Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2017

DAHLONEGA, GEORGIA, USA

DAHLONEGA

GREAT AMERICAN MAIN STREET AWARD 2016

MAIN STREET NATIONAL TRUST for HISTORIC PRESERVATION

TREE CITY USA

Certified City of Ethics

MAIN STREET AMERICA 2016 Accredited

GEORGIA MAIN STREET

PRESERVE AMERICA Explore and Enjoy Our Heritage

SITE OF THE FIRST MAJOR US GOLD RUSH

DAHLONEGA

GEORGIA, USA

CITY OF DAHLONEGA, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2017

SUBMITTED BY:

FINANCE DEPARTMENT

DAHLONEGA

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FIRST MAJOR U.S. GOLD RUSH

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dahlonega

Georgia

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

Elected and Appointed Officials

September 30, 2017

Elected Officials

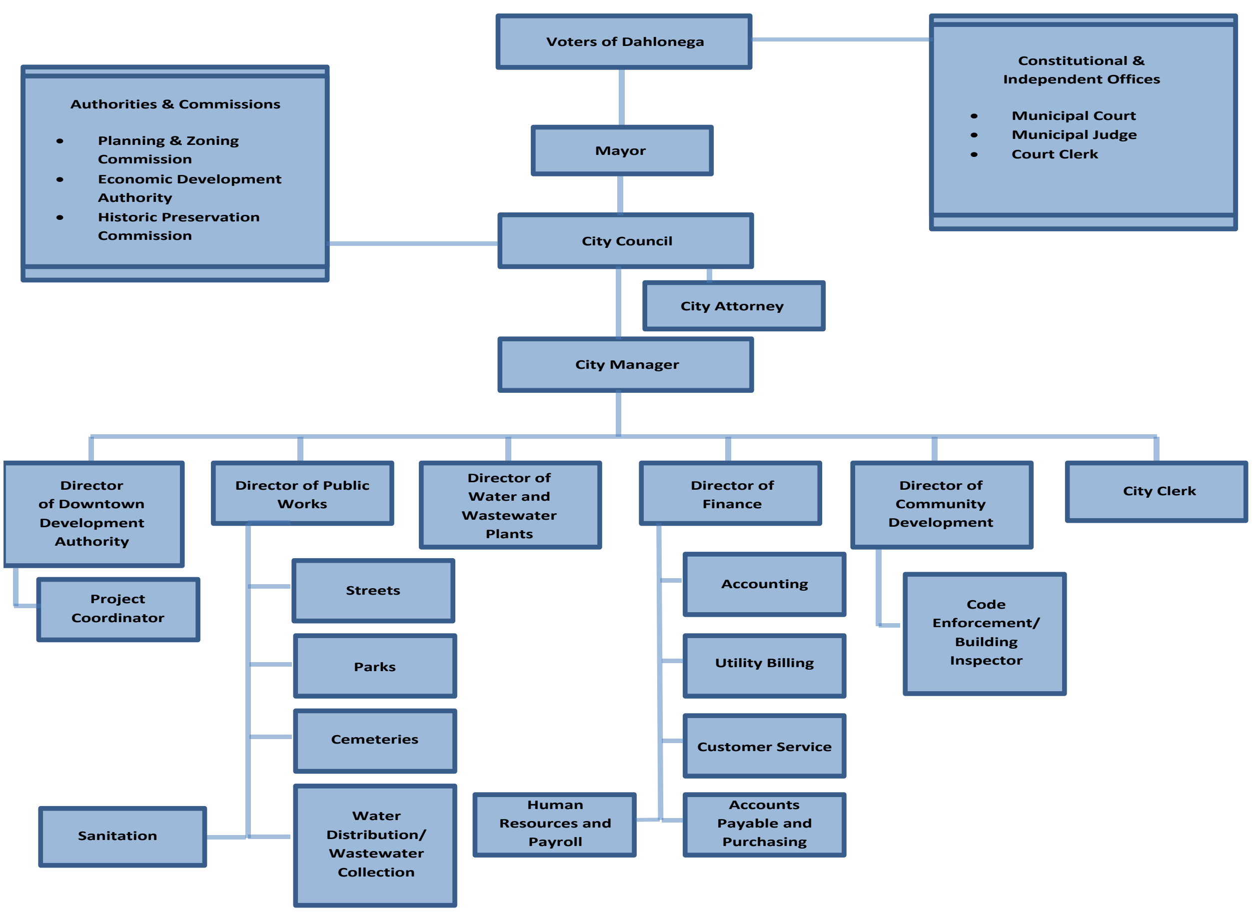
Mayor ....Gary McCullough
Council Member – Post 1 ......Roman Gaddis
Council Member – Post 2 ....Vacant
Council Member – Post 3 .....Mitchell Ridley
Council Member – Post 4 .....Bruce Hoffman
Council Member – Post 5 ....Vacant
Council Member – Post 6 ....Ron Larson
Municipal Judge ....Hammond Law

Appointed Officials and Management

City Manager ....Bill Schmid
City Attorney..........................Doug Parks
City Clerk ....Kym Smith
Finance Director ....Melody Marlowe
Public Works Director ....Mark Buchanan
W&S Plant Superintendent ....John Jarrard
Community Development Director .....Vacant
Downtown Dev Authority Director .....Vacant

City of Dahlonega Organization Chart

September 30, 2017



February 9, 2018

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

We are pleased to present the Comprehensive Annual Financial Report of the City of Dahlonega for the fiscal year ended September 30, 2017 to the City Council, the Mayor and the citizens of Dahlonega. Georgia Code requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This is the ninth Comprehensive Annual Financial Report published to fulfill that requirement.

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

Georgia Code requires an annual audit by independent certified public accountants. The City selected Rushton & Company, Certified Public Accountants to perform the annual independent financial statement audit for fiscal year 2017. The audit issued an unmodified opinion for the 2017 fiscal year which is included within this document.

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

Profile of the Government

The City of Dahlonega, the county seat of Lumpkin County, is located in the foothills of the Northeast Georgia Mountains, approximately 70 miles northeast of Atlanta. As of 2016, the US Bureau of the Census estimated the population of Dahlonega to be 6,437. Dahlonega was incorporated December 21, 1833 and was the site of the first major gold rush in the United States. A US Branch Mint minted Half Eagle, Quarter Eagle, the Gold Dollar and the Three Dollar Gold Coin here between 1838 and 1861.

The City of Dahlonega is a welcoming community for people of diverse backgrounds, interest, goals and ideals. Our award-winning small town of meaningful rich history warmly receives several hundred thousand visitors a year and entertains hundreds of domestic and international guests daily. In 2016 the City was one of three national recipients of the Great American Main Street Award. This designation can only be attained once and recognizes the City as one of less than 100 nationally and four in the state of Georgia so designated.

We are privileged to be one of the smallest cities in the country to host a public university offering advanced degrees and a wide range of ideas. The five campus University of North Georgia, founded in 1873 in the abandoned US Mint Building, is based here and serves over 18,000 students system wide. It is one of only six senior military colleges in the country. We are also proud home to the US Army 5th Ranger Training Division and mountain phase of the US Army Ranger School. Our reputation and brand have been built over decades by the hard work of thousands of individuals.

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

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

The City provides many services including a water and sewer utility, solid waste collection, recycling program, cemetery services, maintenance of highways and streets, recreational facilities, and tourism event sponsorship.

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

The DDA is home to North Georgia Film (www.northgeorgiafilm.org), which was established in 2016 and is one of eight members of the Association of Film Commissioners International.

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

Local Economy

The economy within the City of Dahlonega is mainly based on tourism. For numerous reasons over the past several years, the tourism industry in Dahlonega has grown. With historic interests, outdoor recreational activities, five local wineries and vineyards, and twelve wine tasting rooms, Dahlonega attracts many different types of tourists. For several years, the City has dedicated 100% of the Hotel/Motel tax proceeds to promoting its number one industry.

Another important sector in Dahlonega's economy is the location of The University of North Georgia within the city limits of Dahlonega. The City supports over 7,000 resident and commuter students on the Dahlonega campus.

Dahlonega continues to show signs of recovery from the downturned economy with unemployment rates decreasing to 3.7% in 2017.

	Unemployment (Lumpkin Co.)	Building Permits (City)
2017	3.7%	137
2016	4.5%	100
2015	4.8%	78
2014	7.3%	156
2013	8.3%	175
2012	8.3%	47
2011	10.3%	47
2010	9.9%	47
2009	11.5%	69
2008	7.0%	77

The number of building permits issued continues the positive trend. The housing and banking crisis had led to a continued slowing of much development within the City, but recovery appears to be sustained as developers are finishing projects and starting new ones.

Long-term Financial Planning

Unassigned fund balance in the General Fund is $2,586,085 or 69 percent of the 2018 annual revenue budget. The City maintains these funds to provide cash flow throughout the year and as a buffer against unforeseen events.

Relevant Financial Policies

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

Major Initiatives

The City is undertaking a thorough review of capital needs through a more formalized capital improvement planning process. FY 2016 budget began this assemblage of data, and the FY 2017 budget process bought more structure and revenue planning to the process.

Planning began in July 2015 on an extensive upgrade project at the City's Waste Water Treatment Plant. This $3.3 million project is being funded by 2014 SPLOST revenue. Construction is under way with an estimated completion date of January 2018. Once complete, the community will reap the benefits of a modern facility that will assure clean water for many years to come.

As we rebound from the Recession, much attention is being placed on the City's infrastructure. The Capital Improvement Program includes plans for street repaving and improvement projects and many water and sewer line replacement projects. Due to the steep terrain that exists in much of our city, there is a need to address storm water issues, and storm drain improvements are included in the capital program.

The City continues to place importance on tourism. Our downtown and beautiful surroundings draw more and more visitors to Dahlonega each year. Downtown Dahlonega is one of the nation's foremost historic downtown centers. Shopping and dining choices are abundant.

Dahlonega is becoming a popular place for the film and entertainment industry, and plans are to grow in this area. The North Georgia Film Office provides a liaison between businesses, the film production industry and local and regional partner agencies in North Georgia.

Awards and Acknowledgements

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

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

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

Respectfully submitted,

Bill Schmid
City Manager

Melody N. Marlowe
Finance Director

FINANCIAL SECTION

DAHLONEGA

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FIRST MAJOR U.S. GOLD RUSH

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 20 through 27 and 78 through 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States, the City of Dahlonega, Georgia's basic financial statements for the year ended September 30, 2016, which are not presented with the accompanying financial statements. In our report dated February 27, 2017, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dahlonega, Georgia's basic financial statements as a whole. The individual fund financial statements and schedules related to the 2016 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and schedules related to the 2016 financial statements are the responsibility of management and were derived from and are related directly to the underlying accounting and other records used to prepare the 2016 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2018, on our consideration of the City of Dahlonega, Georgia internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dahlonega, Georgia's internal control over financial reporting and compliance.

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
February 9, 2018

DAHLONEGA

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2017

As management of the City of Dahlonega, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with the basic financial statements, accompanying notes to those financial statements, and the additional information that we have furnished in our letter of transmittal, which can be found in the beginning of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

Government Wide Financial Statements

- At the close of the fiscal year, the assets of the City exceeded its liabilities by $25,069,281. Of this, $7,706,364 (30.7%) represents unrestricted net position which may be used to meet the City's ongoing obligations.
- At the close of the fiscal year, the net position of the City's governmental activities was $10,685,067. This represents an increase of $281,055 (2.7%) over the prior year net position balance for governmental activities.
- At the close of the fiscal year, the net position of the City's business-type activities was $14,384,214. This represents an increase of $2,533,913 (21.4%) over the prior year net position balance for business-type activities.

Fund Financial Statements

- As of the close of the current fiscal year, the City of Dahlonega's governmental funds reported combined ending fund balances of $5,653,385, an increase of $316,485 (5.9%) from the prior year. At the close of the fiscal year, the General Fund's unassigned fund balance, which is available for spending at the City's discretion, is $2,586,085 or 45.7% of the governmental funds' combined ending fund balance.
- The General Fund had revenues of $3,903,049 for the current fiscal year. Of this amount $1,446,401 (37.1%) was from property taxes and $826,802 (21.2%) was from sales taxes.

Debt Obligations

- The City did not have any long-term debt obligations from the governmental activities during fiscal year 2017.
- Long-term debt obligations from the business-type activities decreased by $28,667 (-0.1%) from $32,320,639 at September 30, 2016, to $32,291,972 September 30, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government Wide Financial Statements

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

Statement of Net Position - presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

The government-wide financial statements can be found on pages 30 through 32 of this report.

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

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

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

The City has three major and two non-major governmental funds. The City's major governmental funds are the General Fund, the Grants Capital Projects Fund, and the 2014 SPLOST Fund. The City's non-major governmental funds are the Hotel/Motel Tax Fund and the General Government Capital Projects Fund.

Proprietary Funds

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

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

The basic proprietary fund financial statements can be found on pages 38 through 42 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44 through 76 of this report.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 84 through 121 of this report.

Government-wide Financial Analysis

The City's net position for governmental activities increased $281,055, or 2.7%, during the year ending September 30, 2017. Net investment in capital assets decreased $90,146, restricted net position decreased $293,948, and unrestricted net position increased $665,149. Unrestricted net position is available to finance governmental operations. The City maintains a large amount of its net position in cash to enable the City to have funds for emergencies and avoid short term borrowing.

Approximately 27.2% of the City's governmental activities revenues came from property taxes and approximately 43.0% came from sales and other taxes. Combined the City is dependent on taxes for approximately 70.2% of its governmental activities revenues.

Net position for business-type activities increased $2,533,913, or 21.4%. Restricted net position is presented at $92,082. Unrestricted net position increased by $912,883, or 42.5%. These funds are available to finance operations. The amount invested in capital assets (e.g. land, infrastructure, buildings, equipment, and other), less any related debt outstanding that was needed to acquire or construct the assets increased by $1,616,070, or 16.8%. The City uses these capital assets to provide services to the customers of the City; consequently, this net position is not available for future spending. This net position represents a capital investment in the business-type activities of the City. The increase in this net position class is the investment in the Wastewater Treatment Plant upgrade which is being funded primarily by SPLOST revenue.

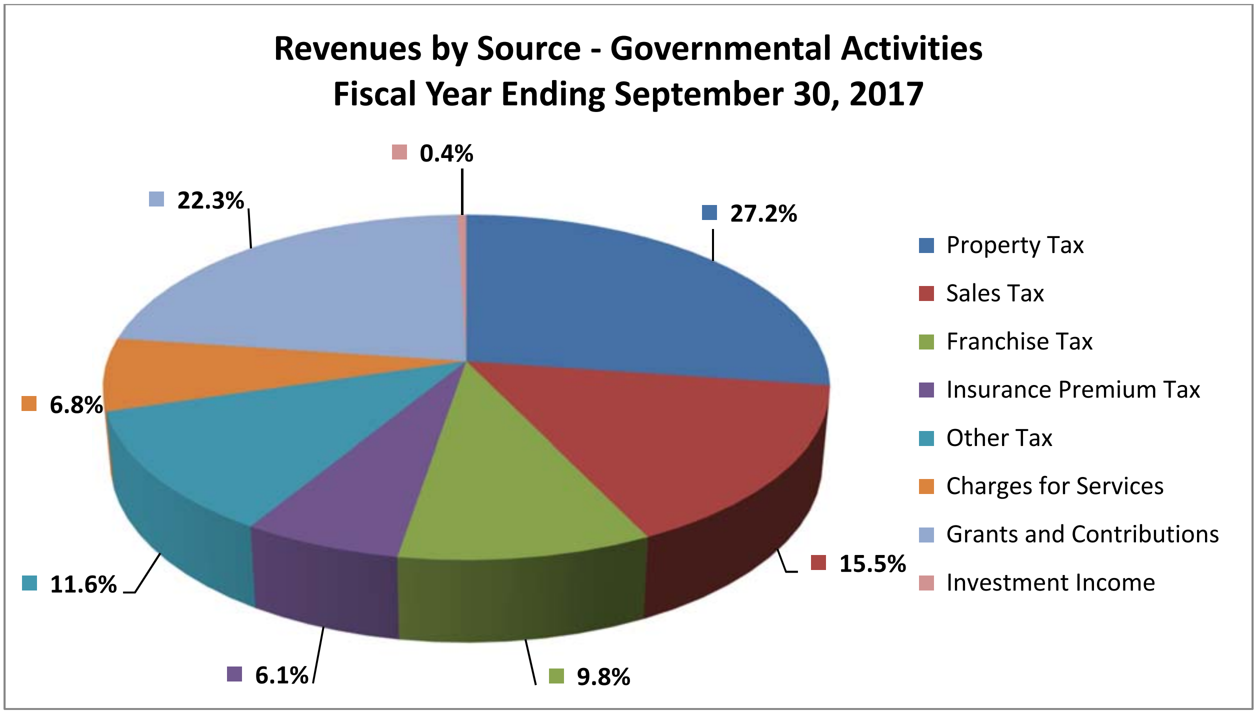
Following is a summary of the City's Statement of Net Position as found on pages 30 and 31 of this report.

