$ 257,486	37.16%
7/1/2012	218,040	307,336	70.95%	89,296	225,663	39.57%
7/1/2011	181,909	297,955	61.05%	116,046	210,223	55.20%
7/1/2010	150,837	277,356	54.38%	126,519	281,976	44.87%
10/1/2009	133,082	239,503	55.57%	106,421	281,976	37.74%
9/1/2008	92,458	227,325	40.67%	134,867	365,102	36.94%
9/1/2007	69,471	193,493	35.90%	124,022	322,927	38.41%
9/1/2006	48,068	168,254	28.57%	120,186	189,119	41.57%

COMBINING AND INDIVIDUAL NON-MAJOR FUND SCHEDULES

CITY OF DAWSONVILLE, GEORGIA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2013

	<u>Non-Major Fund Capital Projects Fund Splost and LMIG Grant</u>	<u>Non-Major Fund Special Revenue Fund Hotel-Motel</u>	<u>Non-Major Fund Permanent Fund Cemetery</u>	<u>Total Non-Major Governmental Funds</u>
<b>ASSETS</b>				
Restricted assets:				
Cash and cash equivalents	\$ 18,080	\$ -	\$ 196,950	\$ 215,030
Taxes receivable	-	223	-	223
Due from other funds	-	694	-	694
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>18,080</b>	<b>917</b>	<b>196,950</b>	<b>215,947</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>				
Current - accounts payable	-	749	-	749
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>749</b>	<b>-</b>	<b>749</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>FUND BALANCE</b>				
Restricted for capital projects	18,080	-	-	18,080
Restricted for tourism	-	168	-	168
Restricted for cemetary	-	-	196,950	196,950
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL FUND BALANCES</b>	<b>18,080</b>	<b>168</b>	<b>196,950</b>	<b>215,198</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 18,080</b>	<b>\$ 917</b>	<b>\$ 196,950</b>	<b>\$ 215,947</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF DAWSONVILLE,  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPEDITURES, AND CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2013

	<u>Non-Major Fund</u> Capital Projects Fund SPLOST, and LMIG Grant	<u>Non-Major Fund</u> Special Revenue Fund Hotel-Motel	<u>Non-Major Fund</u> Permanent Fund Cemetery	Total Non-Major Governmental Funds
REVENUES				
Taxes	\$ -	\$ 3,060	\$ -	\$ 3,060
Charge for services	-	-	18,920	18,920
Intergovernmental revenues	16,523	-	-	16,523
Interest earned	64	-	379	443
	<u>16,587</u>	<u>3,060</u>	<u>19,299</u>	<u>38,946</u>
Total revenues				
EXPENDITURES				
Current operating:				
General government	-	-	13,969	13,969
Housing and development - tourism	-	2,968	-	2,968
Capital outlay:				
Highways and streets - sidewalks	119,678	-	-	119,678
	<u>119,678</u>	<u>2,968</u>	<u>13,969</u>	<u>136,615</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(103,091)	92	5,330	(97,669)
OTHER FINANCING SOURCES (USES)				
Transfers in	8,029	-	-	8,029
NET CHANGE IN FUND BALANCE	(95,062)	92	5,330	(89,640)
FUND BALANCES - beginning of year	113,142	76	191,620	304,838
FUND BALANCES - end of year	<u>\$ 18,080</u>	<u>\$ 168</u>	<u>\$ 196,950</u>	<u>\$ 215,198</u>

CITY OF DAWSONVILLE, GEORGIA  
NON-MAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUND  
SPLOST, AND LMIG GRANT  
BALANCE SHEET  
June 30, 2013

	<u>SPLOST and LMIG Grant</u>
ASSETS	
Restricted assets:	
Cash and cash equivalents	<u>\$ 18,080</u>
TOTAL ASSETS	<u>18,080</u>
FUND BALANCE	
Restricted for capital projects	<u>18,080</u>
TOTAL FUND BALANCE	<u>\$ 18,080</u>

