

MINUTES  
CITY COUNCIL REGULAR MEETING  
JUNE 2, 2008  
7:00 P.M.

**CALL THE MEETING TO ORDER:** Mayor Cox called the meeting to order at 7:00 p.m.

**ROLL CALL:** Those present included Mayor Joe Lane Cox, Council Members Mike Wilson, Linda Grant, Mike Sosebee; staff present were Kim Cornelison and Dana Miles, City Attorney. Jonathan Cox was absent due to family illness.

**INVOCATION AND PLEDGE:** Invocation was led by Wendell Gilreath followed by the pledge of allegiance.

**APPROVAL OF MINUTES:**

Council unanimously approved the minutes from the regular meeting held May 5, 2008; motion by Linda Grant; seconded by Mike Wilson, the motion carried unanimously.

**NEW BUSINESS:**

2007 Audit Presentation – Warren Almand, Alexander, Almand and Associates. Warren Almand presented the audit to the council highlighting various reports and making the council aware of two findings. He stated that as the auditor their job is to find errors. They found posting inconsistencies and a need to purchase integrated software. Mr. Almand stated that due to the projects such as the wells, sidewalks and land application system, there has been a significant amount of financial transactions in 2007.

A copy of the audit is attached to the minutes. Council unanimously approved and adopted the 2007 audit. Motion by Mike Sosebee; seconded by Linda Grant.

Application for Parade/Public Assembly: GRHOF Thunder in the Sky, Thursday, July 3 at Dawson County High School: Steve Holder presented the application explaining that the application has been submitted to the Sheriff and Fire Marshal. The Fire Marshal comments are still outstanding. Council unanimously approved the application with the stipulation that the Fire Marshal approve the event. Motion by Mike Sosebee; seconded by Linda Grant.

Request for funds - GRHOF Commission requests the City help sponsor Thunder in the Sky: Mayor Cox presented the request for sponsorship of the fireworks display by the GRHOF Commission. After discussions regarding the affect of increased gas prices on the city's budget Linda Grant made a motion to contribute \$1,250.00 towards the event; the motion died for lack of a second.

Request for authorization to expend funds and amend budget as needed: Kim Cornelison asked the council for authorization to expend funds to purchase software that would integrate the various business components of the city directly into the financial program. She further stated that the council was made aware of the need to work towards integration when the budget was presented in December and that funds were included in the budget for this purchase. The integrated software would also be a proactive step towards correcting the findings in the audit. The software being considered would be compatible with the existing utility billing program and is developed by Black Mountain Software.

The Clerk asked the council to approve the following components: Financial - \$9,115.; Cemetery - \$3,000; Business Licensing - \$3,000; and Permitting - \$4,560.

The council unanimously approved the expenditure and authorized any the clerk to make any necessary budget amendments to accommodate the purchase. Motion by Linda Grand; seconded by Mike Sosebee.

Resolution to support the grant application for a BRIDGE Grant: Charlie Auvermann addressed the Council outlining the scope of the BRIDGE project, those who are participating in it; and his request to have the city support the project with a letter of support. Mr. Auvermann further explained that he was not

MINUTES  
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requesting any funds from the City for the project.

Council unanimously approved the resolution; motion by Mike Sosebee and second by Linda Grant.

A copy of a Mr. Auvermann's letter to the council is attached and gives more detail regarding the scope of the project. Also attached is a copy of the executed resolution.

**PUBLIC HEARING:**

ANX08-001: Clarence B. Denard has made an application to annex 2.846 acres, located off of Burts Creek Road, TMP 090-006-004, in to the City of Dawsonville. The subject property is currently zoned RA in the county and would be AP in the City. The second public hearing will be Monday, July 7, 2008.

Steve Holder presented the annexation application; he advised the council that the City received a letter from the County Attorney stating no objection to the annexation as it complies with the terms of the previously adopted SPLOST V agreement negotiated last year.

Dana Miles opened the public hearing. There were approximately 12 people in attendance and no one spoke in favor or opposition of the application.

Council unanimously approved the first reading of annexation petition ANX08-001. Motion was made by Linda Grant and second by Mike Sosebee.

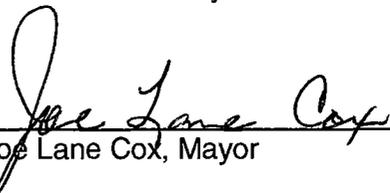
**MAYOR'S REPORT:**

Mayor Cox made the council aware that Flat Creek has been paved; Stegall will be finished in a few days, and Maple St. will be paved by DOT under a LARP contract. Memory Lane will be put off for a couple months due to the construction on site. He also made the council aware of an upcoming items: first, a training opportunity by the State Ethics commission; second the dedication of the Dawson County Adult Education Center on Friday, June 6<sup>th</sup> at 10:00 a.m.; and finally he invited council to the staff meeting to be held Tuesday, June 3, at 10:00 a.m.

Mayor Cox then presented a new city flag to the council.

Steve Holder presented the Historic District Design Guidelines for the council to take home and start reading over. He asked that the council please call with questions. The guidelines will be on the July agenda as well as a new historic preservation ordinance.

**ADJOURNMENT:** There being no further business, Mike Sosebee made a motion to adjourn the meeting at 7:50 p.m. Second by Linda Grant; the motion carried unanimously.