	Governmental Activities		Business-Type Activities		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Current assets	$ 6,930,467	$ 6,679,581	$ 4,740,048	$ 3,948,071	$ 11,670,515	$ 10,627,652
Capital assets	5,472,664	5,562,810	40,301,605	37,880,485	45,774,269	43,443,295
Total assets	12,403,131	12,242,391	45,041,653	41,828,556	57,444,784	54,070,947
Deferred outflows of resources	262,554	281,346	3,599,773	3,753,818	3,862,327	4,035,164
Current liabilities	144,123	168,464	1,991,569	1,325,784	2,135,692	1,494,248
Noncurrent liabilities	527,380	675,455	32,082,885	32,314,490	32,610,265	32,989,945
Total liabilities	671,503	843,919	34,074,454	33,640,274	34,745,957	34,484,193
Deferred inflows of resources	1,309,115	1,275,806	182,758	91,799	1,491,873	1,367,605
Net investment in capital assets	5,472,664	5,562,810	11,231,363	9,615,293	16,704,027	15,178,103
Restricted	566,808	860,756	92,082	87,122	658,890	947,878
Unrestricted	4,645,595	3,980,446	3,060,769	2,147,886	7,706,364	6,128,332
Total net position	$ 10,685,067	$ 10,404,012	$ 14,384,214	$ 11,850,301	$ 25,069,281	$ 22,254,313

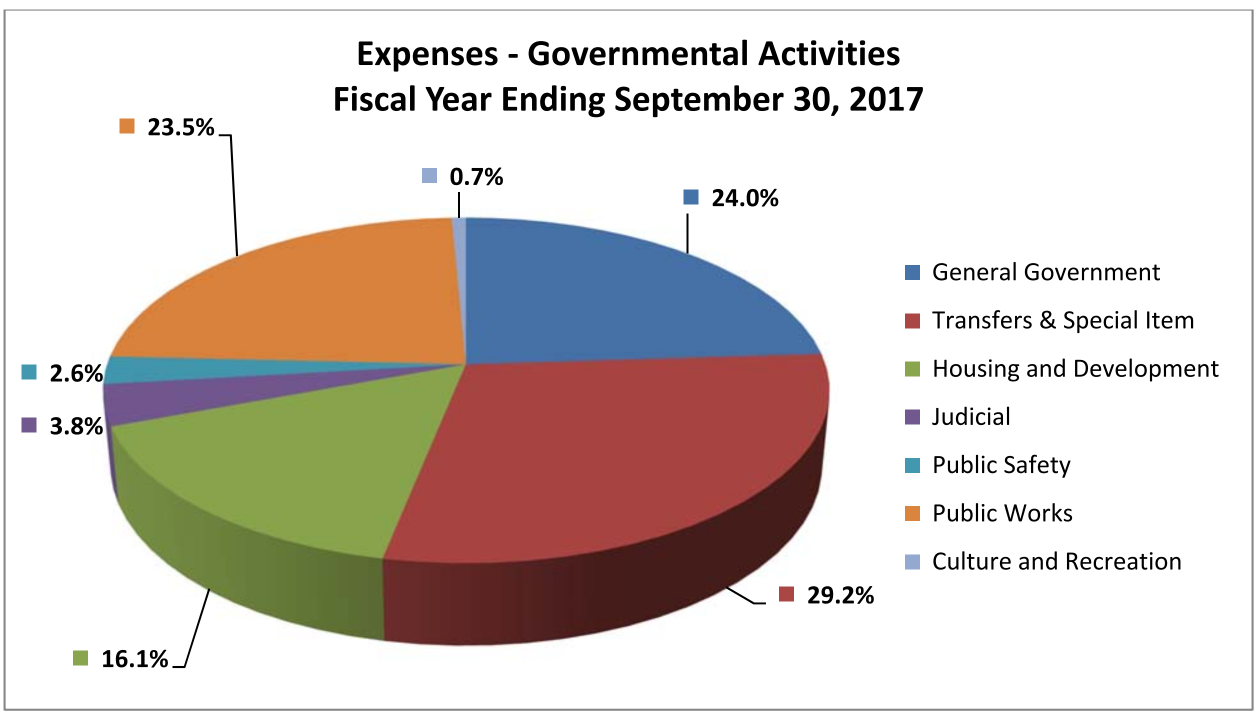
Following is a summary of the City's Statement of Activities as found on page 32 of this report.

	Governmental Activities		Business-Type Activities		Total	
Revenues	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Program revenues:						
Charges for services	$ 361,629	$ 298,940	$ 7,081,123	$ 5,547,208	$ 7,442,752	$ 5,846,148
Operating grants and contributions	23,739	22,739	0	0	23,739	22,739
Capital grants and contributions	1,164,541	513,564	0	0	1,164,541	513,564
General revenues:						
Property taxes	1,446,401	1,228,757	0	0	1,446,401	1,228,757
Sales taxes	826,802	784,700	0	0	826,802	784,700
Other taxes	1,464,902	1,413,996	0	0	1,464,902	1,413,996
Interest and investment earnings	23,278	15,280	13,746	8,991	37,024	24,271
Miscellaneous revenue	15,419	21,763	20,930	25,555	36,349	47,318
Total revenues	5,326,711	4,299,739	7,115,799	5,581,754	12,442,510	9,881,493
Expenses						
General government	1,211,344	1,179,559	0	0	1,211,344	1,179,559
Judicial	193,749	186,557	0	0	193,749	186,557
Public Safety	129,907	48,686	0	0	129,907	48,686
Public Works	1,187,875	1,448,891	0	0	1,187,875	1,448,891
Culture and Recreation	36,520	45,466	0	0	36,520	45,466
Housing and Development	814,697	642,001	0	0	814,697	642,001
Water and Sewage	0	0	5,236,533	5,129,529	5,236,533	5,129,529
Solid Waste	0	0	816,917	753,964	816,917	753,964
Total expenses	3,574,092	3,551,160	6,053,450	5,883,493	9,627,542	9,434,653
Increase (decrease) in net position before transfers and special item	1,752,619	748,579	1,062,349	(301,739)	2,814,968	446,840
Transfers and special item	(1,471,564)	(301,973)	1,471,564	205,779	0	(96,194)
Increase (decrease) in net position	281,055	446,606	2,533,913	(95,960)	2,814,968	350,646
Net position - beginning (original)	10,404,012	9,957,406	11,850,301	11,946,261	22,254,313	21,903,667
Prior period adjustments	0	0	0	0	-	-
Net position - beginning (restated)	10,404,012	9,957,406	11,850,301	11,946,261	22,254,313	21,903,667
Net position - ending	$ 10,685,067	$ 10,404,012	$ 14,384,214	$ 11,850,301	$ 25,069,281	$ 22,254,313

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



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



Financial Analysis of the City's Funds

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

As of the close of the year, the City's governmental funds reported a combined ending fund balance of $5,653,385, with $77,552 reported as nonspendable, $566,808 reported as restricted, $2,422,940 reported as assigned, and the remaining amount of $2,586,085 reported as unassigned.

The General Fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $2,586,085. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures for fiscal year 2017. Unassigned fund balance represents 83.4% of total General Fund expenditures. The net change in the General Fund's fund balance for the year ended September 30, 2017 was a slight increase of $37,306. The stability is largely due to planned spending of unassigned fund balance in fiscal year 2018 for capital projects. The assignment to subsequent year's budget as of September 30, 2017, is $771,597.

The Grants Capital Projects Fund is used to account for the collection and expending of grant proceeds for identified capital projects. Fund balance increased by $844,673 from $276,874 and is assigned or restricted for capital projects. The large increase is due to amounts received from Georgia Department of Transportation for road and streetscape improvement projects.

The 2014 SPLOST Fund is required by Georgia State law to account for the collection and expending of proceeds of a one percent Special Purpose Local Option Sales Tax. Of this one percent sales tax the City of Dahlonega receives 15.87%. The 2014 SPLOST fund generated revenues of $524,795 and the fund balance at September 30, 2017 was $0 as the City is transferring 2014 SPLOST fund balance to reimburse the Water and Sewage Fund for improvements at the Wastewater Treatment Plant.

Enterprise Funds
The Enterprise Funds are comprised of the Water and Sewage Fund and the Solid Waste Fund. The net change in the total Enterprise Funds' net position balance for the year ended September 30, 2017 was an increase before transfers of $1,062,349 and after transfers an increase of $2,533,913. The total net position for the Enterprise Funds at the beginning of the fiscal year was $11,850,301 and net position at the end of the fiscal year was $14,384,214.

Budgetary Highlights

The City revised the General Fund Budget at various times through the end of the fiscal year to reflect changes in estimated revenues and expenditures. Total amendments to the General Fund Budget increased revenues and other financing sources by approximately $40,000 and increased expenditures and other financing uses by approximately $271,850. The final budget reflected an anticipated $707,978 use of prior fund balance with actual fund balance increasing by $37,306.

Capital Asset and Long-Term Debt Activity

At September 30, 2017, the City reported $45,774,269 in capital assets net of accumulated depreciation. This is an increase of $2,330,974 or 5.4% over fiscal year 2016.

Additional information on the City's capital assets can be found in Note 8 in the Notes to the Financial Statements beginning on page 63 of this report.

At September 30, 2017, the City reported long-term debt of $32,291,972 net of unamortized bond discounts. This is a decrease of $28,667 or .09% under fiscal year 2016. Additional information about the City's long-term debt activity can be found in Note 9 in the Notes to the Financial Statements beginning on page 64.

In conclusion, the City of Dahlonega finished the year with an increase in total net position. Fiscal management has been sound while providing the services that the citizens expect and deserve.

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

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

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

CITY OF DAHLONEGA, GEORGIA

STATEMENT OF NET POSITION

September 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	$ 5,450,027	$ 2,231,255	$ 7,681,282	$ 142,417
Restricted assets				
Cash and cash equivalents	5,264	364,864	370,128	2,397
Receivables (net)				
Accounts	10,837	956,221	967,058	306
Taxes	1,327,979	0	1,327,979	0
Fines	47,336	0	47,336	0
Intergovernmental	95,889	715,885	811,774	0
Inventory	19,625	133,787	153,412	0
Prepaid items	57,927	253,619	311,546	9,870
Internal balances	(84,417)	84,417	0	0
Total current assets	6,930,467	4,740,048	11,670,515	154,990
Noncurrent assets				
Capital assets				
Non-depreciable	2,353,972	7,447,631	9,801,603	0
Depreciable (net)	3,118,692	32,853,974	35,972,666	0
Total noncurrent assets	5,472,664	40,301,605	45,774,269	0
Total assets	12,403,131	45,041,653	57,444,784	154,990
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement date	130,141	136,459	266,600	12,305
Pension investment return differences	85,100	98,486	183,586	8,592
Pension experience differences	47,313	54,755	102,068	4,777
Deferred charges on refunding	0	3,310,073	3,310,073	0
Total deferred outflows of resources	262,554	3,599,773	3,862,327	25,674
LIABILITIES				
Current liabilities				
Payables				
Accounts	61,065	717,378	778,443	1,005
Intergovernmental	5,025	4,011	9,036	423
Deposits	0	0	0	400
Interest	0	13,662	13,662	0
Retainages	0	88,343	88,343	0
Accrued payroll liabilities	45,558	37,987	83,545	3,282
Compensated absences	32,475	77,696	110,171	448
Notes payable	0	139,710	139,710	0
Liabilities payable from restricted assets				
Interest payable	0	81,618	81,618	0
Customer deposits payable	0	191,164	191,164	0
Revenue bonds payable	0	640,000	640,000	0
Total current liabilities	144,123	1,991,569	2,135,692	5,558

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA

STATEMENT OF NET POSITION

September 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Noncurrent liabilities				
Net pension liability	$ 518,747	$ 549,970	$ 1,068,717	$ 50,935
Compensated absences	8,633	20,653	29,286	119
Notes payable	0	5,892,273	5,892,273	0
Revenue bonds payable	0	25,619,989	25,619,989	0
Total noncurrent liabilities	527,380	32,082,885	32,610,265	51,054
Total liabilities	671,503	34,074,454	34,745,957	56,612
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	1,140,938	0	1,140,938	0
Pension assumption changes	8,122	7,900	16,022	789
Pension investment return differences	89,478	97,638	187,116	8,361
Pension experience differences	70,577	77,220	147,797	6,588
Total deferred inflows of resources	1,309,115	182,758	1,491,873	15,738
NET POSITION				
Net investment in capital assets	5,472,664	11,231,363	16,704,027	0
Restricted for:				
Service awards for citizens	5,264	0	5,264	0
Dahlonega 2000 operations	0	0	0	2,397
Capital outlay	561,544	0	561,544	0
Debt service	0	92,082	92,082	0
Unrestricted	4,645,595	3,060,769	7,706,364	105,917
Total net position	$ 10,685,067	$ 14,384,214	$ 25,069,281	$ 108,314

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2017

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
FUNCTIONS/PROGRAMS					
Primary government					
Governmental activities					
General Government	$ 1,211,344	$ 122,775	$ 4,000	$ 0	$ (1,084,569)
Judicial	193,749	149,322	0	0	(44,427)
Public Safety	129,907	0	0	0	(129,907)
Public Works	1,187,875	54,600	19,739	1,164,541	51,005
Culture and Recreation	36,520	0	0	0	(36,520)
Housing and Development	814,697	34,932	0	0	(779,765)
Total governmental activities	3,574,092	361,629	23,739	1,164,541	(2,024,183)
Business-type activities					
Water and Sewage	5,236,533	6,186,150	0	0	949,617
Solid Waste	816,917	894,973	0	0	78,056
Total business-type activities	6,053,450	7,081,123	0	0	1,027,673
Total primary government	9,627,542	7,442,752	23,739	1,164,541	(996,510)
Component Unit					
Downtown Development Authority					
Housing and Development	283,513	0	33,000	0	(250,513)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Change in net position				
Net (expense) revenue	$ (2,024,183)	$ 1,027,673	$ (996,510)	$ (250,513)
General revenues				
Taxes				
Property	1,446,401	0	1,446,401	0
Sales	826,802	0	826,802	0
Franchise	521,189	0	521,189	0
Insurance premium	327,175	0	327,175	0
Intangibles	19,613	0	19,613	0
Alcoholic beverage	213,415	0	213,415	0
Occupational	114,773	0	114,773	0
Hotel/Motel	260,125	0	260,125	0
Other	8,612	0	8,612	0
Payments from City of Dahlonega	0	0	0	325,264
Investment income (loss)	23,278	13,746	37,024	227
Miscellaneous	15,419	20,930	36,349	1,996
Transfers	(1,471,564)	1,471,564	0	0
Total general revenues and transfers	2,305,238	1,506,240	3,811,478	327,487
Change in net position	281,055	2,533,913	2,814,968	76,974
Net position - beginning	10,404,012	11,850,301	22,254,313	31,340
Net position - ending	$ 10,685,067	$ 14,384,214	$ 25,069,281	$ 108,314

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017

	General	Grants	2014 SPLOST	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	$ 3,936,806	$ 1,121,753	$ 50,013	$ 341,455	$ 5,450,027
Restricted cash and cash equivalents	5,264	0	0	0	5,264
Receivables (net)					
Accounts	10,837	0	0	0	10,837
Taxes	1,299,017	0	0	28,962	1,327,979
Fines	47,336	0	0	0	47,336
Intergovernmental	1,625	0	94,264	0	95,889
Due from other funds	59,384	476	0	0	59,860
Inventory	19,625	0	0	0	19,625
Prepaid items	57,927	0	0	0	57,927
Total assets	$ 5,437,821	$ 1,122,229	$ 144,277	$ 370,417	$ 7,074,744
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Payables					
Accounts	$ 31,306	$ 682	$ 0	$ 29,077	$ 61,065
Intergovernmental	5,025	0	0	0	5,025
Accrued salaries and payroll expenses	45,558	0	0	0	45,558
Due to other funds	0	0	144,277	0	144,277
Total liabilities	81,889	682	144,277	29,077	255,925
Deferred inflows of resources					
Unavailable revenue - property taxes	1,165,434	0	0	0	1,165,434
Fund balances					
Nonspendable:					
Inventory	19,625	0	0	0	19,625
Prepaid items	57,927	0	0	0	57,927
Restricted for:					
Service awards for citizens	5,264	0	0	0	5,264
Capital outlay	0	561,544	0	0	561,544
Assigned to:					
Capital outlay	100,000	560,003	0	341,340	1,001,343
City Hall construction	650,000	0	0	0	650,000
Subsequent year's budget	771,597	0	0	0	771,597
Unassigned	2,586,085	0	0	0	2,586,085
Total fund balances	4,190,498	1,121,547	0	341,340	5,653,385
Total liabilities, deferred inflows of resources, and fund balances	$ 5,437,821	$ 1,122,229	$ 144,277	$ 370,417	$ 7,074,744

CITY OF DAHLONEGA, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2017

Total fund balance - total governmental funds		$ 5,653,385
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets of $9,006,409, net of accumulated depreciation of ($3,533,745), are not financial resources and, therefore, are not reported in the funds.		5,472,664
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the funds. These include unavailable property taxes of $24,496.		24,496
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. These are:		
Deferred outflows of resources:		
Pension contributions subsequent to measurement date	$ 130,141	
Pension investment return differences	85,100	
Pension experience differences	47,313	
Deferred inflows of resources:		
Pension assumption changes	(8,122)	
Pension investment return differences	(89,478)	
Pension experience differences	(70,577)	94,377
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are compensated absences of ($41,108) and net pension liability of ($518,747).		(559,855)
Net position of governmental activities		$ 10,685,067

CITY OF DAHLONEGA, GEORGIA

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

For the fiscal year ended September 30, 2017

	General	Grants	2014 SPLOST	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	$ 3,478,987	$ 0	$ 0	$ 260,125	$ 3,739,112
Licenses and permits	158,057	0	0	0	158,057
Fines, fees and forfeitures	149,322	0	0	0	149,322
Charges for services	54,250	0	0	0	54,250
Intergovernmental	23,739	638,494	524,795	0	1,187,028
Interest	23,278	0	1,254	0	24,532
Other	15,416	0	0	0	15,416
Total revenues	3,903,049	638,494	526,049	260,125	5,327,717
EXPENDITURES					
Current					
General Government	1,186,994	0	0	418	1,187,412
Judicial	195,918	0	0	0	195,918
Public Safety	129,907	0	0	0	129,907
Public Works	1,006,265	0	0	102,561	1,108,826
Culture and Recreation	16,244	0	0	0	16,244
Housing and Development	564,287	0	0	260,125	824,412
Capital outlay	0	76,949	0	0	76,949
Total expenditures	3,099,615	76,949	0	363,104	3,539,668
Excess (deficiency) of revenues over (under) expenditures	803,434	561,545	526,049	(102,979)	1,788,049
Other financing sources (uses)					
Transfers in	0	283,128	0	393,000	676,128
Transfers out	(766,128)	0	(1,381,564)	0	(2,147,692)
Total other financing sources (uses)	(766,128)	283,128	(1,381,564)	393,000	(1,471,564)
Net change in fund balances	37,306	844,673	(855,515)	290,021	316,485
Fund balances, October 1	4,153,192	276,874	855,515	51,319	5,336,900
Fund balances, September 30	$ 4,190,498	$ 1,121,547	$ 0	$ 341,340	$ 5,653,385