CITY OF DAWSONVILLE, GEORGIA  
NON-MAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUND  
SPLOST, AND LMIG GRANT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2013

	<u>SPLOST and LMIG Grant</u>
REVENUES	
Intergovernmental revenues	\$ 16,523
Interest earned	<u>64</u>
Total revenues	<u>16,587</u>
EXPENDITURES	
Capital outlay:	
Highways and streets - sidewalks	<u>119,678</u>
Total expenditures	<u>119,678</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(103,091)
OTHER FINANCING SOURCES (USES)	
Transfers in	<u>8,029</u>
NET CHANGE IN FUND BALANCE	(95,062)
FUND BALANCES - beginning of year	<u>113,142</u>
FUND BALANCES - end of year	<u><u>\$ 18,080</u></u>

CITY OF DAWSONVILLE, GEORGIA  
NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUND  
HOTEL-MOTEL FUND  
BALANCE SHEET  
June 30, 2013

	<u>Hotel-Motel Fund</u>
ASSETS	
Taxes receivable	\$ 223
Due from other funds	<u>694</u>
TOTAL ASSETS	<u><u>917</u></u>
LIABILITIES	
Current - accounts payable	<u>749</u>
TOTAL LIABILITIES	<u>749</u>
FUND BALANCE	
Restricted for tourism	<u>168</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 917</u></u>

CITY OF DAWSONVILLE, GEORGIA  
NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUND  
HOTEL-MOTEL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2013

	Hotel-Motel Fund
REVENUES	
Hotel-motel taxes	\$ 3,060
Total revenues	3,060
EXPENDITURES	
Current operating:	
Housing and development - tourism	2,968
Total expenditures	2,968
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	92
NET CHANGE IN FUND BALANCES	92
FUND BALANCES - beginning of year	76
FUND BALANCES - end of year	\$ 168

CITY OF DAWSONVILLE, GEORGIA  
NON-MAJOR GOVERNMENTAL FUND  
PERMANENT FUND  
CEMETERY FUND  
BALANCE SHEET  
June 30, 2013

	<u>Cemetery Fund</u>
ASSETS	
Restricted assets:	
Cash and cash equivalents	<u>\$ 196,950</u>
TOTAL ASSETS	<u>196,950</u>
FUND BALANCES	
Restricted for cemetery fund	<u>196,950</u>
TOTAL FUND BALANCES	<u>\$ 196,950</u>

CITY OF DAWSONVILLE, GEORGIA  
NON-MAJOR GOVERNMENTAL FUNDS  
PERMANENT FUND  
CEMETERY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2013

	<u>Cemetery Fund</u>
REVENUES	
Cemetery lot sales	\$ 18,750
Real estate fees	170
Interest income	379
Total revenues	19,299
EXPENDITURES	
Repairs and maintenance	10,427
Miscellaneous expenditures	3,542
Total expenditures	13,969
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,330
NET CHANGE IN FUND BALANCES	5,330
FUND BALANCES - beginning of year	191,620
FUND BALANCES - end of year	\$ 196,950

## SUPPLEMENTARY INFORMATION

October 7, 2013

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and City Council  
City of Dawsonville  
Dawsonville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dawsonville, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Dawsonville, Georgia's basic financial statements, and have issued our report thereon dated October 7, 2013.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Alexander, Almand & Bangs, LLP  
Gainesville, Georgia

CITY OF DAWSONVILLE, GEORGIA  
SPECIAL LOCAL OPTION SALES TAX  
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS  
BUDGET AND ACTUAL - PROJECT TO DATE  
From Inception Through June 30, 2013

<u>Project</u>	<u>Original Budget</u>	<u>Current Project Budget</u>	<u>Prior Year Project to Date</u>	<u>Current Year</u>	<u>Total</u>	<u>Percent Complete</u>
Sidewalk Project	\$ 500,000	\$ 500,000	\$ 394,960	\$ 95,126	\$ 490,086	98.02%

Reconciliation to Capital Projects Fund:

Total Expenditures - Capital Projects Fund	\$ 119,678
LMIG Grant Expenditures	<u>(24,552)</u>
SPLOST Expenditures - current year	<u><u>\$ 95,126</u></u>

CITY OF DAWSONVILLE, GEORGIA  
SCHEDULE OF FUNCTIONAL ALLOCATIONS  
WATER, SEWER AND GARBAGE FUND  
SCHEDULE OF NET POSITION  
June 30, 2013

	Water	Sewer	Garbage	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 887,848	\$ 557,947	\$ 106,630	\$ 1,552,425
Receivables (net of allowance for uncollectible):				
Accounts	40,096	50,949	6,850	97,895
Interfund receivables	6,229	4,152	-	10,381
Prepaid expense	9,202	9,201	-	18,403
Restricted assets:				-
Cash and cash equivalents	62,231	46,782	-	109,013
Certificates of deposit	-	24,264	-	24,264
Total current assets	1,005,606	693,295	113,480	1,812,381
Non-current assets:				
Restricted assets:				
Certificates of deposit	-	161,730	-	161,730
Capital assets:				
Land	453,660	2,479,527	-	2,933,187
Nondepreciable capital assets	156,186	87,573	-	243,759
Depreciable capital assets, net	2,578,663	5,069,682	-	7,648,345
Total non-current Assets	3,188,509	7,798,512	-	10,987,021
 TOTAL ASSETS	 \$ 4,194,115	 \$ 8,491,807	 \$ 113,480	 \$ 12,799,402

CITY OF DAWSONVILLE, GEORGIA  
SCHEDULE OF FUNCTIONAL ALLOCATIONS  
WATER, SEWER AND GARBAGE FUND  
SCHEDULE OF NET POSITION  
June 30, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 8,251	\$ 8,250	\$ 5,861	\$ 22,362
Accrued expenses	77,752	77,752	-	155,504
Accrued interest payable	7,809	7,809	-	15,618
Current portion of long-term debt	71,326	51,829	-	123,155
Customer deposits - payable from restricted assets	46,479	30,986	-	77,465
Total current liabilities	<u>211,617</u>	<u>176,626</u>	<u>5,861</u>	<u>394,104</u>
Long-term liabilities:				
Long-term debt (net of current portion)	1,247,882	3,474,678	-	4,722,560
Compensated absences payable	4,418	4,417	-	8,835
Total long-term liabilities	<u>1,252,300</u>	<u>3,479,095</u>	<u>-</u>	<u>4,731,395</u>
<b>TOTAL LIABILITIES</b>	<u>1,463,917</u>	<u>3,655,721</u>	<u>5,861</u>	<u>5,125,499</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	1,869,301	4,110,275	-	5,979,576
Restricted for debt service	15,882	201,876	-	217,758
Unrestricted	845,015	523,935	107,619	1,476,569
<b>TOTAL NET POSITION</b>	<u>2,730,198</u>	<u>4,836,086</u>	<u>107,619</u>	<u>7,673,903</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 4,194,115</u>	<u>\$ 8,491,807</u>	<u>\$ 113,480</u>	<u>\$ 12,799,402</u>

CITY OF DAWSONVILLE, GEORGIA  
SCHEDULE OF FUNCTIONAL ALLOCATIONS  
WATER, SEWER AND GARBAGE FUND  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
For the Year Ended June 30, 2013