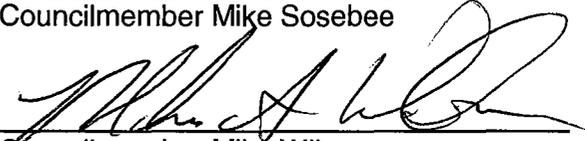
  
\_\_\_\_\_  
Joe Lane Cox, Mayor

\_\_\_\_\_  
Councilmember Jonathan Cox

MINUTES  
CITY COUNCIL REGULAR MEETING  
JUNE 2, 2008  
7:00 P.M.

  
\_\_\_\_\_  
Councilmember Linda Grant

  
\_\_\_\_\_  
Councilmember Mike Sosebee

  
\_\_\_\_\_  
Councilmember Mike Wilson

Attested:   
Kim Cornelison, City Clerk *for*  


CITY OF DAWSONVILLE  
DAWSONVILLE, GEORGIA



FINANCIAL STATEMENTS  
(With supplemental material)

FOR THE YEARS ENDED  
DECEMBER 31, 2007 AND 2006

CITY OF DAWSONVILLE

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CITY OF DAWSONVILLE

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PEGGY W. SHIRLEY, C.P.A.

June 2, 2008

MEMBERS OF:  
THE AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
THE GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the remaining fund information of City of Dawsonville, Georgia, as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Dawsonville, Georgia, management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements include certain prior-year summarized comparative information presented in total but not by major fund class. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 30, 2006, dated May 17, 2007, from which the summarized information was derived.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the remaining fund information of the City of Dawsonville, Georgia, as of December 31, 2007 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 2, 2007, on our consideration of City of Dawsonville, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 8, and retirement plan information on pages 38 and 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dawsonville, Georgia's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Dawsonville, Georgia. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The compliance schedules of functional allocations for water and sewer activities are presented for purposes of additional analysis required under USDA funding guidelines. The balance sheet schedule and schedule of revenues, expenses and changes in fund net assets have been subjected to certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the schedules and express no opinion on it.

*Alexander, Almand & Associates, LLP*

Alexander, Almand & Associates, LLP  
Gainesville, Georgia



Joe Lane Cox  
Mayor

Members of Council:

Jonathan Cox  
Linda Grant  
Mike Sosebee  
Mike Wilson

Dana Miles  
City Attorney

Kim Cornelison  
City Administrator/Clerk

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Dawsonville provides this Management Discussion and Analysis, a new format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34). This narrative overview and analysis of the City of Dawsonville's financial activities is for the fiscal years ending December 31, 2007 and 2006. Please consider this information in conjunction with the accompanying Basic Financial Statements.

### FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

- The assets of the City of Dawsonville exceeded its liabilities at the close of the fiscal year ending December 31, 2007 by \$ 10,612,756 and at the close of December 31, 2006 by \$ 8,267,730 (net assets).
- The City's net assets increased by \$ 2,345,026 and \$ 2,409,150 for the years ending December 31, 2007 and 2006 respectively over the prior year. Of this amount, an increase of \$ 717,952 and \$ 346,625 was associated with governmental activities and an increase of \$ 1,627,074 and \$ 2,062,525 with business-type activities. The greatest single factor that contributed to the large increase in the current year in the business-type activities was the upgrades to the Wastewater Treatment Plant Land Application System through the use of USDA Rural Development grant funds. In the governmental activities, the increase in assets is attributable to the implementation of the sidewalk and parking lot project. Funds for the sidewalks were generated through SPLOST IV contributions and the parking lot was partially funded through GDOT.
- In 2007 the City continued with an extensive upgrade and expansion project of the wastewater treatment facilities - total project costs: \$ 5,375,462. The project included acquiring 127.494 acres of land, which has been converted to additional spray fields, building a new 4,800 square foot maintenance facility, dredging and desludging the treatment pond, then upgrade and expand the pond to increase treatment capacity. Funding for this project was generated from United States Department of Agriculture – Rural Development by securing a 3,091,100.00 low-interest (4.5%) 40-year loan, and by being awarded a \$ 2,284,362 grant. The majority of this project is expected to be completed in 2007, which included using all of the funds in the low-interest loan and \$ 1,488,705 in grant funds.
- The City's investment in capital assets, net of related debt, increased \$ 1,906,912 and \$ 820,012 or 23% and 13% for the years ending December 31, 2007 and 2006, respectively.

### Overview of the Financial Statements

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

#### Government-wide financial statements

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

The statement of net assets presents information on all of the city's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the

financial position of the City is improving or deteriorating. The statement of net assets combines and consolidates governmental funds' current financial resources with capital assets and long-term obligations.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Dawsonville include general government, public safety, highways and streets and other charges. The major business-type activity of the City includes the water and sewer system.

The government-wide financial statements include not only the City of Dawsonville itself (known as the primary government), but also a legally separate Dawsonville Downtown Development Authority, a component unit of the City. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Dawsonville can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

### **Governmental funds**

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

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

The City maintains two governmental funds – the general fund and one special revenue fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The general fund is considered a major fund and the Hotel-Motel tax fund is considered a non-major governmental fund.