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA

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

For the fiscal year ended September 30, 2017

Net change in fund balances - total governmental funds	$	316,485
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $206,257 exceed depreciation of ($295,635) in the current period.		(89,378)
In the statement of activities, the gain/loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources. This is the amount by which the cost of disposed assets ($21,474) exceeded related accumulated depreciation $20,706.		(768)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable revenue.		(1,006)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This the amount by which pension contributions of $124,338 exceed the cost of benefits earned net of employee contributions of ($75,480).		48,858
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net change in compensated absences.		6,864
Change in net position of governmental activities	$	281,055

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET (GAAP) AND ACTUAL
For the fiscal year ended September 30, 2017

	Budget			Variance with Final
	Original	Final	Actual	Budget
REVENUES				
Taxes	$ 3,303,394	$ 3,334,394	$ 3,478,987	$ 144,593
Licenses and permits	137,500	149,500	158,057	8,557
Fines, fees and forfeitures	170,000	171,000	149,322	(21,678)
Charges for services	61,000	53,000	54,250	1,250
Intergovernmental	18,600	22,600	23,739	1,139
Interest	10,000	10,000	23,278	13,278
Other	11,600	11,600	15,416	3,816
Total revenues	3,712,094	3,752,094	3,903,049	150,955
EXPENDITURES				
Current				
General Government				
Legislative	195,694	194,079	160,785	33,294
Executive	237,044	223,050	203,011	20,039
Elections	15,450	15,450	0	15,450
General Administration	813,707	906,316	823,198	83,118
Judicial				
Municipal Court	203,299	203,299	195,918	7,381
Public Safety				
Law Enforcement	202,400	252,400	129,907	122,493
Public Works				
Street Construction	923,831	949,681	868,152	81,529
Shop Department	92,031	92,031	88,574	3,457
Cemetery	53,848	61,748	49,539	12,209
Culture and Recreation				
Parks	42,170	39,170	16,244	22,926
Housing and Development				
Building Inspections	242,356	272,976	239,023	33,953
Downtown Development Authority	325,264	325,264	325,264	0
Total expenditures	3,347,094	3,535,464	3,099,615	435,849
Excess (deficiency) of revenues over (under) expenditures	365,000	216,630	803,434	586,804
Other financing sources (uses)				
Transfers out	(641,128)	(766,128)	(766,128)	0
Contingency	(200,000)	(158,480)	0	158,480
Total other financing sources (uses)	(841,128)	(924,608)	(766,128)	158,480
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(476,128)	(707,978)	37,306	745,284
Fund balances, October 1	476,128	707,978	4,153,192	3,445,214
Fund balances, September 30	$ 0	$ 0	$ 4,190,498	$ 4,190,498

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2017

	Water and Sewage	Solid Waste	Totals
ASSETS			
Current assets			
Cash and cash equivalents	$ 2,095,127	$ 136,128	$ 2,231,255
Restricted assets			
Cash and cash equivalents	364,864	0	364,864
Receivables (net)			
Accounts	823,239	132,982	956,221
Intergovernmental	715,885	0	715,885
Due from other funds	150,249	0	150,249
Inventory	133,787	0	133,787
Prepaid items	230,256	23,363	253,619
Total current assets	4,513,407	292,473	4,805,880
Noncurrent assets			
Capital assets			
Non-depreciable	7,447,631	0	7,447,631
Depreciable (net)	32,453,836	400,138	32,853,974
Total noncurrent assets	39,901,467	400,138	40,301,605
Total assets	44,414,874	692,611	45,107,485
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	102,074	34,385	136,459
Pension investment return differences	73,066	25,420	98,486
Pension experience differences	40,623	14,132	54,755
Deferred charges on refunding	3,310,073	0	3,310,073
Total deferred outflows of resources	3,525,836	73,937	3,599,773
LIABILITIES			
Current liabilities			
Payables			
Accounts	706,438	10,940	717,378
Intergovernmental	4,011	0	4,011
Interest	13,662	0	13,662
Retainages	88,343	0	88,343
Accrued salaries and payroll expenses	26,887	11,100	37,987
Compensated absences	61,447	16,249	77,696
Due to other funds	0	65,832	65,832
Notes payable	139,710	0	139,710
Liabilities payable from restricted assets:			
Interest payable	81,618	0	81,618
Customer deposits payable	191,164	0	191,164
Revenue bonds payable	640,000	0	640,000
Total current liabilities	1,953,280	104,121	2,057,401
Noncurrent liabilities			
Net pension liability	412,782	137,188	549,970
Compensated absences	16,334	4,319	20,653
Notes payable	5,892,273	0	5,892,273
Revenue bonds payable	25,619,989	0	25,619,989
Total noncurrent liabilities	31,941,378	141,507	32,082,885
Total liabilities	33,894,658	245,628	34,140,286

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2017

	Water and Sewage	Solid Waste	Totals
DEFERRED INFLOWS OF RESOURCES			
Pension assumption changes	$ 6,018	$ 1,882	$ 7,900
Pension investment return differences	72,408	25,230	97,638
Pension experience differences	57,231	19,989	77,220
Total deferred inflows of resources	135,657	47,101	182,758
NET POSITION			
Net investment in capital assets	10,831,225	400,138	11,231,363
Restricted for debt service	92,082	0	92,082
Unrestricted	2,987,088	73,681	3,060,769
Total net position	$ 13,910,395	$ 473,819	$ 14,384,214

CITY OF DAHLONEGA, GEORGIA

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

For the fiscal year ended September 30, 2017

	Water and Sewage	Solid Waste	Totals
OPERATING REVENUES			
Charges for sales and services	$ 6,186,150	$ 894,973	$ 7,081,123
Other	19,058	1,872	20,930
Total operating revenues	6,205,208	896,845	7,102,053
OPERATING EXPENSES			
Costs of sales and services	1,163,265	269,822	1,433,087
Personal services	1,160,073	467,919	1,627,992
Depreciation	1,642,751	79,176	1,721,927
Total operating expenses	3,966,089	816,917	4,783,006
Operating income (loss)	2,239,119	79,928	2,319,047
Non-operating revenues (expenses)			
Interest revenue	13,535	211	13,746
Interest expense	(1,267,696)	0	(1,267,696)
Gain (loss) on sale of capital assets	(2,748)	0	(2,748)
Total non-operating revenues (expenses)	(1,256,909)	211	(1,256,698)
Income (loss) before capital contributions and transfers	982,210	80,139	1,062,349
Transfers in (out)			
Transfers in	1,471,564	0	1,471,564
Change in net position	2,453,774	80,139	2,533,913
Net position -beginning	11,456,621	393,680	11,850,301
Net position - ending	$ 13,910,395	$ 473,819	$ 14,384,214

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2017

	Water and Sewage	Solid Waste	Totals
Cash flows from operating activities:			
Receipts from customers	$ 5,703,400	$ 881,260	$ 6,584,660
Payments to suppliers	(538,774)	(268,910)	(807,684)
Payments to employees	(1,202,945)	(479,972)	(1,682,917)
Other receipts	19,058	1,872	20,930
Net cash provided (used) by operating activities	3,980,739	134,250	4,114,989
Cash flows from non-capital financing activities:			
Receipts from other funds	90,000	1,126	91,126
Payments to other funds	(123,263)	(16,398)	(139,661)
Net cash provided (used) by non-capital financing activities	(33,263)	(15,272)	(48,535)
Cash flows from capital and related financing activities:			
Receipts from other funds	1,381,564	0	1,381,564
Payments for acquisitions of capital assets	(4,031,074)	(26,378)	(4,057,452)
Proceeds from debt issuance - notes payable	377,866	0	377,866
Principal payments - revenue bonds	(620,000)	0	(620,000)
Principal payments - promissory notes	(123,613)	0	(123,613)
Interest paid	(1,171,124)	0	(1,171,124)
Net cash provided (used) by capital and related financing activities	(4,186,381)	(26,378)	(4,212,759)
Cash flows from investing activities:			
Interest received	13,535	211	13,746
Net increase (decrease) in cash and cash equivalents	(225,370)	92,811	(132,559)
Cash and cash equivalents, October 1	2,685,361	43,317	2,728,678
Cash and cash equivalents, September 30	$ 2,459,991	$ 136,128	$ 2,596,119

See accompanying notes to the financial statements.

CITY OF DAHLONEGA, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2017

	Water and Sewage	Solid Waste	Totals
Reconciliation of operating income (loss) to net cash cash provided (used) by operating activities:			
Operating income (loss)	$ 2,239,119	$ 79,928	$ 2,319,047
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	1,642,751	79,176	1,721,927
(Increase) decrease in accounts receivables	(54,580)	(13,713)	(68,293)
(Increase) decrease in intergovernmental receivables	(350,605)	0	(350,605)
(Increase) decrease in inventory	(3,585)	0	(3,585)
(Increase) decrease in prepaid items	12,142	(4,168)	7,974
(Increase) decrease in pension contributions subsequent to measurement date	(21,644)	(7,887)	(29,531)
(Increase) decrease in pension investment return differences	24,104	8,784	32,888
(Increase) decrease in pension experience differences	13,401	4,884	18,285
Increase (decrease) in accounts payable	616,439	5,080	621,519
Increase (decrease) in intergovernmental payable	(505)	0	(505)
Increase (decrease) in payroll liabilities	(1,633)	2,974	1,341
Increase (decrease) in net pension liability	(123,765)	(45,102)	(168,867)
Increase (decrease) in pension assumption changes	(3,163)	(1,153)	(4,316)
Increase (decrease) in pension investment return differences	38,248	13,938	52,186
Increase (decrease) in pension experience differences	31,580	11,509	43,089
Increase (decrease) in deposits payable	7,435	0	7,435
Increase (decrease) in unearned revenue	(85,000)	0	(85,000)
Total adjustments	1,741,620	54,322	1,795,942
Net cash provided (used) by operating activities	$ 3,980,739	$ 134,250	$ 4,114,989
Cash and cash equivalents reconciliation:			
Cash and cash equivalents	$ 2,095,127	$ 136,128	$ 2,231,255
Restricted assets			
Cash and cash equivalents	364,864	0	364,864
Total cash and cash equivalents	$ 2,459,991	$ 136,128	$ 2,596,119

Noncash capital and related financing activities:

Acquisition of capital assets through retainages payable in the amount of $88,343.

Proceeds from issuance of notes payable through intergovernmental receivables in the amount of $365,280.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF GOVERNMENT UNIT

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

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

B. Reporting Entity

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity, continued

City of Dahlonega Downtown Development Authority

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

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

C. Basis of Presentation – Government-wide Financial Statements

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following major governmental funds:

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

Grants Capital Projects Fund - This fund is used to account for long-term road improvement projects financed by Federal and State grants, along with contributions from the City. The City changed the name of this fund from Streetscape Capital Projects Fund during fiscal year 2017.

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

The City reports the following major proprietary funds:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements, continued

Governmental Fund Types

Additionally, the City reports the following fund types:

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation – Fund Financial Statements, continued

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

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

Component Unit

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

E. Measurement Focus and Basis of Accounting

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting, continued

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

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

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

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Revenues and Expenditures/Expenses

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

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

G. Budgets and Budgetary Accounting

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting, continued

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

The legal level of budgetary control is the departmental level. Any increases in total appropriations of a department require approval and amendment of the budget by the City Council. Except as indicated on the major fund budgetary comparison statement, budget amounts included in this report are as amended as of September 30, 2017.

H. Cash and Investments

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

I. Intergovernmental Receivables

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

J. Inventories

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2017 are recorded as prepaid items. Prepaid items in the governmental funds are recorded as expenditures when consumed.

L. Capital Assets

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets, continued

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

	Useful Life in Years	Capitalization Threshold
Buildings	50	$ 5,000
Distribution systems	40	$ 5,000
Infrastructure	30	$ 5,000
Building improvements	20	$ 5,000
Machinery and equipment	10	$ 5,000
Vehicles	2-15	$ 5,000
Furniture and fixtures	3-15	$ 5,000
Land improvements	15	$ 5,000

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

M. Deferred Outflows/Inflows of Resources

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources, continued

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

N. Net Position Flow Assumption

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

O. Fund Balance Flow Assumption

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Restricted Assets and Restricted Net Position

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

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

Q. Fund Balances of Governmental Funds

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balances of Governmental Funds, continued

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balances of Governmental Funds, continued

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

- Distribution of surplus from other related funds as delineated under "Surplus" category.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Compensation for Future Absences

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

S. Long-Term Obligations

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

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

T. Capital Contributions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain 2016 amounts have been reclassified to conform with the 2017 presentation.

3. DEPOSIT AND INVESTMENT RISK

Custodial Credit Risk – Deposits

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

Investment Policies

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

Credit Risk

At September 30, 2017, the City has no credit risks.

Interest Rate Risk

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

Concentration of Credit Risk

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

3. DEPOSIT AND INVESTMENT RISK (CONTINUED)

Foreign currency risk

The City has no investments denominated in a foreign currency.

4. ACCOUNTS RECEIVABLE

Net accounts receivable at September 30, 2017 consist of the following:

Major Funds	
General Fund	$ 10,837
Enterprise Funds	
Water and Sewage	901,489
Less: Allowances for Uncollectibles	(78,250)
Solid Waste	146,246
Less: Allowances for Uncollectibles	(13,264)
Total Primary Government	$ 967,058

5. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at September 30, 2017 consist of the following:

Major Funds	
General Fund	
Dahlonega Housing Authority	$ 1,202
Dahlonega Downtown Development Authority	423
2014 SPLOST	
Lumpkin County Board of Commissioners	94,264
Water and Sewage	
University of North Georgia	260,000
Lumpkin County Board of Commissioners	90,605
Georgia Environmental Finance Authority	365,280
Total Primary Government	$ 811,774

6. PROPERTY TAXES

Property tax rates are set by the City Council each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for digest year 2016, based upon the assessments of January 1, 2016, were levied on September 20, 2016, billed on October 5, 2016, and due on December 5, 2016. Taxes were delinquent and subject to liens on December 6, 2016.

Property taxes for digest year 2017, based upon the assessments of January 1, 2017, were levied on August 17, 2017, billed on September 15, 2017, and due on November 15, 2017. Taxes were delinquent and subject to liens on November 16, 2017. The property taxes for digest year 2017 are for the 2018 budget and unavailable for fiscal year 2017.

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of interfund receivables and payables as of September 30, 2017 is as follows:

Due To:	Due From:	Amount
General	Solid Waste	$ 59,384
Grants	Solid Waste	476
Water and Sewage	2014 SPLOST	144,277
	Solid Waste	5,972
		$ 210,109

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

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

A summary of interfund transfers as of September 30, 2017 is as follows:

	Transfers out:		
	Major Funds		
	General	2014 SPLOST	Total
Transfers in:			
Major Funds			
Water and Sewage	$ 90,000	$ 1,381,564	$ 1,471,564
Grants	283,128	0	283,128
Nonmajor Funds			
General Government Capital Projects	393,000	0	393,000
Total	$ 766,128	$ 1,381,564	$ 2,147,692

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

8. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended September 30, 2017 was as follows:

	Balance 9/30/2016	Increases	Decreases	Balance 9/30/2017
Governmental activities				
Non-depreciable assets				
Land	$ 2,302,855	$ 0	$ 0	$ 2,302,855
Construction in progress	0	51,117	0	51,117
Total non-depreciable assets	2,302,855	51,117	0	2,353,972
Depreciable assets				
Buildings and improvements	2,035,818	6,660	0	2,042,478
Equipment	1,042,346	118,431	(21,474)	1,139,303
Infrastructure	3,440,607	30,049	0	3,470,656
Total depreciable assets	6,518,771	155,140	(21,474)	6,652,437
Accumulated depreciation				
Buildings and improvements	(1,184,840)	(60,142)	0	(1,244,982)
Equipment	(716,049)	(81,700)	20,706	(777,043)
Infrastructure	(1,357,927)	(153,793)	0	(1,511,720)
Total accumulated depreciation	(3,258,816)	(295,635)	20,706	(3,533,745)
Total depreciable assets, net	3,259,955	(140,495)	(768)	3,118,692
Governmental activities capital assets, net	$ 5,562,810	$ (89,378)	$ (768)	$ 5,472,664
Business-type activities				
Non-depreciable assets				
Land	$ 3,333,139	$ 0	$ 0	$ 3,333,139
Construction in progress	418,489	3,881,804	(185,801)	4,114,492
Total Non-depreciable assets	3,751,628	3,881,804	(185,801)	7,447,631
Depreciable assets				
Buildings	22,508,653	0	0	22,508,653
Improvements	3,850,662	0	0	3,850,662
Equipment and vehicles	5,773,585	263,991	(210,101)	5,827,475
Water and sewer infrastructure	21,284,736	185,801	0	21,470,537
Total depreciable assets	53,417,636	449,792	(210,101)	53,657,327
Accumulated depreciation				
Buildings	(5,273,714)	(741,759)	0	(6,015,473)
Improvements	(1,854,499)	(101,058)	0	(1,955,557)
Equipment and vehicles	(4,275,165)	(249,321)	207,353	(4,317,133)
Water and sewer infrastructure	(7,885,401)	(629,789)	0	(8,515,190)
Total accumulated depreciation	(19,288,779)	(1,721,927)	207,353	(20,803,353)
Total depreciable assets, net	34,128,857	(1,272,135)	(2,748)	32,853,974
Business-type activities capital assets, net	$ 37,880,485	$ 2,609,669	$ (188,549)	$ 40,301,605

Decreases in construction in progress for business-type activities consist of projects placed in service in the amount of $185,801.

8. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Primary Government	
Governmental activities	
General Government	$ 49,710
Public Works	220,712
Culture and Recreation	20,276
Housing and Development	4,937
Total depreciation expense for governmental activities	$ 295,635
Business-type activities	
Water and Sewage	$ 1,642,751
Solid Waste	79,176
Total depreciation expense for business-type activities	$ 1,721,927

9. LONG-TERM DEBT

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

Revenue Bonds

Revenue bonds have been issued for business-type activities and are comprised of the following individual issues at September 30, 2017:

- $26,865,000 – Series 2015 Revenue Refunding Bonds - In 2015, the City issued refunding revenue bonds in the amount of $26,865,000. The bonds are issued as term bonds with interest rates from 3.62% maturing September 30, 2042. The purpose of the bonds was to refund the 2008 Water and Sewage Revenue Bonds and Water and Sewage notes payable. The bonds are secured by sales tax proceeds and then from the levy of property tax. As of September 30, 2017, the bonds had an outstanding balance of $25,555,000.