	Water	Sewer	Garbage	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 445,623	\$ 529,095	\$ 89,684	\$ 1,064,402
Miscellaneous	27,209	28,788	1,579	57,576
<b>Total operating revenues</b>	<b>472,832</b>	<b>557,883</b>	<b>91,263</b>	<b>1,121,978</b>
<b>OPERATING EXPENSES</b>				
Personal services and benefits	113,475	116,619	-	230,094
Purchased and contractual services	115,086	216,990	68,847	400,923
Bad debts	2,012	1,296	436	3,744
Supplies	67,461	17,556	-	85,017
Depreciation and amortization	98,521	335,646	-	434,167
<b>Total operating expenses</b>	<b>396,555</b>	<b>688,107</b>	<b>69,283</b>	<b>1,153,945</b>
<b>OPERATING INCOME (LOSS)</b>	<b>76,277</b>	<b>(130,224)</b>	<b>21,980</b>	<b>(31,967)</b>
<b>NON-OPERATING INCOME (LOSS)</b>				
Tap fees	153,500	312,500	-	466,000
Interest and fiscal charges	(65,740)	(141,039)	-	(206,779)
Interest earned	2,214	1,739	-	3,953
<b>TOTAL NON-OPERATING INCOME (LOSS)</b>	<b>89,974</b>	<b>173,200</b>	<b>-</b>	<b>263,174</b>
<b>NET INCOME BEFORE TRANSFERS</b>	<b>166,251</b>	<b>42,976</b>	<b>21,980</b>	<b>231,207</b>
Transfers in (out)	-	-	-	-
<b>Change in net position</b>	<b>166,251</b>	<b>42,976</b>	<b>21,980</b>	<b>231,207</b>
<b>NET POSITION - beginning of year</b>	<b>2,568,741</b>	<b>4,803,857</b>	<b>85,639</b>	<b>7,458,237</b>
Prior period adjustments	(4,794)	(10,747)	-	(15,541)
<b>NET POSITION - end of year</b>	<b>\$ 2,730,198</b>	<b>\$ 4,836,086</b>	<b>\$ 107,619</b>	<b>\$ 7,673,903</b>

CITY OF DAWSONVILLE, GEORGIA  
SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
BUDGET (GAAP) VERSUS ACTUAL  
For the year ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for services :			
Water fees	\$ 380,000	\$ 445,622	\$ 65,622
Sewer fees	461,600	529,095	67,495
Garbage fees	83,650	89,684	6,034
Miscellaneous	21,450	57,577	36,127
	<u>946,700</u>	<u>1,121,978</u>	<u>175,278</u>
<b>OPERATING EXPENSES</b>			
Cost of sales and service:			
Advertising	1,100	1,690	(590)
Bad debts	3,600	3,744	(144)
Communications	17,700	14,517	3,183
Depreciation	437,000	434,167	2,833
Dues and subscriptions	5,600	8,170	(2,570)
Education and training	1,200	1,440	(240)
Food	8,800	5,025	3,775
Garbage service	66,050	68,847	(2,797)
Gas and fuel	12,400	9,185	3,215
Insurance	40,000	42,229	(2,229)
Licenses	100	-	100
Printing and binding	1,200	1,592	(392)
Professional	57,100	75,893	(18,793)
Rental equipment	450	809	(359)
Repairs and maintenance	58,000	24,395	33,605
Supplies	68,100	85,017	(16,917)
Travel	200	260	(60)
Technical services	39,350	34,122	5,228
Utilities	120,300	112,749	7,551
Total cost of sales and service:	<u>938,250</u>	<u>923,851</u>	<u>14,399</u>
Personal services and benefits:			
Salaries	155,000	153,592	1,408
Payroll taxes	5,800	10,785	(4,985)
Group insurance	49,800	42,085	7,715
Workers compensation	8,300	7,650	650
Retirement	16,600	15,982	618
Total personal services and benefits	<u>235,500</u>	<u>230,094</u>	<u>5,406</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(227,050)</u>	<u>(31,967)</u>	<u>195,083</u>
<b>NON-OPERATING INCOME (LOSS)</b>			
Tap Fees	432,000	466,000	34,000
Interest and fiscal charges	(207,750)	(206,779)	971
Interest earned	2,800	3,953	1,153
<b>TOTAL NON-OPERATING INCOME (LOSS)</b>	<u>227,050</u>	<u>263,174</u>	<u>36,124</u>
<b>CHANGE IN NET POSITION</b>	<u>-</u>	<u>231,207</u>	<u>231,207</u>
<b>NET POSITION - beginning of year</b>	-	7,458,237	-
Prior period adjustments	-	(15,541)	-
<b>NET POSITION - end of year</b>	-	<u>\$ 7,673,903</u>	-