The City of Dawsonville adopts a one year budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

### **Proprietary funds**

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

### **Permanent Funds:**

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

**Notes to the financial statements**

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

**Other information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

At December 31, 2007 and 2006 respectively, the City's assets exceeded liabilities by \$ 10,612,756 and \$ 8,267,730. By far the largest portion of the City's net assets reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

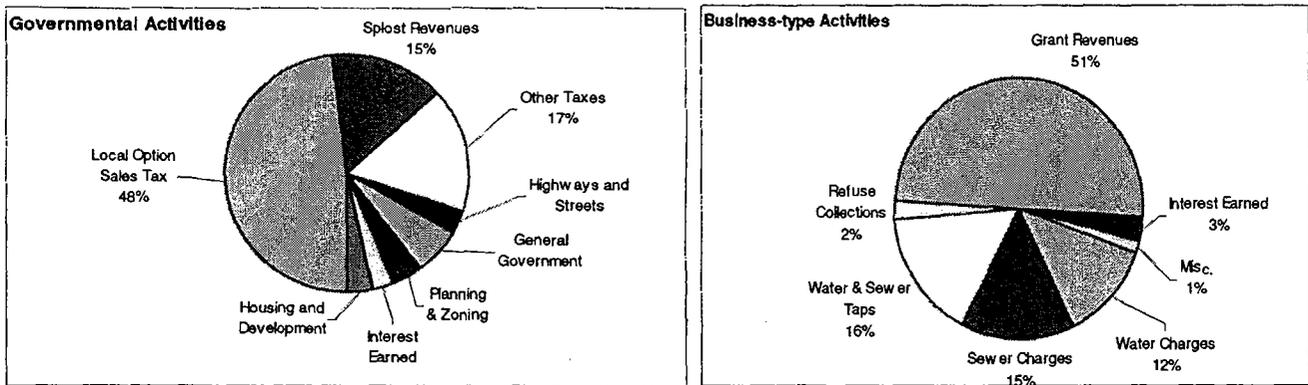
**City of Dawsonville's Net Assets**

	Government Activities	Business-Type Activities	2007 Total	2006 Total
Current and other assets	\$ 828,449	\$ 2,500,037	\$ 3,328,486	\$3,690,151
Capital assets	4,730,252	11,734,831	16,465,083	12,930,228
Total assets	<u>5,558,701</u>	<u>14,119,893</u>	<u>19,678,594</u>	<u>16,620,379</u>
Long-term liabilities outstanding	2,349,362	6,298,984	8,648,326	7,443,233
Other liabilities	156,778	260,714	417,492	909,416
Total liabilities	<u>2,506,140</u>	<u>6,559,698</u>	<u>9,065,838</u>	<u>8,352,649</u>
Net assets:				
Invested in Capital Assets, Net of Related Debt	2,305,666	6,177,669	8,483,335	6,576,423
Restricted for Cemetery	144,101	-	144,101	148,912
Unrestricted	602,794	1,382,526	1,985,320	1,542,395
Total net assets	<u>\$ 3,052,561</u>	<u>\$ 7,560,195</u>	<u>\$ 10,612,756</u>	<u>\$ 8,267,730</u>

**City of Dawsonville's Changes in Net Assets**

	Government Activities	Business-Type Activities	2007 Total	2006 Total
Revenues:				
Program revenues:				
Charges for services	\$ 234,165	\$ 1,375,960	\$ 1,610,125	\$ 1,366,054
Operating grants and Contributions	155	-	155	125,083
Capital grants and Contributions	383,095	1,488,705	1,871,800	1,552,107
General revenues:				
Other tax	1,226,803	-	1,226,803	1,012,378
Other	51,312	97,867	149,179	400,095
<b>Total Revenues</b>	<b>1,895,530</b>	<b>2,962,532</b>	<b>4,858,062</b>	<b>4,455,717</b>
Expenses:				
General government	605,238	-	605,238	564,568
Public safety	172,074	-	172,074	186,000
Highways and streets	140,304	-	140,304	152,517
Culture/recreation	7,967	-	7,967	7,799
Planning and zoning	164,801	-	164,801	163,068
Housing and development	47,796	-	47,796	44,479
Interest on long-term debt	141,398	64,468	205,866	140,045
Water and sewer	-	1,078,990	1,078,990	788,091
<b>Total Expense</b>	<b>1,279,578</b>	<b>1,143,458</b>	<b>2,423,036</b>	<b>2,046,567</b>
Increase in net assets before transfers	530,026	1,819,074	2,435,026	2,409,150
Transfers	102,000	(192,000)	(90,000)	-
Change in net assets	717,952	1,627,074	2,345,026	2,409,150
Net assets January 1	2,334,609	5,933,121	8,267,730	5,858,580
<b>Net assets December 31</b>	<b>\$ 3,052,561</b>	<b>\$ 7,560,195</b>	<b>\$ 10,612,756</b>	<b>\$ 8,267,730</b>