9. LONG-TERM DEBT (CONTINUED)

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

Year Ending September 30,	Principal	Interest	Total
2018	$ 640,000	$ 979,418	$ 1,619,418
2019	660,000	960,218	1,620,218
2020	680,000	940,418	1,620,418
2021	700,000	913,218	1,613,218
2022	735,000	885,218	1,620,218
2023-2027	4,175,000	3,923,088	8,098,088
2028-2032	4,900,000	3,191,430	8,091,430
2033-2037	5,860,000	2,234,000	8,094,000
2038-2042	7,205,000	887,000	8,092,000
Totals	$ 25,555,000	$ 14,914,008	$ 40,469,008

Notes Payable

The City has entered into an agreement with the Georgia Environmental Facilities Authority for land and construction of a reservoir, in the original amount of $6,433,843. At September 30, 2017, the balance of this note is $5,288,837. Monthly installments of principal and interest are due through January 1, 2045; interest at 3.00%. The payments for this note payable are currently partially funded through transfers from the General Fund.

The City has entered into an agreement with the Georgia Environmental Facilities Authority for rehabilitating a pump station, in the original amount of $500,000. The amortization commencement date is anticipated to be June 1, 2018. Based on the amortization commencement date, monthly installments of principal and interest are due through April 1, 2028; interest at 0.81%. At September 30, 2017, the balance of this note is $150,308.

9. LONG-TERM DEBT (CONTINUED)

The City has entered into an agreement with the Georgia Environmental Facilities Authority for installing water lines, isolation valves, fire hydrants, and related appurtenances, in the original amount of $1,069,000. The amortization commencement date is anticipated to be June 1, 2018. Based on the amortization commencement date, monthly installments of principal and interest are due through April 1, 2033; interest at 1.15%. At September 30, 2017, the balance of this note is $592,838.

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

Year Ending September 30,	Principal	Interest	Total
2018	$ 139,710	$ 164,413	$ 304,123
2019	182,964	160,813	343,777
2020	187,491	156,286	343,777
2021	192,185	151,592	343,777
2022	196,991	146,786	343,777
2023-2027	1,061,901	656,984	1,718,885
2028-2032	1,132,782	516,036	1,648,818
2033-2037	1,086,182	360,739	1,446,921
2038-2042	1,232,287	189,191	1,421,478
2043-2045	619,490	21,979	641,469
Totals	$ 6,031,983	$ 2,524,819	$ 8,556,802

9. LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt of the City for the year ended September 30, 2017:

	Balance 9/30/2016	Additions	Deductions	Balance 9/30/2017	Due Within One Year
Governmental activities					
Compensated absences	$ 47,972	$ 41,108	$ 47,972	$ 41,108	$ 32,475
Business-type activities					
Notes payable	$ 5,412,450	$ 743,146	$ 123,613	$ 6,031,983	$ 139,710
Revenue Refunding Bonds	26,175,000	0	620,000	25,555,000	640,000
Unamortized bond premium	733,189	0	28,200	704,989	0
Compensated absences	88,700	98,349	88,700	98,349	77,696
Total business-type activities	$ 32,409,339	$ 841,495	$ 860,513	$ 32,390,321	$ 857,406

Revenue bond issue costs and discounts/premiums are amortized over the life of the related debt using the straight-line method. In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund. The total interest incurred and charged to expense for the fiscal year ended September 30, 2017 was $1,267,696 for business-type activities.

10. PENSION PLAN

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

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

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

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

10. PENSION PLAN (CONTINUED)

At January 1, 2017, the date of the most recent actuarial valuation, there were 88 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	30
Terminated vested participants entitled to but not yet receiving benefits	14
Active participants	44
Total number of participants	88

Benefits Provided. The plan provides retirement and death benefits. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 65 with no reduction in benefit. Officials with five years of total service are eligible to retire at age 65 with no reduction of benefits. Members are eligible for early retirement with reduced benefits based on the early retirement reduction table at age 55 after 10 years of service. The benefit formula is 1.80% - 2.25% with a five year vesting schedule.

Contributions. Employees make no contributions to the plan. The City is required to contribute the remaining amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law. This funding policy, as specified by ordinance, has been the same since the inception of the plan. The City's actuarially determined contribution rate for the year ended September 30, 2017 was $255,709, or 16.02% of covered payroll.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At September 30, 2017, the City and Component Unit reported a net pension liability of $1,119,652. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2017. For the fiscal year ended September 30, 2017, the City and Component Unit recognized pension expense of $203,869. In prior years, net pension liabilities have been liquidated in the General Fund, Water and Sewage Enterprise Fund, Solid Waste Enterprise Fund, and the Downtown Development Authority Component Unit.

10. PENSION PLAN (CONTINUED)

At September 30, 2017, the City and Component Unit reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 106,845	$ (154,385)
Changes of assumptions	0	(16,811)
Net difference between projected and actual earnings on pension plan investments	192,178	(195,477)
City contributions subsequent to the measurement date	278,905	0
Totals	$ 577,928	$ (366,673)

The $278,905 of deferred outflows of resources resulting from the City's and Component Unit's contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending September 30	Deferred (Inflows) Outflows of Resources
2018	$ (24,170)
2019	(24,170)
2020	38,997
2021	(58,307)
Totals	$ (67,650)

Actuarial Assumptions. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

10. PENSION PLAN (CONTINUED)

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

The mortality and economic actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Fixed income	25%	5.05%
Cash	0%	
Total	100%	

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

10. PENSION PLAN (CONTINUED)

Changes in Net Pension Liability (Asset)

	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 9/30/2015	$ 6,321,305	$ 4,872,737	$ 1,448,568
Changes for the year:			
Service cost	115,608	0	115,608
Interest	477,750	0	477,750
Differences between expected and actual experience	(134,264)	0	(134,264)
Contributions—employer	0	255,944	(255,944)
Net investment income	0	541,207	(541,207)
Benefit payments, including refunds of employee contributions	(313,569)	(313,569)	0
Administrative expense	0	(9,141)	9,141
Net changes	145,525	474,441	(328,916)
Balances at 9/30/2016	$ 6,466,830	$ 5,347,178	$ 1,119,652

Plan's fiduciary net position as a percentage of the total pension liability	82.69%
Covered payroll	1,596,651
Net pension liability as a percentage of covered payroll	70.13%

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

	Discount Rate	Net Pension Liabilty (Asset)
1% decrease	6.75%	$ 1,950,858
Current discount rate	7.75%	1,119,652
1% increase	8.75%	426,870

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

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

11. DEFERRED COMPENSATION PLANS

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

The City has no fiduciary relationship with the Plans, and Plan assets are not available to the City or its general creditors. The Plan assets are held in trust by the administrators for the exclusive benefit of the participants of the Plans. During fiscal year 2017, plan members made voluntary contributions of $44,203. Beginning January 1, 2014, the City no longer contributes to any of the deferred compensation plans.

12. HOTEL/MOTEL LODGING TAX

The City has levied a 5% lodging tax, in accordance with Official Code of Georgia Annotated (OCGA) Section 48-13-51(3). The City is required to spend an amount equal to the amount by which the total taxes collected under the Code section exceed the taxes which would be collected at a rate of 3 percent for the purpose of promoting tourism, conventions, and trade shows. A summary of the transactions for the year ending September 30, 2017 follows:

Lodging Tax Receipts	$260,125	
Disbursements to the Dahlonega – Lumpkin County Chamber of Commerce	$260,125	100% of tax receipts

13. JOINT VENTURES

Under Georgia law, the City, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Commission (GMRC) and is required to pay annual dues thereto. During its fiscal year ended September 30, 2017, the City paid $6,986 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Separate financial statements may be obtained from Georgia Mountains Regional Commission, PO Box 1720, Gainesville, GA 30503.

On March 6, 1998, the City of Dahlonega, Georgia (City), Lumpkin County (County) and the Lumpkin County Water and Sewage Authority (Authority) formed a joint authority to construct a reservoir. The City and County have signed an agreement to each own 54% and 46% undivided interest in the reservoir assets, respectively. The responsibility of constructing the reservoir and liability for the debt was divided between the City (47.59%), the County (52.41%) and the Authority (0%). A Georgia Environmental Facilities Authority note for which the City and County will be responsible for based on the preceding debt percentages originally funded the project. The City has been paying principal and interest payments based on their percentage of 47.59% during fiscal year 2017. Separate financial statements are not issued for this joint venture.

14. RELATED ORGANIZATIONS

The Housing Authority of the City of Dahlonega is considered a related organization to the City of Dahlonega. The City appoints members to the Authority, but does not have the ability to impose its will or create a financial benefit or burden for the Authority. The Authority provides low-income housing for the individuals in the City of Dahlonega. The City received $1,093 as payment-in-lieu-of-taxes for 2017. Separate financial statements may be obtained from Housing Authority of the City of Dahlonega, 90 Thompson Circle, Dahlonega, GA 30553.

15. RISK MANAGEMENT

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

15. RISK MANAGEMENT (CONTINUED)

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

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

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

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

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At September 30, 2017, the City has no losses that are probable or estimable and accordingly has not recognized any liability.

16. TAX ABATEMENTS

The City is subject to tax incentives granted by the Development Authority of Lumpkin County, an entity created by the State of Georgia and activated by the Board of Commissioners of Lumpkin County ("Authority"). These incentives are negotiated on an individual basis as a reduction of property taxes by percentage of total taxes and have the stated purpose of increasing business activity and employment in the City by allowing localities to abate property taxes for a variety of economic development purposes, including business relocation, retention, and expansion. The incentives may be granted to any business located within or promising to relocate to a local government's geographic area and require the business to enter into a sale-leaseback transaction with the Authority in exchange for tax exempt debt financing for the purpose of locating to the area or expansion of current facilities. In addition to the commitment of the debt financing, the business may also commit to certain economic or employment increases. The incentive agreements contain a provision that the business may lose a portion or a portion of the abatement for that year if the business fails to meet its jobs and/or investment goals.

The City has not made any commitments as part of the agreement other than to reduce taxes.

The following incentive exists for the City:

Purpose	% Abated	Current Year $ Abated
Koyo Bearings USA, LLC	60%	$ 49,986

17. CONTINGENCIES

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DAHLONEGA, GEORGIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN FISCAL YEARS
September 30, 2017
(Unaudited)

	Fiscal Year End 2017	Fiscal Year End 2016	Fiscal Year End 2015
Total pension liability			
Service cost	$ 115,608	$ 85,386	$ 96,910
Interest	477,750	446,617	439,359
Differences between expected and actual experience	(134,264)	178,075	(117,428)
Benefit payments, including refunds of employee contributions	(313,569)	(304,165)	(262,175)
Other	0	514	(42,028)
Net change in total pension liability	145,525	406,427	114,638
Total pension liability - beginning	6,321,305	5,914,878	5,800,240
Total pension liability - ending (a)	$ 6,466,830	$ 6,321,305	$ 5,914,878
Plan fiduciary net position			
Contributions - employer	$ 255,944	$ 344,506	$ 329,784
Net investment income	541,207	52,151	487,596
Benefit payments, including refunds of employee contributions	(313,569)	(304,165)	(262,175)
Administrative expense	(9,141)	(10,646)	(8,507)
Net change in total pension liability	474,441	81,846	546,698
Plan fiduciary net position - beginning	4,872,737	4,790,891	4,244,193
Plan fiduciary net position - ending (b)	$ 5,347,178	$ 4,872,737	$ 4,790,891
Net pension liability (asset) - ending : (a) - (b)	$ 1,119,652	$ 1,448,568	$ 1,123,987
Plan's fiduciary net position as a percentage of the total pension liability	82.69%	77.08%	81.00%
Covered payroll	$ 1,596,651	$ 1,653,134	$ 1,320,011
Net pension liability as a percentage of covered payroll	70.13%	87.63%	85.15%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only three years are reported.

See accompanying notes to the required supplementary information.

CITY OF DAHLONEGA, GEORGIA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS
September 30, 2017
(Unaudited)

	Fiscal Year End 2017	Fiscal Year End 2016	Fiscal Year End 2015
Actuarially determined contribution	$ 255,709	$ 278,905	$ 255,944
Contributions in relation to the actuarially determined contribution	(255,709)	(278,905)	(255,944)
Contribution deficiency (excess)	$ 0	$ 0	$ 0
Covered payroll	$ 2,224,107	$ 1,934,317	$ 1,757,618
Contributions as a percentage of covered payroll	11.50%	14.42%	14.56%

Note: Fiscal year 2015 was the first year of implementation. Therefore, only three years are reported.

See accompanying notes to the required supplementary information.

1. VALUATION DATE

The actuarially determined contribution rate was determined as of September 30, 2016, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending September 30, 2017.

2. METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method = Projected Unit Credit Cost

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 10 years

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

Net investment rate of return = 7.75%

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

Cost of living adjustments = 2.00%

Retirement age for inactive vested participants = 65

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

3. CHANGES IN BENEFITS

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

4. CHANGES OF ASSUMPTIONS

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

DAHLONEGA

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FIRST MAJOR U.S. GOLD RUSH

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CITY OF DAHLONEGA, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2017

	Special Revenue Hotel/Motel Tax	Capital Projects General Government	Total Nonmajor Governmental Funds
ASSETS			
Current assets			
Cash and cash equivalents	$ 0	$ 341,455	$ 341,455
Taxes receivable	28,962	0	28,962
Total assets	$ 28,962	$ 341,455	$ 370,417
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 28,962	$ 115	$ 29,077
Fund balances			
Assigned to capital outlay	0	341,340	341,340
Total liabilities and fund balances	$ 28,962	$ 341,455	$ 370,417

CITY OF DAHLONEGA, GEORGIA

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

For the fiscal year ended September 30, 2017

	Special Revenue	Capital Projects	Total Nonmajor
	Hotel/Motel Tax	General Government	Governmental Funds
REVENUES			
Taxes	$ 260,125	$ 0	$ 260,125
Total revenues	260,125	0	260,125
EXPENDITURES			
Current			
General Government	0	418	418
Public Works	0	102,561	102,561
Housing and Development	260,125	0	260,125
Total expenditures	260,125	102,979	363,104
Excess (deficiency) of revenues over (under) expenditures	0	(102,979)	(102,979)
Other financing sources (uses)			
Transfers in	0	393,000	393,000
Net change in fund balance	0	290,021	290,021
Fund balances, October 1	0	51,319	51,319
Fund balances, September 30	$ 0	$ 341,340	$ 341,340

DAHLONEGA

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FIRST MAJOR U.S. GOLD RUSH

GENERAL FUND

THE GENERAL OPERATING FUND OF THE CITY IS USED TO ACCOUNT FOR ALL FINANCIAL RESOURCES EXCEPT THOSE REQUIRED TO BE ACCOUNTED FOR IN ANOTHER FUND.

CITY OF DAHLONEGA, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 3,936,806	$ 3,930,783
Restricted cash and cash equivalents	5,264	5,241
Receivables (net)		
Accounts	10,837	3,004
Taxes	1,299,017	1,338,955
Fines	47,336	43,191
Intergovernmental	1,625	1,122
Due from other funds	59,384	82,230
Inventory	19,625	9,627
Prepaid items	57,927	53,739
Total assets	$ 5,437,821	$ 5,467,892
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 31,306	$ 36,735
Intergovernmental	5,025	5,805
Accrued salaries and payroll expenditures	45,558	42,108
Due to other funds	0	17,937
Total liabilities	81,889	102,585
Deferred inflows of resources		
Unavailable revenue - property taxes	1,165,434	1,212,115
Fund balances		
Nonspendable:		
Inventory	19,625	9,627
Prepaid items	57,927	53,739
Restricted for:		
Service awards for citizens	5,264	5,241
Assigned to:		
Capital outlay	100,000	100,000
City Hall construction	650,000	650,000
Subsequent year's budget	771,597	476,128
Unassigned	2,586,085	2,858,457
Total fund balances	4,190,498	4,153,192
Total liabilities, deferred inflows of resources, and fund balances	$ 5,437,821	$ 5,467,892

CITY OF DAHLONEGA, GEORGIA

GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the fiscal years ended September 30, 2017 and 2016

	2017	2016
REVENUES		
Taxes	$ 3,478,987	$ 3,198,809
Licenses and permits	158,057	139,407
Fines, fees and forfeitures	149,322	93,033
Charges for services	54,250	66,500
Intergovernmental	23,739	33,239
Interest	23,278	15,280
Other	15,416	14,906
Total revenues	3,903,049	3,561,174
EXPENDITURES		
Current		
General Government	1,186,994	1,141,022
Judicial	195,918	186,303
Public Safety	129,907	48,685
Public Works	1,006,265	1,013,774
Culture and Recreation	16,244	32,190
Housing and Development	564,287	411,562
Total expenditures	3,099,615	2,833,536
Excess of revenues over expenditures	803,434	727,638
Other financing sources (uses)		
Transfers in (out)		
Grants Capital Projects Fund	(283,128)	(150,000)
General Government Capital Projects Fund	(393,000)	(51,319)
Water and Sewage Enterprise Fund	(90,000)	(189,528)
Proceeds from sale of capital assets	0	7,814
Total other financing sources (uses)	(766,128)	(383,033)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	37,306	344,605
Fund balances, October 1	4,153,192	3,808,587
Fund balances, September 30	$ 4,190,498	$ 4,153,192

CITY OF DAHLONEGA, GEORGIA

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

For the fiscal year ended September 30, 2017
(With comparative actual amounts for the fiscal year ended September 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Property tax	$ 1,228,904	$ 1,261,936	$ 33,032	$ 1,052,795
Real estate transfer tax	14,500	19,613	5,113	14,927
Motor vehicle tax	147,890	179,841	31,951	167,414
Cost, penalties, and interest	8,000	5,630	(2,370)	7,092
Total general property taxes	1,399,294	1,467,020	67,726	1,242,228
Local option sales tax	778,000	826,802	48,802	784,700
Franchise tax	520,600	521,189	589	542,288
Insurance premium tax	328,000	327,175	(825)	302,046
Alcoholic beverage excise tax	190,000	213,415	23,415	198,166
Occupational tax	111,000	114,773	3,773	120,042
Other taxes	7,500	8,613	1,113	9,339
Total taxes	3,334,394	3,478,987	144,593	3,198,809
Licenses and Permits				
Alcohol licenses	113,800	122,775	8,975	103,745
Building permits	35,700	35,282	(418)	35,662
Total licenses and permits	149,500	158,057	8,557	139,407
Fines, fees and forfeitures	171,000	149,322	(21,678)	93,033
Charges for Services				
Cemetery	53,000	54,250	1,250	66,500
Intergovernmental	22,600	23,739	1,139	33,239
Interest	10,000	23,278	13,278	15,280
Other	11,600	15,416	3,816	14,906
Total revenues	$ 3,752,094	$ 3,903,049	$ 150,955	$ 3,561,174

CITY OF DAHLONEGA, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended September 30, 2017
(With comparative actual amounts for the fiscal year ended September 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
General Government				
Legislative				
Personal services	$ 120,789	$ 105,102	$ 15,687	$ 110,303
Contract services	64,490	54,481	10,009	59,659
Supplies and materials	8,800	1,202	7,598	2,789
Total Legislative	194,079	160,785	33,294	172,751
Executive				
Personal services	190,100	178,763	11,337	177,626
Contract services	28,050	21,559	6,491	31,043
Supplies and materials	4,900	2,689	2,211	1,645
Total Executive	223,050	203,011	20,039	210,314
Elections				
Contract services	15,200	0	15,200	8,645
Supplies and materials	250	0	250	0
Total Elections	15,450	0	15,450	8,645
General Administration				
Personal services	407,116	383,322	23,794	266,709
Contract services	420,400	374,854	45,546	420,609
Supplies and materials	59,800	46,022	13,778	44,497
Capital outlay	0	0	0	17,497
Payments to other agencies	19,000	19,000	0	0
Total General Administration	906,316	823,198	83,118	749,312
Total General Government	1,338,895	1,186,994	151,901	1,141,022
Judicial				
Municipal Court				
Personal services	51,149	49,223	1,926	41,207
Contract services	137,150	135,134	2,016	135,538
Supplies and materials	2,000	1,374	626	988
Payments to other agencies	13,000	10,187	2,813	8,570
Total Judicial	203,299	195,918	7,381	186,303

CITY OF DAHLONEGA, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended September 30, 2017
(With comparative actual amounts for the fiscal year ended September 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	Actual
Public Safety				
Law Enforcement				
Contract services	$ 168,400	$ 47,246	$ 121,154	$ 47,858
Supplies and materials	6,600	6,551	49	827
Payments to other agencies	77,400	76,110	1,290	0
Total Public Safety	252,400	129,907	122,493	48,685
Public Works				
Street Construction				
Personal services	706,851	669,241	37,610	526,326
Contract services	63,930	37,021	26,909	71,849
Supplies and materials	150,350	135,560	14,790	152,323
Capital outlay	28,550	26,330	2,220	123,431
Total Street Construction	949,681	868,152	81,529	873,929
Shop Department				
Personal services	64,171	62,284	1,887	55,587
Contract services	4,360	3,284	1,076	5,449
Supplies and materials	23,500	23,006	494	22,872
Total Shop Department	92,031	88,574	3,457	83,908
Cemetery				
Personal services	40,808	38,837	1,971	36,061
Contract services	3,740	3,242	498	11,845
Supplies and materials	17,200	7,460	9,740	8,031
Total Cemetery	61,748	49,539	12,209	55,937
Total Public Works	1,103,460	1,006,265	97,195	1,013,774
Culture and Recreation				
Parks				
Contract services	17,100	2,065	15,035	5,749
Supplies and materials	22,070	14,179	7,891	19,441
Capital outlay	0	0	0	7,000
Total Culture and Recreation	39,170	16,244	22,926	32,190

CITY OF DAHLONEGA, GEORGIA

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

For the fiscal year ended September 30, 2017
(With comparative actual amounts for the fiscal year ended September 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	Actual
Housing and Development				
Building Inspections				
Personal services	$ 205,501	$ 175,591	$ 29,910	$ 203,661
Contract services	59,500	58,064	1,436	16,175
Supplies and materials	7,975	5,368	2,607	10,566
Total Building Inspections	272,976	239,023	33,953	230,402
Downtown Development Authority				
Payment to others	325,264	325,264	0	181,160
Total Housing and Development	598,240	564,287	33,953	411,562
Total expenditures	$ 3,535,464	$ 3,099,615	$ 435,849	$ 2,833,536

DAHLONEGA

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FIRST MAJOR U.S. GOLD RUSH

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Multiple Grant Fund

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

Hotel/Motel Tax Fund

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

CITY OF DAHLONEGA, GEORGIA
MULTIPLE GRANT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 0	$ 117
Total assets	$ 0	$ 117
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 0	$ 117
Fund balances		
Restricted for employee wellness program	0	0
Total liabilities and fund balances	$ 0	$ 117

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

For the fiscal year ended September 30, 2017
(With comparative actual amounts for the fiscal year ended September 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 0	$ 0	$ 0	$ 3,000
Total revenues	0	0	0	3,000
EXPENDITURES				
Current				
General Government	0	0	0	3,725
Total expenditures	0	0	0	3,725
Excess (deficiency) of revenues over (under) expenditures	0	0	0	(725)
Fund balances, October 1	0	0	0	725
Fund balances, September 30	$ 0	$ 0	$ 0	$ 0

CITY OF DAHLONEGA, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 0	$ 22,535
Taxes receivable	28,962	23,266
Total assets	$ 28,962	$ 45,801
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 28,962	$ 45,801

CITY OF DAHLONEGA, GEORGIA

HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL

For the fiscal year ended September 30, 2017
(With comparative actual amounts for the fiscal year ended September 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	Actual
REVENUES				
Hotel/Motel taxes	$ 260,125	$ 260,125	$ 0	$ 227,188
Total revenues	260,125	260,125	0	227,188
EXPENDITURES				
Current				
Housing and Development				
Tourism				
Chamber of Commerce	260,125	260,125	0	227,188
Total expenditures	260,125	260,125	0	227,188
Excess (deficiency) of revenues over (under) expenditures	0	0	0	0
Fund balances, October 1	0	0	0	0
Fund balances, September 30	$ 0	$ 0	$ 0	$ 0

DAHLONEGA

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FIRST MAJOR U.S. GOLD RUSH

Capital Projects Funds

Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by the proprietary or fiduciary funds).

Grants Capital Projects Fund

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

2014 Special Purpose Local Option Sales Tax Fund

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

General Government Capital Projects Fund

This fund is used to account for long-term general government projects financed by contributions from the City.

CITY OF DAHLONEGA, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 1,121,753	$ 276,874
Due from other funds	476	0
Total assets	$ 1,122,229	$ 276,874
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 682	$ 0
Fund balances		
Restricted for capital outlay	561,544	0
Assigned to capital outlay	560,003	276,874
Total fund balances	1,121,547	276,874
Total liabilities and fund balances	$ 1,122,229	$ 276,874

CITY OF DAHLONEGA, GEORGIA
GRANTS CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30, 2017 and 2016

	2017	2016
REVENUES		
Intergovernmental	$ 638,494	$ 0
Total revenues	638,494	0
EXPENDITURES		
Capital Outlay		
Public Works	76,949	275,970
Excess (deficiency) of revenues over (under) expenditures	561,545	(275,970)
Other financing sources		
Transfers in		
General Fund	283,128	0
Multiple Grant Fund	0	150,000
Total other financing sources	283,128	150,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	844,673	(125,970)
Fund balances, October 1	276,874	402,844
Fund balances, September 30	$ 1,121,547	$ 276,874

CITY OF DAHLONEGA, GEORGIA
2014 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 50,013	$ 780,254
Intergovernmental receivable	94,264	85,436
Total assets	$ 144,277	$ 865,690
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other funds	$ 144,277	$ 10,175
Fund balances		
Restricted for capital outlay	0	855,515
Total liabilities and fund balances	$ 144,277	$ 865,690

CITY OF DAHLONEGA, GEORGIA
2014 SPECIAL PURPOSE LOCAL OPTION SALES TAX
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30, 2017 and 2016

	2017	2016
REVENUES		
Intergovernmental	$ 524,795	$ 498,132
Interest	1,254	1,931
Total revenues	526,049	500,063
Other financing sources		
Transfers out		
Water and Sewage Enterprise Fund	(1,381,564)	(87,295)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	(855,515)	412,768
Fund balances, October 1	855,515	442,747
Fund balances, September 30	$ 0	$ 855,515

CITY OF DAHLONEGA, GEORGIA
GENERAL GOVERNMENT CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 341,455	$ 51,319
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 115	$ 0
Fund balances		
Assigned to capital outlay	341,340	51,319
Total liabilities and fund balances	$ 341,455	$ 51,319

CITY OF DAHLONEGA, GEORGIA
GENERAL GOVERNMENT CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the fiscal years ended September 30, 2017 and 2016

	2017	2016
REVENUES		
Total revenues	$ 0	$ 0
EXPENDITURES		
Capital Outlay		
General Government	418	0
Public Works	102,561	0
Total expenditures	102,979	0
Excess (deficiency) of revenues over (under) expenditures	(102,979)	0
Other financing sources		
Transfers in		
General Fund	393,000	51,319
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources	290,021	51,319
Fund balances, October 1	51,319	0
Fund balances, September 30	$ 341,340	$ 51,319

DAHLONEGA

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FIRST MAJOR U.S. GOLD RUSH

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Water and Sewage Fund

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

Solid Waste Fund

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

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
September 30, 2017 and 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,095,127	$ 1,718,371
Receivables (net)		
Accounts	823,239	768,659
Intergovernmental	715,885	0
Due from other funds	150,249	28,112
Inventory	133,787	130,202
Prepaid items	230,256	236,186
Total current assets	4,148,543	2,881,530
Restricted assets		
Debt Redemption		
Cash and cash equivalents	173,700	170,290
Construction Fund		
Cash and cash equivalents	0	612,971
Customer Deposits		
Cash and cash equivalents	191,164	183,729
Total restricted assets	364,864	966,990
Capital assets		
Land	3,333,139	3,333,139
Construction in progress	4,114,492	418,489
Improvements	3,839,078	3,839,078
Buildings	22,253,587	22,253,587
Water and sewer lines and towers	21,470,537	21,284,736
Machinery and equipment	5,242,275	5,065,707
Accumulated depreciation	(20,351,641)	(18,767,187)
Total capital assets (net of accumulated depreciation)	39,901,467	37,427,549
Total assets	44,414,874	41,276,069
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	102,074	80,430
Pension investment return differences	73,066	97,170
Pension experience differences	40,623	54,024
Deferred charges on refunding	3,310,073	3,442,476
Total deferred outflows of resources	3,525,836	3,674,100

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
September 30, 2017 and 2016

	2017	2016
LIABILITIES		
Current liabilities		
Payables		
Accounts	$ 706,438	$ 89,999
Intergovernmental	4,011	4,516
Interest	13,662	13,531
Retainages	88,343	0
Accrued salaries and payroll expenses	26,887	34,989
Compensated absences	61,447	56,336
Due to other funds	0	1,126
Unearned revenue	0	85,000
Notes payable	139,710	123,613
Total current liabilities	1,040,498	409,110
Current liabilities payable from restricted assets		
Interest payable	81,618	83,168
Customer deposits payable	191,164	183,729
Revenue bonds payable	640,000	620,000
Total liabilities payable from restricted assets	912,782	886,897
Noncurrent liabilities		
Net pension liability	412,782	536,547
Compensated absences	16,334	14,976
Notes payable	5,892,273	5,288,837
Revenue bonds payable	25,619,989	26,288,189
Total noncurrent liabilities	31,941,378	32,128,549
Total liabilities	33,894,658	33,424,556
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	6,018	9,181
Pension investment return differences	72,408	34,160
Pension experience differences	57,231	25,651
Total deferred inflows of resources	135,657	68,992
NET POSITION		
Net investment in capital assets	10,831,225	9,162,357
Restricted for debt service	92,082	87,122
Unrestricted	2,987,088	2,207,142
Total net position	$ 13,910,395	$ 11,456,621

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended September 30, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Charges for sales and services		
Water sales	$ 2,904,341	$ 2,607,131
Sewer charges	1,953,074	1,866,708
Tap fees	1,328,735	380,371
Other	19,058	20,104
Total operating revenues	6,205,208	4,874,314
OPERATING EXPENSES		
Cost of sales and services	1,163,265	1,138,931
Personal services	1,160,073	1,109,259
Depreciation	1,642,751	1,669,788
Total operating expenses	3,966,089	3,917,978
Operating income (loss)	2,239,119	956,336
Non-operating revenues (expenses)		
Interest revenue	13,535	8,800
Interest expense	(1,267,696)	(1,209,857)
Loss on sale of capital assets	(2,748)	(1,694)
Total non-operating revenues (expenses)	(1,256,909)	(1,202,751)
Net income (loss) before special items and transfers	982,210	(246,415)
Special item - change in capitalization threshold	0	(71,044)
Transfers in (out)		
General Fund	90,000	189,528
SPLOST Capital Projects Fund	1,381,564	87,295
Total transfers in (out)	1,471,564	276,823
Change in net position	2,453,774	(40,636)
Net position, October 1	11,456,621	11,497,257
Net position, September 30	$ 13,910,395	$ 11,456,621

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Receipts from customers	$ 5,703,400	$ 4,546,570
Payments to suppliers	(538,774)	(1,100,083)
Payments to employees	(1,202,945)	(1,104,080)
Other receipts	19,058	20,104
Net cash provided (used) by operating activities	3,980,739	2,362,511
Cash flows from non-capital financing activities:		
Receipts from other funds	90,000	221,356
Payments to other funds	(123,263)	(5,164)
Net cash provided (used) by non-capital financing activities	(33,263)	216,192
Cash flows from capital and related financing activities:		
Receipts from other funds	1,381,564	87,295
Payments for acquisitions of capital assets	(4,031,074)	(511,764)
Proceeds from the sale of capital assets	0	9,510
Proceeds from debt issuance - notes payable	377,866	0
Principal payments - revenue bonds	(620,000)	(690,000)
Principal payments - promissory notes	(123,613)	(119,964)
Interest paid	(1,171,124)	(1,106,523)
Net cash provided (used) by capital and related financing activities	(4,186,381)	(2,331,446)
Cash flows from investing activities:		
Interest received	13,535	8,800
Net increase (decrease) in cash and cash equivalents	(225,370)	256,057
Cash and cash equivalents, October 1	2,685,361	2,429,304
Cash and cash equivalents, September 30	$ 2,459,991	$ 2,685,361

CITY OF DAHLONEGA, GEORGIA
WATER AND SEWAGE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2017 and 2016

	2017	2016
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 2,239,119	$ 956,336
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,642,751	1,669,788
(Increase) decrease in accounts receivables	(54,580)	(254,089)
(Increase) decrease in intergovernmental receivables	(350,605)	0
(Increase) decrease in inventory	(3,585)	(14,149)
(Increase) decrease in prepaid items	12,142	3,107
(Increase) decrease in pension contributions subsequent to measurement date	(21,644)	33,584
(Increase) decrease in pension investment return differences	24,104	(97,170)
(Increase) decrease in pension experience differences	13,401	(54,024)
Increase (decrease) in accounts payable	616,439	49,408
Increase (decrease) in intergovernmental payable	(505)	482
Increase (decrease) in payroll liabilities	(1,633)	23,655
Increase (decrease) in net pension liability	(123,765)	123,088
Increase (decrease) in pension assumption changes	(3,163)	(3,188)
Increase (decrease) in pension investment return differences	38,248	(11,860)
Increase (decrease) in pension experience differences	31,580	(8,906)
Increase (decrease) in deposits payable	7,435	6,449
Increase (decrease) in unearned revenue	(85,000)	(60,000)
Total adjustments	1,741,620	1,406,175
Net cash provided (used) by operating activities	$ 3,980,739	$ 2,362,511
Cash and cash equivalents reconciliation:		
Cash and cash equivalents	$ 2,095,127	$ 1,718,371
Debt Redemption		
Cash and cash equivalents	173,700	170,290
Construction Fund		
Cash and cash equivalents	0	612,971
Customer Deposits		
Cash and cash equivalents	191,164	183,729
Total cash and cash equivalents	$ 2,459,991	$ 2,685,361

Noncash capital and related financing activities:

Acquisition of capital assets through retainages payable in the amount of $88,343 for the fiscal year ended September 30, 2017.

Proceeds from issuance of notes payable through intergovernmental receivable in the amount of $365,280 for the fiscal year ended September 30, 2017.