**Revenues by Source:**



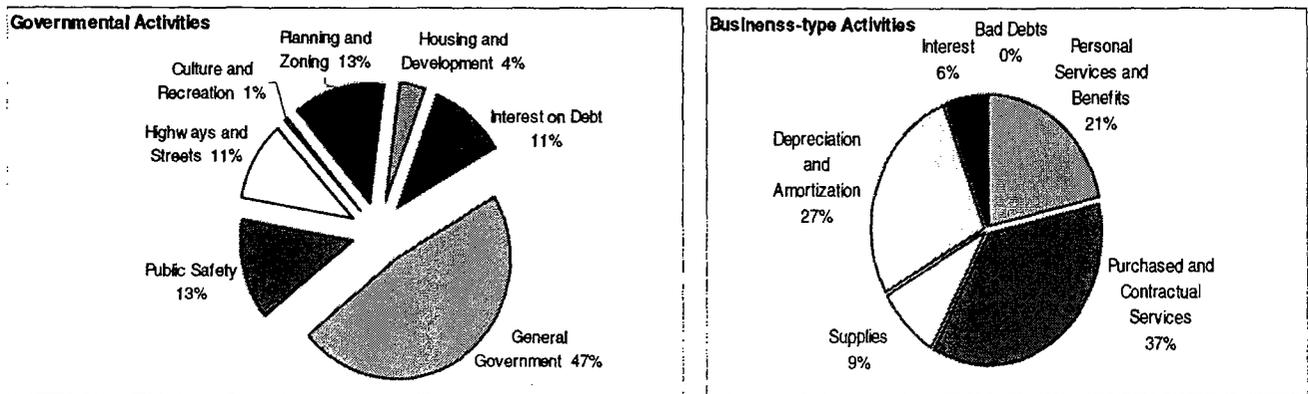
**GENERAL FUND BUDGETARY HIGHLIGHTS**

Changes from the City's original budget to the final budget are detailed in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual along with a comparison to actual activity for the year ended December 31, 2007. Differences between the original budget and the final amended budget reflected the use of contingency funding and contribution of transfers from the water and sewer fund.

General Fund revenues of \$ 1,860,867 exceeded budgeted revenues of \$ 1,766,865 in 2007, and showed a 27% increase over the year ended December 31, 2006; as compared to a 17% percent increase the prior year. The current year increase is attributed to several factors: increased services, higher sales tax collections, and finally the collaboration of the Mayor, Council, and staff to be good stewards of the city's assets.

General Fund expenditures were less than budgeted. With total appropriations of \$ 2,612,272, the City actually spent \$ 2,609,050, or \$ 3,222 less than budgeted, for the year ending December 31, 2007.

**Expenditures by Function:**



**ECONOMIC FACTORS**

Positive economic growth is correlated with increased revenues from local option sales taxes, charges for services, as well as federal grants. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment, new construction, and Enterprise Fund revenues.

**CAPITAL ASSETS**

As of December 31, 2007 the City had over \$ 17.8 million invested in a variety of capital assets, as in the schedule below. Adjustments for depreciation are \$ 442,928 for the year ending December 31, 2007, and \$ 1,513,943 accumulated.

**Capital Assets at Year-end**

	Governmental Activities	Business - Type Activities
Land	\$ 320,802	\$ 2,799,609
Artifacts	54,001	-
Construction in Process	381,560	3,209,224
Buildings	3,386,296	146,801
Improvements	32,010	-
Vehicles	94,456	-
Machinery and Equipment	168,431	187,681
Infrastructure	744,213	-
Water and Sewer System	-	5,412,991
Sewer Treatment Plant	-	923,923
<b>Total</b>	<b>\$ 5,181,769</b>	<b>\$ 12,680,229</b>

The following reconciliation summarizes the change in Capital Assets:

**Capital Assets at Year-end**

	Governmental Activities	Business - Type Activities
Beginning Balance:	\$ 3,766,755	\$ 10,252,517
Additions:		
Land	-	-
Artifacts	-	-
Construction in Process	1,387,402	2,273,726
Buildings	506,977	-
Improvements	9,540	-
Machinery and Equipment	-	99,765
Infrastructure	568,972	-
Water and Sewer System	-	1,174,775
Sewer Treatment Plant	-	-
Dispositions:		
Artifacts	(13,000)	-
Building	-	-
Infrastructure	-	-
In-Service Construction	(1,044,877)	(1,120,554)
<b>Total</b>	<b>\$ 5,181,769</b>	<b>\$ 12,680,229</b>

**REQUEST FOR FINANCIAL INFORMATION**

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

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF NET ASSETS  
December 31, 2007 and 2006

	Primary Government 2007			2006 Totals	2007 Component Unit
	Government Activities	Business-Type Activities	Total		
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 729,891	\$ 2,259,439	\$ 2,989,330	\$ 3,114,055	\$ 9,982
Accounts receivable	95,036	71,930	166,966	78,410	-
Intergovernmental receivable	-	57,215	57,215	225,193	-
Internal balances	3,522	(3,522)	-	-	-
Prepaid items	-	-	-	-	-
<b>Total current assets</b>	<b>828,449</b>	<b>2,385,062</b>	<b>3,213,511</b>	<b>3,417,658</b>	<b>9,982</b>
<b>Noncurrent Assets</b>					
Cash/cash equivalents restricted	-	114,975	114,975	263,887	-
Due from primary government - long term	-	-	-	-	2,424,586
<b>Capital assets (net of accumulated depreciation)</b>					
Land	320,802	2,799,609	3,120,411	3,120,411	90,000
Artifacts	54,001	-	54,001	67,001	-
Construction in progress	381,560	3,209,224	3,590,784	2,095,087	-
Depreciable, net	3,973,889	5,590,969	9,564,858	7,647,729	-
<b>Total noncurrent assets</b>	<b>4,730,252</b>	<b>11,714,777</b>	<b>16,445,029</b>	<b>13,194,115</b>	<b>2,514,586</b>
Bond issuance costs, net	-	20,054	20,054	8,606	-
<b>TOTAL ASSETS</b>	<b>\$ 5,558,701</b>	<b>\$ 14,119,893</b>	<b>\$ 19,678,594</b>	<b>\$ 16,620,379</b>	<b>\$ 2,524,568</b>