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET POSITION
September 30, 2017 and 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 136,128	$ 43,317
Accounts receivable (net)	132,982	119,269
Due from other funds	0	1,126
Prepaid items	23,363	19,195
Total current assets	292,473	182,907
Capital assets		
Improvements	11,583	11,583
Buildings	255,066	255,066
Machinery and equipment	585,202	707,878
Accumulated depreciation	(451,713)	(521,591)
Total capital assets (net of accumulated depreciation)	400,138	452,936
Total assets	692,611	635,843
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	34,385	26,498
Pension investment return differences	25,420	34,204
Pension experience differences	14,132	19,016
Total deferred outflows of resources	73,937	79,718
LIABILITIES		
Current liabilities		
Accounts payable	10,940	5,860
Accrued salaries and payroll expenses	11,100	11,306
Compensated absences	16,249	13,737
Due to other funds	65,832	82,230
Total current liabilities	104,121	113,133
Noncurrent liabilities		
Net pension liability	137,188	182,290
Compensated absences	4,319	3,651
Total noncurrent liabilities	141,507	185,941
Total liabilities	245,628	299,074
DEFERRED INFLOWS OF RESOURCES		
Pension assumption changes	1,882	3,035
Pension investment return differences	25,230	11,292
Pension experience differences	19,989	8,480
Total deferred inflows of resources	47,101	22,807
NET POSITION		
Investment in capital assets	400,138	452,936
Unrestricted	73,681	(59,256)
Total net position	$ 473,819	$ 393,680

CITY OF DAHLONEGA, GEORGIA

SOLID WASTE ENTERPRISE FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the fiscal years ended September 30, 2017 and 2016

	2017	2016
OPERATING REVENUES		
Charges for sales and services	$ 894,973	$ 692,998
Other	1,872	1,380
Total operating revenues	896,845	694,378
OPERATING EXPENSES		
Cost of sales and services	269,822	239,729
Personal services	467,919	440,005
Depreciation	79,176	74,230
Total operating expenses	816,917	753,964
Operating income (loss)	79,928	(59,586)
Non-operating revenues (expenses)		
Interest revenue	211	191
Gain on sale of capital assets	0	4,071
Total non-operating revenues (expenses)	211	4,262
Change in net position	80,139	(55,324)
Net position, October 1	393,680	449,004
Net position, September 30	$ 473,819	$ 393,680

CITY OF DAHLONEGA, GEORGIA
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended September 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Receipts from customers	$ 881,260	$ 668,564
Payments to suppliers	(268,910)	(237,948)
Payments to employees	(479,972)	(439,233)
Other receipts	1,872	1,380
Net cash provided (used) by operating activities	134,250	(7,237)
Cash flows from non-capital financing activities:		
Receipts from other funds	1,126	76,782
Payments to other funds	(16,398)	(1,126)
Net cash provided (used) by non-capital financing activities	(15,272)	75,656
Cash flows from capital and related financing activities:		
Payments for acquisitions of capital assets	(26,378)	(110,042)
Proceeds from the sale of capital assets	0	4,071
Net cash provided (used) by capital and related financing activities	(26,378)	(105,971)
Cash flows from investing activities:		
Interest received	211	191
Net increase (decrease) in cash and cash equivalents	92,811	(37,361)
Cash and cash equivalents, October 1	43,317	80,678
Cash and cash equivalents, September 30	$ 136,128	$ 43,317
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 79,928	$ (59,586)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	79,176	74,230
(Increase) decrease in accounts receivable	(13,713)	(24,434)
(Increase) decrease in prepaid items	(4,168)	(3,733)
(Increase) decrease in contributions subsequent to measurement period	(7,887)	11,822
(Increase) decrease in pension investment return differences	8,784	(34,204)
(Increase) decrease in pension experience differences	4,884	(19,016)
Increase (decrease) in accounts payable	5,080	5,514
Increase (decrease) in payroll liabilities	2,974	7,275
Increase (decrease) in net pension liability	(45,102)	43,327
Increase (decrease) in pension assumption changes	(1,153)	(1,122)
Increase (decrease) in pension investment return differences	13,938	(4,175)
Increase (decrease) in pension experience differences	11,509	(3,135)
Total adjustments	54,322	52,349
Net cash provided (used) by operating activities	$ 134,250	$ (7,237)

DAHLONEGA

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FIRST MAJOR U.S. GOLD RUSH

COMPONENT UNIT

Downtown Development Authority

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

CITY OF DAHLONEGA, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 142,417	$ 76,719
Accounts receivable (net)	306	0
Prepaid items	9,870	9,042
Restricted assets		
Cash and cash equivalents	2,397	6,032
Total assets	$ 154,990	$ 91,793
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Payables		
Accounts	$ 1,005	$ 6,065
Intergovernmental	423	0
Deposits	400	0
Accrued salaries and payroll liabilities	3,282	4,012
Total liabilities	5,110	10,077
Fund balances		
Nonspendable:		
Prepaid items	9,870	9,042
Restricted for Dahlonega 2000 operations	2,397	6,032
Assigned to:		
Redevelopment projects	104,614	33,643
Operations	32,999	32,999
Total fund balances	149,880	81,716
Total liabilities and fund balances	$ 154,990	$ 91,793

CITY OF DAHLONEGA, GEORGIA

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

For the fiscal year ended September 30, 2017
(With comparative actual amounts for the fiscal year ended September 30, 2016)

	2017			2016
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 700	$ 720	$ 20	$ 27,408
Intergovernmental	357,554	357,554	0	181,160
Interest	150	227	77	396
Contributions	500	710	210	1,190
Other	0	1,275	1,275	451
Total revenues	358,904	360,486	1,582	210,605
EXPENDITURES				
Current				
Housing and Development				
Personal services	206,089	175,660	30,429	125,227
Contract services	121,285	94,214	27,071	69,943
Supplies and materials	29,880	22,448	7,432	16,906
Total expenditures	357,254	292,322	64,932	212,076
Excess of revenues over (under) expenditures	1,650	68,164	66,514	(1,471)
Fund balances, October 1	(1,650)	81,716	83,366	83,187
Fund balances, September 30	$ 0	$ 149,880	$ 149,880	$ 81,716

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FIRST MAJOR U.S. GOLD RUSH

STATISTICAL SECTION

DAHLONEGA

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FIRST MAJOR U.S. GOLD RUSH

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

CONTENTS PAGES

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

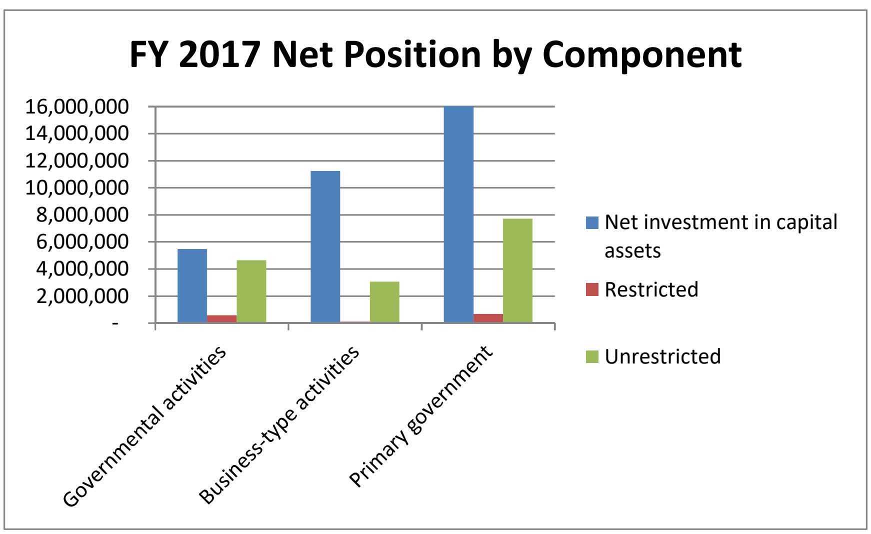
CITY OF DAHLONEGA, GEORGIA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	$ 4,176,172	$ 4,462,981	$ 4,360,841	$ 4,477,984
Restricted	278,314	468,257	571,645	1,061,542
Unrestricted	2,975,198	3,320,000	3,442,292	3,489,170
Total governmental activities net position	$ 7,429,684	$ 8,251,238	$ 8,374,778	$ 9,028,696
Business-type activities				
Net investment in capital assets	$ 12,490,290	$ 15,609,939	$ 13,637,369	$ 11,446,338
Restricted	0	0	124,070	22,823
Unrestricted	2,144,761	317,421	2,615,921	3,351,427
Total business-type activities net position	$ 14,635,051	$ 15,927,360	$ 16,377,360	$ 14,820,588
Primary government				
Net investment in capital assets	$ 16,666,462	$ 20,072,920	$ 17,998,210	$ 15,924,322
Restricted	278,314	468,257	695,715	1,084,365
Unrestricted	5,119,959	3,637,421	6,058,213	6,840,597
Total primary government net position	$ 22,064,735	$ 24,178,598	$ 24,752,138	$ 23,849,284

	Fiscal Year					
	2012	2013	2014	2015	2016	2017
	$ 5,138,468	$ 5,542,733	$ 5,598,272	$ 5,805,471	$ 5,562,810	$ 5,472,664
	516,149	459,082	252,358	448,697	860,756	566,808
	3,333,580	3,172,941	3,863,183	3,703,238	3,980,446	4,645,595
	$ 8,988,197	$ 9,174,756	$ 9,713,813	$ 9,957,406	$ 10,404,012	$ 10,685,067
	$ 11,091,994	$ 10,569,488	$ 10,254,910	$ 6,537,167	$ 9,615,293	$ 11,231,363
	194,395	200,921	136,705	-	87,122	92,082
	2,946,946	2,988,023	2,936,982	5,409,094	2,147,886	3,060,769
	$ 14,233,335	$ 13,758,432	$ 13,328,597	$ 11,946,261	$ 11,850,301	$ 14,384,214
	$ 16,230,462	$ 16,112,221	$ 15,853,182	$ 12,342,638	$ 15,178,103	$ 16,704,027
	710,544	660,003	389,063	448,697	947,878	658,890
	6,280,526	6,160,964	6,800,165	9,112,332	6,128,332	7,706,364
	$ 23,221,532	$ 22,933,188	$ 23,042,410	$ 21,903,667	$ 22,254,313	$ 25,069,281



CITY OF DAHLONEGA, GEORGIA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
Expenses	**2008**	**2009**	**2010**	**2011**
Governmental activities:				
General Government	$ 1,034,756	$ 1,000,735	$ 1,041,292	$ 1,036,537
Judicial	185,803	253,877	282,317	233,740
Public Safety	85,007	105,371	60,651	84,785
Public Works	788,450	821,886	909,630	1,051,610
Culture and Recreation	50,405	64,597	47,874	23,294
Housing and Development	664,948	508,066	490,080	540,307
Interest on long-term debt	2,117	1,938	1,399	834
Total governmental activities expenses	2,811,486	2,756,470	2,833,243	2,971,107
Business-type activities:				
Water and Sewage	3,218,598	3,293,531	4,068,774	5,555,316
Solid Waste	504,539	468,490	451,793	459,381
Total business-type activities expenses	3,723,137	3,762,021	4,520,567	6,014,697
Total primary government expenses	$ 6,534,623	$ 6,518,491	$ 7,353,810	$ 8,985,804
Program Revenues				
Governmental activities:				
Charges for services:				
General Government	$ 66,905	$ 83,755	$ 77,355	$ 80,081
Judicial	135,489	186,801	262,317	223,361
Public Works	45,800	29,900	30,950	40,150
Housing and Development	70,473	27,729	36,343	50,674
Operating grants and contributions	6,366	24,747	6,410	24,392
Capital grants and contributions	31,500	906,645	524,614	660,679
Total governmental activities program revenues	356,533	1,259,577	937,989	1,079,337
Business-Type activities:				
Charges for services:				
Water and Sewage	3,219,289	2,878,205	3,520,548	3,555,939
Solid Waste	494,200	532,465	523,681	545,217
Capital grants and contributions	997,723	965,685	100,158	0
Total business-type activities program revenues	4,711,212	4,376,355	4,144,387	4,101,156
Total primary government program revenues	$ 5,067,745	$ 5,635,932	$ 5,082,376	$ 5,180,493

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ 1,039,743	$ 1,325,328	$ 1,038,602	$ 1,121,681	$ 1,179,559	$ 1,211,344
225,240	226,361	235,365	203,102	186,557	193,749
80,483	14,336	7,420	3,257	48,686	129,907
1,085,828	1,205,726	1,157,314	1,018,991	1,448,891	1,187,875
26,427	33,482	39,822	70,495	45,466	36,520
530,445	485,038	577,068	570,761	642,001	814,697
569	0	0	0	0	0
2,988,735	3,290,271	3,055,591	2,988,287	3,551,160	3,574,092
5,364,216	5,251,093	5,338,885	5,747,593	5,129,529	5,236,533
470,213	480,443	657,150	710,897	753,964	816,917
5,834,429	5,731,536	5,996,035	6,458,490	5,883,493	6,053,450
$ 8,823,164	$ 9,021,807	$ 9,051,626	$ 9,446,777	$ 9,434,653	$ 9,627,542
$ 82,110	$ 91,347	$ 108,752	$ 103,408	$ 103,745	$ 122,775
197,935	182,597	178,888	143,331	93,033	149,322
87,250	31,750	47680	73745	66500	54,600
15,294	79,081	80,495	125,840	35,662	34,932
34,910	48,858	21,739	146,117	22,739	23,739
953,515	968,085	750,691	595,234	513,564	1,164,541
1,371,014	1,401,718	1,188,245	1,187,675	835,243	1,549,909
3,454,006	3,892,527	4,503,335	4,368,609	4,854,210	6,185,250
566,395	571,479	577,185	609,243	692,998	894,973
0	0	604	0	0	0
4,020,401	4,464,006	5,081,124	4,977,852	5,547,208	7,080,223
$ 5,391,415	$ 5,865,724	$ 6,269,369	$ 6,165,527	$ 6,382,451	$ 8,630,132

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

	Fiscal Year			
	2008	2009	2010	2011
Net (expense)/revenue				
Governmental activities	$ (2,454,953)	$ (1,940,310)	$ (1,895,254)	$ (1,891,770)
Business-type activities	988,075	1,743,189	(376,180)	(1,913,541)
Total primary government net (expense)/revenue	(1,466,878)	(197,121)	(2,271,434)	(3,805,311)
General revenues and other changes in net assets				
Governmental activities:				
Taxes				
Property	878,253	929,774	903,412	890,743
Local option sales	832,447	723,690	744,801	763,535
Franchise	488,607	493,335	460,629	478,013
Insurance premium	198,849	203,612	201,702	195,840
Intangibles	28,148	8,306	11,854	8,191
Alcoholic beverage	156,736	166,266	176,223	164,240
Occupational	123,662	126,506	110,811	115,560
Hotel/Motel and other	129,217	119,547	121,833	149,661
Investment earnings	102,272	50,981	41,210	10,755
Gain on sale of assets	294,980	67,352	0	0
Miscellaneous	41,811	47,647	47,543	53,442
Special items	0	0	0	0
Transfers	(284,296)	(618,569)	(801,224)	(284,292)
Total governmental activities	2,990,686	2,318,447	2,018,794	2,545,688
Business-type activities				
Investment earnings	78,261	29,226	22,442	67,471
Gain on sale of assets	6,685	12,521	0	0
Miscellaneous	5,405	17,659	2,514	5,006
Special items	0	0	0	0
Transfers	284,296	618,569	801,224	284,292
Total business-type activities	374,647	677,975	826,180	356,769
Total primary government	3,365,333	2,996,422	2,844,974	2,902,457
Change in net position				
Governmental activities	535,733	378,137	123,540	653,918
Business-type activities	1,362,722	2,421,164	450,000	(1,556,772)
Total primary government	$ 1,898,455	$ 2,799,301	$ 573,540	$ (902,854)

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ (1,617,721)	$ (1,888,553)	$ (1,867,346)	$ (1,800,612)	$ (2,715,917)	$ (2,024,183)
(1,814,028)	(1,267,530)	(914,911)	(1,480,638)	(336,285)	1,027,673
(3,431,749)	(3,156,083)	(2,782,257)	(3,281,250)	(3,052,202)	(996,510)
861,790	919,297	1,025,084	1,003,607	1,228,757	1,446,401
756,139	732,042	745,133	800,988	784,700	826,802
505,998	497,013	490,264	528,287	542,288	521,189
245,897	261,157	270,403	282,726	302,046	327,175
12,388	15,712	11,312	20,582	14,927	19,613
162,457	174,592	171,576	193,583	198,166	213,415
111,636	116,076	116,749	109,168	120,042	114,773
149,373	156,184	180,499	211,683	236,527	268,737
9,773	10,243	5,202	5,176	15,280	23,278
0	0	0	0	6,856	0
46,030	17,088	9,569	15,012	14,907	15,419
0	0	0	0	(25,150)	0
(1,384,292)	(824,292)	(619,388)	(597,532)	(276,823)	(1,471,564)
1,477,189	2,075,112	2,406,403	2,573,280	3,162,523	2,305,238
135,030	112,426	105,522	95,800	8,991	13,746
0	0	0	0	4,071	0
4,390	1,279	3,166	7,659	21,484	20,930
(296,937)	0	0	0	(71,044)	0
1,384,292	824,292	619,388	597,532	276,823	1,471,564
1,226,775	937,997	728,076	700,991	240,325	1,506,240
2,703,964	3,013,109	3,134,479	3,274,271	3,402,848	3,811,478
(140,532)	186,559	539,057	772,668	446,606	281,055
(587,253)	(329,533)	(186,835)	(779,647)	(95,960)	2,533,913
$ (727,785)	$ (142,974)	$ 352,222	$ (6,979)	$ 350,646	$ 2,814,968

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

Fiscal Year	Property Tax	Intangible Tax	Franchise Tax	Occupational Tax
2008	$ 878,253	$ 28,148	$ 488,607	$ 123,662
2009	929,774	8,306	493,335	126,506
2010	903,412	11,854	460,629	110,811
2011	890,743	8,191	478,013	115,560
2012	861,790	12,388	505,998	111,636
2013	919,297	15,712	497,013	116,076
2014	1,025,084	11,312	490,264	116,749
2015	1,003,607	20,582	528,287	109,168
2016	1,228,757	14,927	542,288	120,042
2017	1,446,401	19,613	521,189	114,773
Change 2008 - 2017	64.69%	-30.32%	6.67%	-7.19%

Insurance Premium Tax	Alcoholic Beverage Tax	Hotel/Motel and Other Tax	Local Option Sales Tax	Total
$ 198,849	$ 156,736	$ 129,217	$ 832,447	$ 2,835,919
203,612	166,266	119,547	723,690	2,771,036
201,702	176,223	121,833	744,801	2,731,265
195,840	164,240	149,661	763,535	2,765,783
245,897	162,457	149,373	756,139	2,805,678
261,157	174,592	156,184	732,042	2,872,073
270,403	171,576	180,499	745,133	3,011,020
282,726	193,583	211,683	800,988	3,150,624
302,046	198,166	236,527	784,700	3,427,453
327,175	213,415	268,737	826,802	3,738,105
64.53%	36.16%	107.97%	-0.68%	31.81%

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

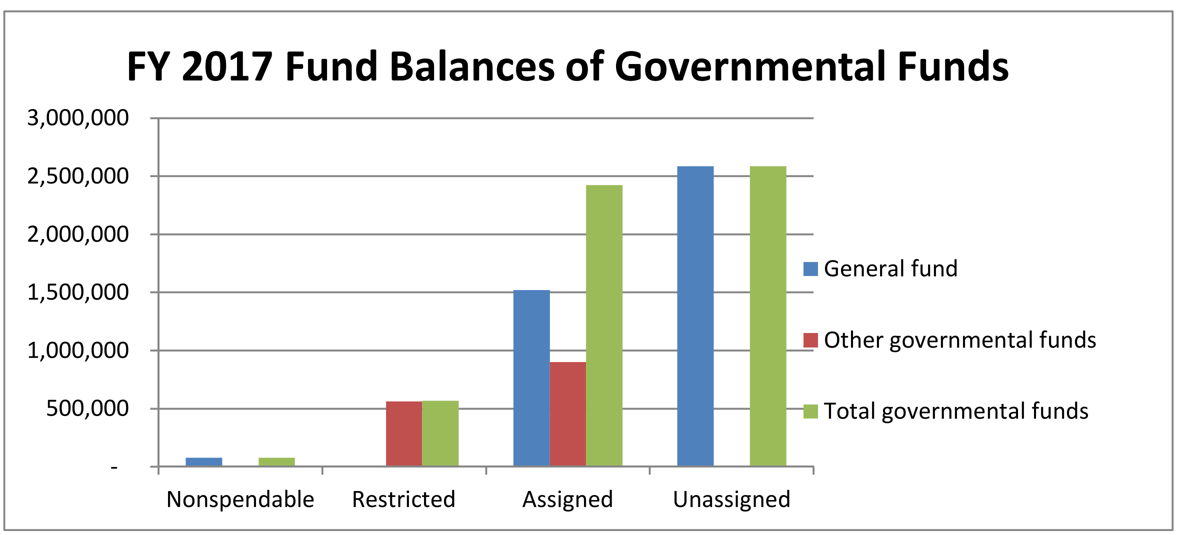
	Fiscal Year			
	2008	2009	2010	2011 (3)
General fund				
Reserved (1)	$ 316,579	$ 346,729	$ 357,608	$0
Unreserved	2,961,152	3,265,866	3,413,767	0
Nonspendable	0	0	0	72,242
Restricted	0	0	0	321,828
Assigned	0	0	0	2,134,368
Unassigned	0	0	0	1,196,824
Total general fund	3,277,731	3,612,595	3,771,375	3,725,262
All other governmental funds				
Unreserved, reported in:				
Special revenue funds	3,238	18,608	4,253	0
Capital project funds	0	165,993 (2)	259,819	0
Restricted	0	0	0	739,714
Assigned	0	0	0	104,942
Total all other governmental funds	3,238	184,601	264,072	844,656
Total governmental funds	$ 3,280,969	$ 3,797,196	$ 4,035,447	$ 4,569,918

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

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

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

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$0	$0	$0	$0	$0	$0
0	0	0	0	0	0
82,918	75,731	66,009	56,447	63,366	77,552
359,076	365,590	5,197	5,225	5,241	5,264
1,798,609	1,972,372	1,029,371	750,000	1,226,128	1,521,597
1,265,550	826,346	2,309,948	2,996,915	2,858,457	2,586,085
3,506,153	3,240,039	3,410,525	3,808,587	4,153,192	4,190,498
0	0	0	0	0	0
0	0	0	0	0	0
157,073	93,492	247,161	443,472	855,515	561,544
179,431	301,557	436,454	402,844	328,193	901,343
336,504	395,049	683,615	846,316	1,183,708	1,462,887
$ 3,842,657	$ 3,635,088	$ 4,094,140	$ 4,654,903	$ 5,336,900	$ 5,653,385



CITY OF DAHLONEGA, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Taxes	$ 2,824,520	$ 2,750,812	$ 2,752,538	$ 2,764,816
Licenses and permits	137,327	111,484	113,675	130,755
Fines, fees and forfeitures	135,489	186,801	262,317	223,361
Charges for services	45,851	29,900	30,973	40,150
Intergovernmental	11,740	534,270	527,429	632,285
Interest	102,272	50,981	43,897	11,618
Contributions	1,126	747	908	51,923
Other	41,811	47,647	47,543	53,442
Total revenues	3,300,136	3,712,642	3,779,280	3,908,350
Expenditures				
General Government	1,007,524	1,342,371	1,001,586	997,408
Judicial	185,931	256,045	283,124	233,740
Public Safety	85,007	105,371	60,651	84,785
Public Works	758,950	782,237	770,852	1,091,728
Culture and Recreation	135,478	54,167	33,446	8,820
Housing and Development	663,407	518,510	500,446	538,476
Debt Service				
Principal	11,740	11,739	12,279	12,843
Interest	1,938	1,938	1,399	834
Capital outlay	0	0	76,022	120,953
Total expenditures	2,849,975	3,072,378	2,739,805	3,089,587
Excess of revenues over (under) expenditures	450,161	640,264	1,039,475	818,763
Other financing sources (uses)				
Transfers in	0	48,869	160,363	44,400
Transfers out	(284,296)	(667,438)	(961,587)	(328,692)
Issuance of capital leases	48,114	0	0	0
Sales of capital assets	294,980	494,532	0	0
Total other financing sources (uses)	58,798	(124,037)	(801,224)	(284,292)
Net change in fund balances	508,959	516,227	238,251	534,471
Fund balance, October 1 (original)	2,772,010	3,280,969	3,797,196	4,035,447
Prior period adjustments	0	0	0	0
Fund balance , September 30	$ 3,280,969	$ 3,797,196	$ 4,035,447	$ 4,569,918
Debt service as a percentage of noncapital expenditures	0.51%	0.52%	0.51%	0.49%

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ 2,810,422	$ 2,862,021	$ 2,986,457	$ 3,181,985	$ 3,425,997	$ 3,739,112
97,404	170,428	189,247	229,248	139,407	158,057
197,935	182,597	178,888	143,331	93,033	149,322
87,250	31,750	47,680	73,745	66,500	54,250
937,521	1,016,820	772,309	740,992	534,371	1,187,028
10,502	10,366	5,323	5,534	17,211	24,532
50,175	0	0	0	0	0
46,030	17,087	9,569	15,013	14,906	15,416
4,237,239	4,291,069	4,189,473	4,389,848	4,291,425	5,327,717
1,023,206	1,294,435	1,006,061	1,106,846	1,144,747	1,187,412
225,240	226,361	235,365	204,662	186,303	195,918
80,483	14,336	7,420	3,257	48,685	129,907
1,286,270	1,202,632	1,180,582	1,133,444	1,013,774	1,108,826
14,625	24,955	29,123	59,890	32,190	16,244
637,982	529,148	579,082	597,180	638,750	824,412
10,207	0	0	0	0	0
569	0	0	0	0	0
301,626	382,479	74,300	166,052	275,970	76949
3,580,208	3,674,346	3,111,933	3,271,331	3,340,419	3,539,668
657,031	616,723	1,077,540	1,118,517	951,006	1,788,049
100,000	163,445	150,000	220,124	201,319	676,128
(1,484,292)	(987,737)	(769,388)	(817,656)	(478,142)	(2,147,692)
0	0	0	0	0	0
0	0	900	0	7,814	0
(1,384,292)	(824,292)	(618,488)	(597,532)	(269,009)	(1,471,564)
(727,261)	(207,569)	459,052	520,985	681,997	316,485
4,569,918	3,842,657	3,635,088	4,094,140	4,654,903	5,336,900
0	0	0	39,778	0	0
$ 3,842,657	$ 3,635,088	$ 4,094,140	$ 4,654,903	$ 5,336,900	$ 5,653,385
0.40%	0.00%	0.00%	0.00%	0.00%	0.00%

CITY OF DAHLONEGA, GEORGIA

GOVERNMENTAL FUNDS TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Intangibles Tax	Franchise Tax	Occupational Tax
2008	$ 895,002	$ 28,148	$ 488,607	$ 123,662
2009	917,856	8,306	493,335	126,506
2010	924,685	11,854	460,629	110,811
2011	889,776	8,191	478,013	115,560
2012	866,534	12,388	505,998	111,636
2013	909,245	15,712	497,013	116,076
2014	1,000,521	11,312	490,264	116,749
2015	1,034,968	20,582	528,287	109,168
2016	1,227,301	14,927	542,288	120,042
2017	1,447,407	19,613	521,189	114,773
Change 2008 - 2017	61.72%	-30.32%	6.67%	-7.19%

Insurance Premium Tax	Alcoholic Beverage Tax	Hotel/Motel and Other Tax	Local Option Sales Tax	Total
$ 198,849	$ 156,736	$ 129,217	$ 832,447	$ 2,852,668
203,612	166,266	119,547	723,690	2,759,118
201,702	176,223	121,833	744,801	2,752,538
195,840	164,240	149,661	763,535	2,764,816
245,897	162,457	149,373	756,139	2,810,422
261,157	174,592	156,184	732,042	2,862,021
270,403	171,576	180,499	745,133	2,986,457
282,726	193,583	211,683	800,988	3,181,985
302,046	198,166	236,527	784,700	3,425,997
327,175	213,415	268,737	826,803	3,739,112
64.53%	36.16%	107.97%	-0.68%	31.07%

CITY OF DAHLONEGA, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,		Real Property	Personal Property Motor Vehicles	Personal Property Mobile Homes	Personal Property Heavy Equipment
2008	(1)	$ 223,443,124	$ 4,070,310	$ 409,680	$0
2009		236,400,584	5,429,330	447,042	0
2010	(2)	242,256,781	6,236,220	455,958	0
2011		236,054,887	5,564,160	455,631	0
2012		226,846,158	5,666,920	290,325	0
2013		202,463,250	5,752,110	268,190	0
2014		202,991,937	5,940,190	244,393	0
2015		205,996,244	4,641,760	101,682	0
2016		208,211,843	3,278,000	83,122	0
2017		213,539,963	2,462,370	79,710	0

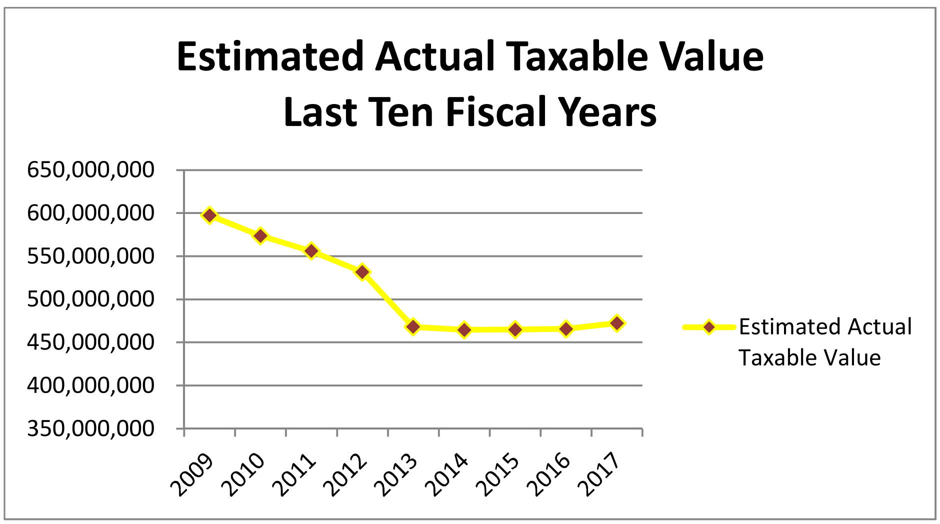
Source: Georgia Department of Revenue, Property Tax Division and Lumpkin County Tax Commissioners Office.

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

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

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

Exemption Adjustments	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ (2,542,905)	$ 225,380,209	3.959	$ 563,450,523	40%
(3,359,688)	238,917,268	3.950	597,293,170	40%
(19,471,830)	229,477,129	3.950	573,692,823	40%
(19,687,619)	222,387,059	3.988	555,967,648	40%
(20,141,768)	212,661,635	4.212	531,654,088	40%
(21,277,495)	187,206,055	4.656	468,015,138	40%
(23,345,456)	185,831,064	4.739	464,577,660	40%
(24,797,329)	185,942,357	4.739	464,855,893	40%
(25,315,056)	186,257,909	5.781	465,644,773	40%
(27,150,378)	188,931,665	6.781	472,329,163	40%



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

			Overlapping Rates			
		City of Dahlonega	Lumpkin County Board of Education	Lumpkin County Board of Commissioners	State of Georgia	Total
Tax Year	Fiscal Year	Operating Millage	Operating Millage	Operating Millage	State Millage	Direct & Overlapping Rates
2007	2008	3.959	11.860	7.724	0.250	23.793
2008	2009	3.950	11.840	7.707	0.250	23.747
2009	2010	3.950	12.800	7.842	0.250	24.842
2010	2011	3.988	12.800	7.907	0.250	24.945
2011	2012	4.212	14.259	8.881	0.250	27.602
2012	2013	4.656	16.239	10.436	0.200	31.531
2013	2014	4.739	16.540	10.743	0.150	32.172
2014	2015	4.739	16.651	10.877	0.100	32.367
2015	2016	5.781	16.829	12.566	0.050	35.226
2016	2017	6.781	16.819	14.230	0.000	37.830

Source: Lumpkin County Tax Commissioners Office.

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

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

CITY OF DAHLONEGA, GEORGIA
PRINCIPAL TAXPAYERS
September 30

	Fiscal Year					
	2017			2008		
Taxpayer	Taxable Assessed Value[1]	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value[1]	Rank	Percentage of Total Taxable Assessed Value
Koyo Bearings N America LLC (Torrington Company)	$ 12,932,160	1	6.84%	$ 10,183,332	1	5.27%
Roberta A. Green, Trustee	5,420,700	2	2.87%			
Dahlonega Student Housing Partners LLC	4,053,418	3	2.15%			
Dahlonega Group LLC	3,273,238	4	1.73%			
Wal-Mart Stores East LP US02513 (Prior Yr Wal-Mart Stores East Inc. (Jacony Lindbergh Prop)	2,656,532	5	1.41%	3,766,292	5	1.95%
Georgia Power Company	2,140,100	6	1.13%	4,204,232	6	2.17%
Green, Roberta	1,989,845	7	1.05%			
Windstream Stand LLC (Prior Yr Windstream Standard Inc.)	1,857,428	8	0.98%			
Durall Capital Holdings LLC	1,629,031	9	0.86%			
Cottrell, Don Michael	1,554,470	10	0.82%			
Standard Telephone Co				7,804,054	2	4.04%
Owens Valley Farm LP				6,490,573	3	3.36%
Inland Container Corp				4,777,514	4	2.47%
Amicalola EMC				4,033,065	7	2.09%
Green, Serman & Roberta				2,825,163	8	1.46%
Southern Health Corp of Dahlonega Inc				2,511,774	9	1.30%
Noblin, Edna A Estate				3,025,378	10	1.56%
Total	$ 37,506,922		19.85%	$ 49,621,377		25.67%

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

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

CITY OF DAHLONEGA, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year Ended September 30	Total Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	$ 892,280	$ 833,749	93.44%	$ 58,531	$ 892,280	100.00%
2009	943,723	878,664	93.11%	64,679	943,343	99.96%
2010	906,435	849,024	93.67%	56,902	905,926	99.94%
2011	886,880	848,725	95.70%	36,807	885,532	99.85%
2012	895,731	813,540	90.82%	80,411	893,951	99.80%
2013	871,631	830,405	95.27%	38,488	868,893	99.69%
2014	880,653	800,559	90.91%	77,143	877,702	99.66%
2015	881,181	836,412	94.92%	29,834	866,246	98.31%
2016	1,076,757	1,048,092	97.34%	10,653	1,058,745	98.33%
2017	1,281,146	1,248,962	97.49%		1,248,962	97.49%

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

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

	2017			2016		
Commodity	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total
General	$ 527,857	2	16.04%	$ 516,197	2	16.42%
Food	559,238	1	16.99%	561,315	1	17.86%
Wholesale [2]	213,165	8	6.48%	229,716	6	7.31%
Miscellaneous Services	401,825	4	12.21%	377,541	4	12.01%
Other Retail [2]	512,253	3	15.56%	445,645	3	14.18%
Utilities	297,162	5	9.03%	323,143	5	10.28%
Automotive	67,966	10	2.07%	72,579	10	2.31%
Manufacturing	237,664	6	7.22%	218,679	7	6.96%
Home Furnishing	231,915	7	7.05%	209,146	8	6.65%
Miscellaneous	117,982	9	3.58%	93,828	9	2.98%
Accomodations [2]	74,142		2.25%	67,939		2.16%
Construction [2]	49,943		1.52%	27,721		0.88%
Lumber						
Apparel						
Total	$ 3,291,112		100%	$ 3,143,449		100%

	2012			2011		
Commodity	Total Distributed	Rank	% of Total	Total Distributed	Rank	% of Total
General	$ 550,564	1	18.20%	$ 586,756	1	17.72%
Food	403,961	3	13.35%	477,327	2	14.41%
Wholesale [2]	299,778	5	9.91%	368,513	5	11.13%
Miscellaneous Services	297,345	6	9.83%	330,063	6	9.97%
Other Retail [2]	340,327	4	11.25%	386,448	4	11.67%
Utilities	294,672	7	9.74%	326,876	7	9.87%
Automotive	455,830	2	15.07%	422,388	3	12.75%
Manufacturing	132,012	8	4.36%	175,356	8	5.29%
Home Furnishing	96,536	9	3.19%	114,015	9	3.44%
Miscellaneous	86,651	10	2.86%	45,055		1.36%
Accomodations [2]	44,927		1.49%	53,216	10	1.61%
Construction [2]	22,419		0.74%	26,144		0.79%
Lumber						
Apparel						
Total	$ 3,025,022		100%	$ 3,312,157		100%

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

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

Note 2: The Georgia Department of Revenue added new commodity codes during 2009.