See accompanying notes to the basic financial statements

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF NET ASSETS  
December 31, 2007 and 2006

	Primary Government 2007			2006 Totals	2007 Component Unit
	Government Activities	Business-Type Activities	Total		
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 26,008	\$ 103,914	\$ 129,922	\$ 677,976	\$ -
Due to component units	-	-	-	-	-
Deferred revenue	44,221	-	44,221	36,139	-
Current portion, capital lease debt	84,009	-	84,009	80,214	-
Current portion, bond debt	-	42,578	42,578	12,845	-
Current portion, municipal loans	-	46,923	46,923	19,839	84,009
Current portion, interim financing	-	-	-	21,057	-
Compensated absences	1,290	369	1,659	1,247	-
Customer deposits	1,250	66,930	68,180	60,100	-
<b>Total current liabilities</b>	<b>156,778</b>	<b>260,714</b>	<b>417,492</b>	<b>909,417</b>	<b>84,009</b>
<b>Noncurrent liabilities</b>					
Deferred revenue	-	958,500	958,500	975,500	-
Long-term debt, capital lease	2,340,577	-	2,340,577	2,419,532	-
Long-term debt, bond debt	-	3,987,646	3,987,646	962,044	2,340,577
Long-term debt, municipal loans	-	1,344,986	1,344,986	442,097	-
Long-term debt, interim financing	-	-	-	2,625,303	-
Compensated absences	8,785	7,852	16,637	18,756	-
<b>Total noncurrent liabilities</b>	<b>2,349,362</b>	<b>6,298,984</b>	<b>8,648,346</b>	<b>7,443,232</b>	<b>2,340,577</b>
<b>Total liabilities</b>	<b>2,506,140</b>	<b>6,559,698</b>	<b>9,065,838</b>	<b>8,352,649</b>	<b>2,424,586</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	2,305,666	6,177,669	8,483,335	6,576,423	-
Restricted for Cemetery	144,101	-	144,101	148,912	-
Unrestricted	602,794	1,382,526	1,985,320	1,542,395	99,982
<b>Total net assets</b>	<b>3,052,561</b>	<b>7,560,195</b>	<b>10,612,756</b>	<b>8,267,730</b>	<b>99,982</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,558,701</b>	<b>\$ 14,119,893</b>	<b>\$ 19,678,594</b>	<b>\$ 16,620,379</b>	<b>\$ 2,524,568</b>

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF ACTIVITIES  
For the Years Ended December 31, 2007 and 2006

	Program Revenues		
	Expenses	Charges For Services and Sales	Operating Grants, Contributions and Interest
<b>PRIMARY GOVERNMENT</b>			
Government Activities			
General government	\$ 605,238	\$ 119,930	\$ 155
Public safety	172,074	-	-
Highways and streets	140,304	-	-
Culture/recreation	7,967	-	-
Planning and zoning	164,801	79,482	-
Housing and development	47,796	34,753	-
Interest on long term debt	141,398	-	-
<b>Total Government Activities</b>	<u>1,279,578</u>	<u>234,165</u>	<u>155</u>
Business-Type Activities			
Water and sewer	1,143,458	1,375,960	-
<b>Total Business-Type Activities</b>	<u>1,143,458</u>	<u>1,375,960</u>	<u>-</u>
<b>Total-Primary Government</b>	<u>\$ 2,423,036</u>	<u>\$ 1,610,125</u>	<u>\$ 155</u>
Component Unit			
Dawsonville Downtown Development Authority	6,630	4,097	-
<b>Total Component Unit</b>	<u>\$ 6,630</u>	<u>\$ 4,097</u>	<u>\$ -</u>

**GENERAL REVENUES:**

Taxes: Sales  
    Alcoholic Beverage  
    Franchise  
    Other  
Interest earned  
Gain on sale of assets  
Total General Revenues

**TRANSFERS**

Total General Revenues and Transfers

Change In Net Assets

NET ASSETS - beginning of year

NET ASSETS - end of year

See accompanying notes to the basic financial statements

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF ACTIVITIES  
For the Years Ended December 31, 2007 and 2006

Capital Grants and Contributions	Net (Expense) Revenue and Changes In Net Assets			2006 Totals	2007 Component Unit
	Primary Government		2007 Total		
	Governmental Activities	Business-Type Activities			
\$ -	\$ (485,153)	\$ -	\$ (485,153)	\$ (467,558)	\$ -
-	(172,074)	-	(172,074)	(182,450)	-
353,095	212,791	-	212,791	(27,734)	-
-	(7,967)	-	(7,967)	22,201	-
-	(85,319)	-	(85,319)	(70,250)	-
30,000	16,957	-	16,957	(5,585)	-
-	(141,398)	-	(141,398)	(140,045)	-
<u>383,095</u>	<u>(662,163)</u>	<u>-</u>	<u>(662,163)</u>	<u>(871,421)</u>	<u>-</u>
<u>1,488,705</u>	<u>-</u>	<u>1,721,207</u>	<u>1,721,207</u>	<u>1,868,098</u>	<u>-</u>
<u>1,488,705</u>	<u>-</u>	<u>1,721,207</u>	<u>1,721,207</u>	<u>1,868,098</u>	<u>-</u>
<u>\$ 1,871,800</u>	<u>(662,163)</u>	<u>1,721,207</u>	<u>1,059,044</u>	<u>996,677</u>	<u>-</u>
-	-	-	-	-	(2,533)
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,533)</u>
	908,586	-	908,586	822,087	-
	59,789	-	59,789	49,466	-
	172,502	-	172,502	73,292	-
	85,926	-	85,926	67,533	-
	51,312	97,867	149,179	83,480	221
	-	-	-	316,615	-
	<u>1,278,115</u>	<u>97,867</u>	<u>1,375,982</u>	<u>1,412,473</u>	<u>221</u>
	<u>102,000</u>	<u>(192,000)</u>	<u>(90,000)</u>	<u>-</u>	<u>90,000</u>
	<u>1,380,115</u>	<u>(94,133)</u>	<u>1,285,982</u>	<u>1,412,473</u>	<u>90,221</u>
	717,952	1,627,074	2,345,026	2,409,150	87,688
	<u>2,334,609</u>	<u>5,933,121</u>	<u>8,267,730</u>	<u>5,858,580</u>	<u>12,294</u>
	<u>\$ 3,052,561</u>	<u>\$ 7,560,195</u>	<u>\$ 10,612,756</u>	<u>\$ 8,267,730</u>	<u>\$ 99,982</u>

CITY OF DAWSONVILLE, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2007 and 2006

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Total Prior Year Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 585,790	\$ 144,101	\$ 729,891	\$ 1,354,729
Receivables (net, where applicable, of allowances for uncollectible):				
Accounts	90,017	-	90,017	2,000
Taxes receivable	4,986	33	5,019	-
Due from other funds	7,214	-	7,214	125,163
<b>TOTAL ASSETS</b>	<b><u>\$ 688,007</u></b>	<b><u>\$ 144,134</u></b>	<b><u>\$ 832,141</u></b>	<b><u>\$ 1,481,892</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 18,282	\$ -	\$ 18,282	\$ 32,881
Salaries payable	7,726	-	7,726	6,246
Compensated absences	1,290	-	1,290	784
Deposits payable	1,250	-	1,250	1,250
Due to other funds	3,692	-	3,692	10,951
Deferred revenues	44,221	-	44,221	36,139
<b>Total Liabilities</b>	<b><u>76,461</u></b>	<b><u>-</u></b>	<b><u>76,461</u></b>	<b><u>88,251</u></b>
<b>FUND BALANCE</b>				
Reserved for cemetery	-	144,101	144,101	148,912
Reserved for tourism	-	33	33	-
Reserved for capital projects	290,000	-	290,000	-
Unreserved:				
Undesignated, reported in:				
General Fund	321,546	-	321,546	1,244,729
<b>Total Fund Balances</b>	<b><u>611,546</u></b>	<b><u>144,134</u></b>	<b><u>755,680</u></b>	<b><u>1,393,641</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 688,007</u></b>	<b><u>\$ 144,134</u></b>	<b><u>\$ 832,141</u></b>	<b><u>\$ 1,481,892</u></b>

See accompanying notes to the basic financial statements

CITY OF DAWSONVILLE, GEORGIA  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
December 31, 2007 and 2006

	2007	2006
TOTAL GOVERNMENTAL FUND BALANCES	\$ 755,680	\$ 1,393,641
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Cost	\$ 5,181,769	
Less accumulated depreciation	(451,517)	
Total capital assets, net depreciation	4,730,252	3,448,467
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		
Long-term debt	(2,424,586)	
Long-term portion of compensated absences payable	(8,785)	
Total long-term liabilities	(2,433,371)	(2,507,499)
 NET ASSETS OF GOVERNMENTAL ACTIVITIES	 \$ 3,052,561	 \$ 2,334,609

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Years Ended December 31, 2007 and 2006

	General	Other Governmental Funds	Total Governmental Funds	Total Prior Year Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 1,514,094	\$ 2,709	\$ 1,516,803	\$ 1,012,379
Intergovernmental	93,095	-	93,095	55,057
Charges for services	43,265	24,200	67,465	54,083
Fines and forfeitures	5,500	-	5,500	-
Licenses and permits	108,382	-	108,382	118,018
Contributions and donations	-	155	155	300
Interest earned	43,713	7,599	51,312	58,653
Miscellaneous	52,818	-	52,818	59,870
<b>Total Revenues</b>	<b>1,860,867</b>	<b>34,663</b>	<b>1,895,530</b>	<b>1,358,360</b>
<b>EXPENDITURES</b>				
Current operating:				
General government	490,631	5,693	496,324	462,051
Public safety	172,074	-	172,074	186,000
Highways and streets	136,178	-	136,178	148,824
Culture/recreation	4,538	-	4,538	3,636
Planning and zoning	147,010	-	147,010	156,056
Housing and development	45,119	2,676	47,795	44,479
Capital outlay:	1,396,942	31,072	1,428,014	143,851
Debt service:	216,558	-	216,558	140,299
<b>Total Expenditures</b>	<b>2,609,050</b>	<b>39,441</b>	<b>2,648,491</b>	<b>1,285,196</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>(748,183)</b>	<b>(4,778)</b>	<b>(752,961)</b>	<b>73,164</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of assets	13,000	-	13,000	374,014
Transfers in / (out)	102,000	-	102,000	(135,196)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>115,000</b>	<b>-</b>	<b>115,000</b>	<b>238,818</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(633,183)</b>	<b>(4,778)</b>	<b>(637,961)</b>	<b>311,982</b>
<b>FUND BALANCES - beginning of year</b>	<b>1,244,729</b>	<b>148,912</b>	<b>1,393,641</b>	<b>1,081,659</b>
<b>FUND BALANCES - end of year</b>	<b>\$ 611,546</b>	<b>\$ 144,134</b>	<b>\$ 755,680</b>	<b>\$ 1,393,641</b>