2015 Total Distributed	2015 Rank	2015 % of Total	2014 Total Distributed	2014 Rank	2014 % of Total	2013 Total Distributed	2013 Rank	2013 % of Total
$ 634,995	1	19.89%	$ 617,100	1	20.77%	$ 577,872	1	19.72%
523,276	2	16.39%	482,820	2	16.25%	458,446	2	15.65%
345,227	5	10.81%	358,125	3	12.05%	342,749	3	11.70%
363,108	4	11.37%	343,710	4	11.57%	328,427	4	11.21%
382,538	3	11.98%	343,033	5	11.54%	327,106	5	11.17%
324,706	6	10.17%	320,193	6	10.78%	312,642	6	10.67%
65,570	10	2.05%	62,453	10	2.10%	226,592	7	7.73%
194,204	7	6.08%	146,938	8	4.94%	152,410	8	5.20%
181,828	8	5.69%	153,531	7	5.17%	98,441	9	3.36%
73,069	9	2.29%	74,632	9	2.51%	39,579	10	1.35%
58,005		1.82%	53,205		1.79%	49,098		1.68%
46,445		1.45%	15,715		0.53%	16,296		0.56%
$ 3,192,971		100%	$ 2,971,455		100%	$ 2,929,658		100%

2010 Total Distributed	2010 Rank	2010 % of Total	2009 Total Distributed	2009 Rank	2009 % of Total	2008 Total Distributed	2008 Rank	2008 % of Total
$ 552,698	1	18.47%	$ 632,180	1	21.49%	$ 742,197	1	22.73%
433,504	2	14.49%	476,912	2	16.21%	573,889	3	17.58%
256,572	7	8.57%	82,060	9	2.79%			
306,114	5	10.23%	265,123	5	9.01%	284,601	5	8.72%
360,584	3	12.05%	229,255	7	7.79%			
298,788	6	9.98%	300,415	4	10.21%	350,997	4	10.75%
346,788	4	11.59%	355,432	3	12.08%	590,324	2	18.08%
223,067	8	7.45%	241,531	6	8.21%	236,363	6	7.24%
107,528	9	3.59%	164,990	8	5.61%	131,107	9	4.02%
34,203		1.14%	56,113		1.91%	153,864	8	4.71%
44,399	10	1.48%	29,790		1.01%			
28,377		0.95%	32,685		1.11%			
			69,546	10	2.36%	185,651	7	5.69%
			5,620		0.19%	15,818	10	0.48%
$ 2,992,622		100%	$ 2,941,650		100%	$ 3,264,811		100%

DAHLONEGA

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FIRST MAJOR U.S. GOLD RUSH

CITY OF DAHLONEGA, GEORGIA
WATER & SEWAGE UTILITY TEN LARGEST SYSTEM CUSTOMERS
SEPTEMBER 30, 2017

Customer	Type of Business	Total Water Billings	Total Sewer Billings	Total Billings	Percentage of System Revenues
Koyo Bearings USA (formerly Timken USA Corp.)	Manufacturer - Automoblie Parts	$ 365,011	$ 385,163	$ 750,174	15.44%
University of North Georgia	University	357,872	337,276	695,148	14.31%
The Bellamy	Apartment Complex	64,551	35,813	100,364	2.07%
Lumpkin County Board of Education	Local Government	53,837	43,929	97,766	2.01%
Lumpkin County Board of Commissioners	Local Government	48,824	41,800	90,624	1.87%
Chestatee Medical Center	Hospital	29,711	29,586	59,297	1.22%
Camp Glisson	Not for Profit - Religious	55,927	16,375	72,302	1.49%
Tysons	Manufacturer - Poultry Prosessor	22,963	23,920	46,883	0.97%
Holiday Inn Express	Hospitality - Hotel	22,209	20,880	43,089	0.89%
Gold City Nursing Home	Nursing Home	19,042	18,179	37,221	0.77%
Total		$ 1,039,947	$ 952,921	$ 1,992,868	41.03%

Total Water and Sewage sales: $ 4,857,415

Note: This information is included to comply with continuing disclosure requirements of 2015 Water and Sewerage bond issue.

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

	Governmental Activities		Business-Type Activities		
Fiscal Year	General Obligation Bonds	Capital Leases	Water & Sewage Bonds	Notes Payable	Capital Leases
2008	$0	$ 47,067	$ 26,890,682	$ 12,581,247	$ 115,208
2009	0	35,328	26,383,926	12,114,383	84,875
2010	0	23,050	25,886,883	11,466,004	53,155
2011	0	10,207	25,619,558	10,852,312	19,985
2012	0	0	25,257,068	10,211,833	2,711
2013	0	0	24,799,334	9,544,352	0
2014	0	0	24,236,446	8,848,926	0
2015	0	0	27,626,388	5,532,414	0
2016	0	0	26,908,189	5,412,450	0
2017	0	0	26,259,989	6,031,983	0

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

Note (1): See the Schedule of Demographic and Economic Statistics on pages 158 and 159 for personal income and population data.

Total Primary Government	Percentage of Personal Income	Per Capita
$ 39,634,204	30.78%	$ 8,522
38,618,512	28.85%	8,098
37,429,092	28.09%	7,727
36,502,062	40.26%	6,963
35,471,612	44.15%	6,755
34,343,686	42.75%	5,861
33,085,372	41.18%	5,470
33,158,802	41.27%	5,233
32,320,639	40.23%	5,340
32,291,972	40.20%	5,017

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FIRST MAJOR U.S. GOLD RUSH

CITY OF DAHLONEGA, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Available	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Lumpkin County Board of Commissioners	$ 610,000	100%	$ 610,000
Lumpkin County Board of Education	1,165,000	100%	1,165,000
Subtotal, overlapping debt			1,775,000
City of Dahlonega direct debt			0
Total direct and overlapping debt			$ 1,775,000

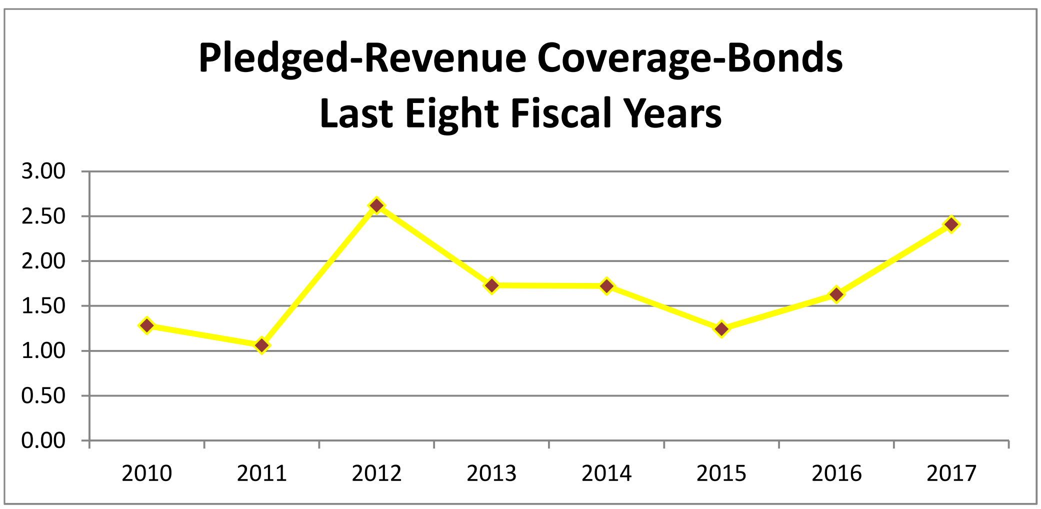
Source: Debt outstanding data per 12/31/2016 Lumpkin County CAFR and Lumpkin County Board of Education Annual Financial Report 06/30/2016.

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

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

Fiscal Year	Net Operating Income	Plus Depreciation	Plus Interest Income	Net Revenues Available For Debt Service	Actual Debt Service Bonds	Less SPLOST Revenues *
2010	$ 411,908	$ 1,275,219	$ 99,306	$ 1,786,433	$ 1,908,719	$ 515,000
2011	(69,046)	1,768,427	59,933	1,759,314	1,656,832	-
2012	(126,832)	1,741,114	59,933	1,674,215	1,739,044	1,100,000
2013	370,660	1,728,315	105,973	2,204,948	1,815,044	540,000
2014	876,501	1,708,276	101,393	2,686,170	1,896,294	335,096
2015	654,357	1,692,913	95,658	2,442,928	1,964,821	-
2016	956,336	1,669,788	8,800	2,634,924	1,620,310	-
2017	2,239,119	1,642,751	13,535	3,895,405	1,618,018	-

*SPLOST Proceeds related to debt repayment included.



Net Debt Service on Bonds	Actual Debt Service GEFA	Transfer from General Fund Reservoir	Net Debt Service on GEFA	Total Debt Service	Coverage Bonds	Coverage GEFA
$ 1,393,719	$ 1,038,759	$ 286,224	$ 752,535	$ 2,146,254	1.28	0.83
1,656,832	1,022,760	284,292	738,468	2,395,300	1.06	0.73
639,044	1,023,077	284,292	738,785	1,377,829	2.62	1.22
1,275,044	1,023,077	284,292	738,785	2,013,829	1.73	1.09
1,561,198	1,023,077	284,292	738,785	2,299,983	1.72	1.17
1,964,821	1,020,200	284,292	735,908	2,700,729	1.24	0.90
1,620,310	284,296	189,528	94,768	1,715,078	1.63	1.54
1,618,018	284,735	90,000	194,735	1,812,753	2.41	2.15

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

	Fiscal Year			
	2008	2009	2010	2011
Debt Limit	$ 22,538,021	$ 23,891,727	$ 22,947,713	$ 22,238,706
Total net debt applicable to limit	0	0	0	0
Legal debt margin	$ 22,538,021	$ 23,891,727	$ 22,947,713	$ 22,238,706
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ 21,266,164	$ 18,720,606	$ 18,583,106	$ 18,594,236	$ 18,625,791	$ 18,893,167
0	0	0	0	0	0
$ 21,266,164	$ 18,720,606	$ 18,583,106	$ 18,594,236	$ 18,625,791	$ 18,893,167
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2017

Total Assessed value	$ 188,931,665
Debt limit (10% of total assessed value)(1)	18,893,167
Debt applicable to limit:	
General obligation bonds	0
Less: Amount set aside for repayment of general obligation debt	0
Total net debt applicable to limit	0
Legal debt margin	$ 18,893,167

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

Fiscal Year	Lumpkin County Population[a]	City of Dahlonega Population[a]	Estimated City of Dahlonega Personal Income (amounts expressed in thousands)[a]	Lumpkin County Per Capita Income[a]	Lumpkin County Public School Enrollment[b]	Lumpkin County Unemployment Rate[c]
2008	27,056	4,651	128,753	27,684	3,732	7.0%
2009	27,743	4,769	133,873	26,627	3,822	11.5%
2010	28,180	4,844	133,244	26,524	3,916	9.9%
2011	29,966	5,242	90,676	28,236	3,843	10.3%
2012	30,031	5,251	80,337	28,199	3,834	8.3%
2013	30,611	5,860	80,337	29,062	4,248	8.3%
2014	30,918	6,049	80,337	30,603	3,706	7.3%
2015	31,176	6,337	80,337	31,879	3,800	4.8%
2016	31,408	6,052	80,337	32,972	3,822	4.5%
2017	31,445	6,437	80,337	Unavailable	3,843	3.7%

Source (a): Information was obtained from U.S. Department of Commmerce and U.S. Census Bureau and www.bea.gov.

Source (b): Information was obtained from Lumpkin County Board of Education

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

Note: Information about Lumpkin County Per Capita Income for 2017 was unavailable at the time this report was issued.

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

Employer	2017 Employees	2017 Rank	2017 Percentage of Total County Employment	2007 Employees	2007 Rank	2007 Percentage of Total County Employment
University of North Georgia	930	1	12.28%	697	2	11.04%
Lumpkin County Board of Education	584	2	7.71%	615	3	9.74%
Lumpkin County Board of Commissioners	283	3	3.74%	286	5	4.53%
Koyo Bearings USA (formerly Timken USA Corp.)	247	4	3.26%	251	7	3.97%
Wal-Mart Super Center	212	5	2.80%	265	6	4.20%
Chestatee Regional Hospital	181	6	2.39%	223	8	3.53%
RefigiWear, Inc.	138	7	1.82%	110	9	1.74%
Gold City Community Living	110	8	1.45%			
Home Depot	103	9	1.36%	92	10	1.46%
GDC Enterprises, Inc. dba Wahoo Docks	98	10	1.29%			
Mohawk Industries				350	4	5.54%
Southern Switches Corp				968	1	15.33%
Total	2,886		38.09%	3,857		61.08%

Source: Lumpkin County Board of Commissioners CAFR and City of Dahlonega Occupation Tax records.

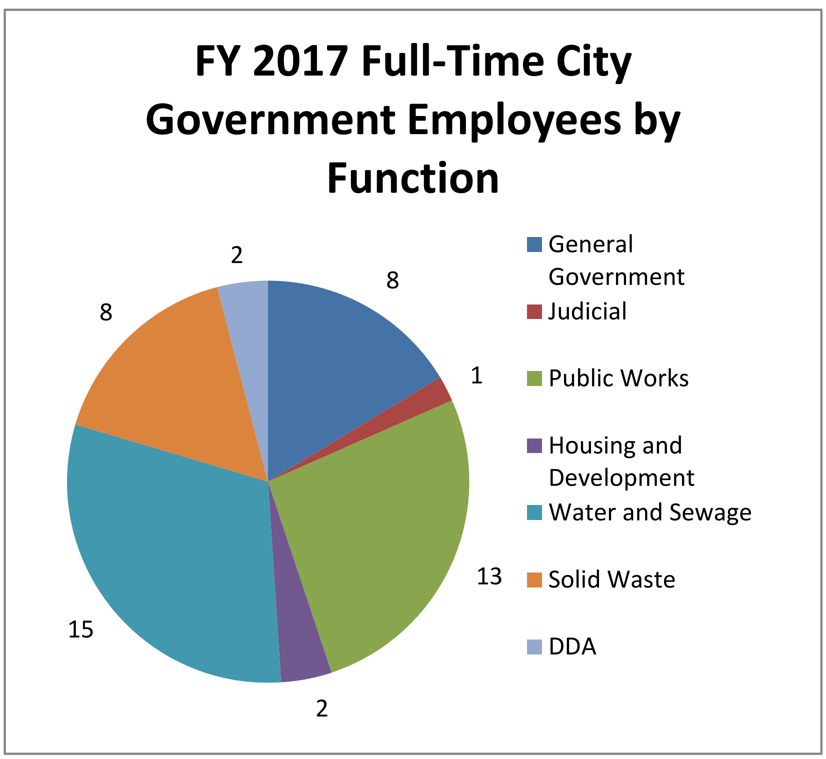
Note 1: 2007 information obtained from Lumpkin County Board of Commissioners CAFR.

Note 2: Percentage of employment data in 2017 was based on information from U.S. Bureau of Labor Statistics of 7,576 (http://www.bls.gov/regions/southeast/news-release/countyemploymentandwages_georgia.htm).

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

	Full-time Employees as of September 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
Primary government										
General Government	7	7	7	7	5	5	4	5	7	8
Judicial	1	1	0	0	0	0	0	0	1	1
Public Works	11	10	10	10	10	12	14	10	10	13
Culture and Recreation	0	0	0	0	0	0	0	0	0	0
Housing and Development	2	2	2	2	2	2	2	2	2	2
Water and Sewage	17	15	15	15	13	13	9	15	17	15
Solid Waste	6	5	5	5	5	5	6	8	8	8
Total primary government	44	40	39	39	35	37	35	40	45	47
Component unit										
Housing and Development										
Dahlonega Downtown Development Authority	1	1	1	1	1	1	1	1	2	2
Total employees	45	41	40	40	36	38	36	41	47	49

Source: City Payroll Records



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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
General Government										
Number of accounts payable checks issued	3,105	3,011	3,418	2,698	2,409	2,307	2,302	2,825	3,077	2,955
Number of payroll checks issued*	2,634	2,567	2,430	2,524	2,209	2,267	1,341	1,342	1,380	1,665
Highways and streets										
Miles of right-of-way maintained	37.8	37.8	37.8	37.8	37.8	37.8	37.8	37.8	37.8	37.8
Sanitation										
Refuse collected (tons)	3,083	3,253	3,161	3,089	3,073	3,098	3,243	3,208	3,027	3,336
Recyclables collected (tons)	97	91	114	112	129	125	97	159	190	143
Water System (MGD -Millions of Gallons per Day)										
Number of service connections	2,066	2,102	2,074	2,144	2,123	2,114	2,218	2,201	2,191	2,213
Daily average consumption in gallons	0.910	0.898	0.924	1.006	1.015	0.964	1.010	1.004	0.964	1.075
Sewer System (MGD -Millions of Gallons per Day)										
Number of service connections	1,344	1,402	1,383	1,462	1,443	1,432	1,522	1,528	1,519	1,545
Daily average treatment in gallons	0.482	0.488	0.619	0.631	0.750	0.768	0.934	0.641	0.675	0.681

Source: Various City Departments.

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

*City changed to bi-weekly payroll processing; includes direct deposit advices.

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

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

Source: Various City Departments.

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

Fiscal Year				
2013	**2014**	**2015**	**2016**	**2017**
37.8	37.8	37.8	37.8	37.8
3	3	3	3	3
3.58	3.58	3.58	3.58	3.58
59	59	61	61	61
437	437	449	493	496
1	1	1	1	1
0	0	0	0	0
4.0 MGD	4.0 MGD	4.0 MGD	6.0 MGD	6.0 MGD
42	42	42	48	48
1	1	1	1	1
1.1 MGD	1.1 MGD	1.1 MGD	1.1 MGD	1.44 MGD
4	4	4	4	6

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FIRST MAJOR U.S. GOLD RUSH

OTHER REPORTING SECTION

DAHLONEGA

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FIRST MAJOR U.S. GOLD RUSH

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dahlonega, Georgia, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Dahlonega, Georgia's basic financial statements and have issued our report thereon dated February 9, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rushton & Company, LLC

Certified Public Accountants

Gainesville, Georgia
February 9, 2018

State Reporting Section

This section contains additional reports required by the State of Georgia

CITY OF DAHLONEGA, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended September 30, 2017

	Estimated Cost *		Expenditures		
Project	Original	Current	Prior Years	Current Year	Total
2014 SPLOST					
Sewer Plant Upgrade and Related Sewer Line Replacements	$ 3,000,000	$ 3,000,000	$ 400,535	$ 1,381,564	$ 1,782,099

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