See accompanying notes to the basic financial statements

CITY OF DAWSONVILLE, GEORGIA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Years Ended December 31, 2007 and 2006

	2007	2006
NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (637,961)	\$ 311,982
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 as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period.		
Depreciation expense	\$ (133,229)	
Capital outlay	1,428,014	
	1,294,785	130,372
The difference between the proceeds from the sale or disposition of capital assets and the associated gain/loss are not reflected in the governmental fund statements.		
Proceeds from sale of assets	(13,000)	(91,803)
Governmental funds include the cost of principal debt reduction as an expenditure which is not included in the statement of activities.		
	75,160	254
Governmental funds do not include the expense of long-term compensated absences liabilities, which are reflected in the Statement of Net Assets.		
Current year liability - long term compensated absences	(8,785)	
Less prior year liability - long term compensated absences	7,753	
	(1,032)	(4,180)
 CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	 \$ 717,952	 \$ 346,625

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,633,575	\$ 1,449,343	\$ 1,514,094	\$ 64,751
Intergovernmental	381,006	93,095	93,095	-
Charges for services	22,305	34,753	43,265	8,512
Fines and forfeitures	-	5,500	5,500	-
Licenses and permits	81,950	79,936	108,382	28,446
Contributions and donations	-	-	-	-
Interest earned	45,000	43,713	43,713	-
Miscellaneous	51,600	60,525	52,818	(7,707)
<b>Total revenues</b>	<u>2,215,436</u>	<u>1,766,865</u>	<u>1,860,867</u>	<u>94,002</u>
<b>EXPENDITURES</b>				
Current operating:				
General government	499,393	490,631	490,631	-
Public safety	177,500	172,074	172,074	-
Highways and streets	131,960	136,178	136,178	-
Culture/recreation	33,692	5,339	4,538	801
Planning and zoning	183,346	147,010	147,010	-
Housing and development	28,705	47,335	45,119	2,216
Capital outlay:	1,379,314	1,397,147	1,396,942	205
Debt service:	200,045	216,558	216,558	-
<b>Total expenditures</b>	<u>2,633,955</u>	<u>2,612,272</u>	<u>2,609,050</u>	<u>3,222</u>
<b>TOTAL REVENUES OVER EXPENDITURES</b>	<u>(418,519)</u>	<u>(845,407)</u>	<u>(748,183)</u>	<u>97,224</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Contingencies, surplus reserves	326,519	640,407	-	(640,407)
Proceeds from sale of assets	-	13,000	13,000	-
Transfers in (out), gross	92,000	192,000	102,000	(90,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>418,519</u>	<u>845,407</u>	<u>115,000</u>	<u>(730,407)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(633,183)</u>	<u>\$ (633,183)</u>
<b>FUND BALANCES - beginning of year</b>			<u>1,244,729</u>	
<b>FUND BALANCES - end of year</b>			<u>\$ 611,546</u>	

See accompanying notes to the basic financial statements

CITY OF DAWSONVILLE, GEORGIA  
BALANCE SHEET  
PROPRIETARY FUND  
December 31, 2007 and 2006

	<u>Total Water &amp; Sewer Enterprise Fund</u>	<u>Prior Year Total</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 2,259,439	\$ 1,908,238
Receivables (net of allowance for uncollectible):		
Accounts	71,930	63,209
Due from developer	-	13,201
Grants	57,215	225,193
Internal balances	(3,522)	(114,212)
Prepaid expense	-	-
Total Current Assets	<u>2,385,062</u>	<u>2,095,629</u>
Noncurrent Assets:		
Restricted assets:		
Cash and cash equivalents	<u>114,975</u>	<u>114,975</u>
Total Restricted Assets	<u>114,975</u>	<u>114,975</u>
Capital assets:		
Land	2,799,609	2,799,609
Nondepreciable capital assets	3,209,224	2,056,052
Depreciable capital assets, net	<u>5,590,969</u>	<u>4,626,099</u>
Total Capital Assets	<u>11,599,802</u>	<u>9,481,760</u>
Bond issuance costs, net	<u>20,054</u>	<u>8,606</u>
Total Noncurrent Assets	<u>11,734,831</u>	<u>9,605,341</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 14,119,893</u></u>	<u><u>\$ 11,700,970</u></u>

See accompanying notes to the basic financial statements

CITY OF DAWSONVILLE, GEORGIA  
BALANCE SHEET  
PROPRIETARY FUND  
December 31, 2007 and 2006

	<u>Total Water &amp; Sewer Enterprise Fund</u>	<u>Prior Year Total</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 85,302	\$ 632,444
Accrued expenses	7,525	6,404
Accrued interest payable	11,087	-
Current portion of long-term debt	89,501	53,740
Compensated absences payable	369	463
<b>Total Current Liabilities</b>	<u>193,784</u>	<u>693,051</u>
Current Liabilities Payable from Restricted Assets:		
Customer deposits	<u>66,930</u>	<u>58,850</u>
<b>Total Current Liabilities Payable from Restricted Assets</b>	<u>66,930</u>	<u>58,850</u>
Long-Term Liabilities:		
Deferred revenue	958,500	975,500
Long-term debt (net of current portion)	5,332,632	4,029,445
Compensated absences payable (net of current portion)	<u>7,852</u>	<u>11,003</u>
<b>Total Long-Term Liabilities</b>	<u>6,298,984</u>	<u>5,015,948</u>
<b>TOTAL LIABILITIES</b>	<u>6,559,698</u>	<u>5,767,849</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	6,177,669	5,398,575
Unrestricted	<u>1,382,526</u>	<u>534,546</u>
<b>TOTAL NET ASSETS</b>	<u>7,560,195</u>	<u>5,933,121</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 14,119,893</u>	<u>\$ 11,700,970</u>

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
For the Years Ended December 31, 2007 and 2006

	Total Water & Sewer Enterprise Fund	Prior Year Total
<b>OPERATING REVENUES</b>		
Charges for services	\$ 1,338,789	\$ 1,105,534
Miscellaneous	37,171	28,548
	<u>1,375,960</u>	<u>1,134,082</u>
<b>OPERATING EXPENSES</b>		
Personal services and benefits	245,397	146,744
Purchased and contractual services	419,283	216,170
Bad debts	2,076	3,491
Supplies	101,614	170,011
Depreciation and amortization	310,620	185,732
	<u>1,078,990</u>	<u>722,148</u>
<b>OPERATING INCOME (LOSS)</b>	<u>296,970</u>	<u>411,934</u>
<b>NON-OPERATING INCOME (LOSS)</b>		
Intergovernmental revenues	1,488,705	178,744
Contributions and donations	-	1,343,363
Gain (loss) on sale of assets	-	34,404
Interest and fiscal charges	(64,468)	(65,943)
Interest earned	97,867	24,827
	<u>1,522,104</u>	<u>1,515,395</u>
<b>TOTAL NON-OPERATING INCOME (LOSS)</b>	<u>1,522,104</u>	<u>1,515,395</u>
<b>NET INCOME BEFORE TRANSFERS</b>	1,819,074	1,927,329
Transfers in (out)	<u>(192,000)</u>	<u>135,196</u>
Change in net assets	1,627,074	2,062,525
<b>NET ASSETS - beginning of year</b>	<u>5,933,121</u>	<u>3,870,596</u>
<b>NET ASSETS - end of year</b>	<u>\$ 7,560,195</u>	<u>\$ 5,933,121</u>

See accompanying notes to the basic financial statements

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the Years Ended December 31, 2007 and 2006

	Total Water & Sewer Enterprise Fund	Prior Year Total
Cash Flows from Operating Activities		
Cash receipts from customers	\$ 1,332,272	\$ 885,460
Cash receipts from other operating sources	37,171	(16,715)
Cash payments for goods and services	(1,178,729)	80,268
Cash payments to employees for services and benefits	(247,520)	(144,500)
Net Cash Provided by (Used in) Operating Activities	(56,806)	804,513
Cash Flows from Non-Capital Activities		
Transfers in (out)	(192,000)	135,196
Net Cash Provided by (Used in) Non-Capital Activities	(192,000)	135,196
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(2,427,711)	(2,188,525)
Proceeds from sale of capital assets	-	127,985
Nonoperating grant receipts	1,592,215	59,474
Contributions and donations	-	145,210
Proceeds from note payable	1,394,551	2,646,360
Bond issuance costs	(12,399)	-
Principal paid on installment sale	-	-
Principal paid on debt	(55,603)	(31,355)
Interest paid on debt	11,087	(65,943)
Net Cash Provided by Capital and Related Financing Activities	502,140	693,206
Cash Flows from Investing Activities		
Interest on investments	97,867	24,827
Net Cash Provided by Investing Activities	97,867	24,827
Net Increase (Decrease) In Cash And Cash Equivalents	351,201	1,657,742
Cash and Cash Equivalents - beginning of year	2,023,213	365,471
Cash and Cash Equivalents - end of year	\$ 2,374,414	\$ 2,023,213
Non Cash Capital and Related Financing Activities		
Acquisition and construction of capital assets	\$ -	\$ (437,500)
Contributions and donations	-	437,500
Total Non Cash Transactions	\$ -	\$ -

See accompanying notes to the basic financial statements

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF CASH FLOWS (CONT'D)  
PROPRIETARY FUND  
For the Years Ended December 31, 2007 and 2006

	Total Water & Sewer Enterprise Fund	Prior Year Total
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used In) Operating Activities		
Operating income	\$ 296,970	\$ 411,934
Adjustments		
Depreciation and amortization	310,620	185,732
(Increase) decrease in assets		
Accounts receivable	4,480	(29,441)
Due from other funds	-	-
Prepaid expense	-	(1,899)
Increase (decrease) in liabilities		
Accounts payable	(547,142)	464,550
Deferred revenue	(17,000)	(197,000)
Customer deposits	8,080	9,858
Accrued expenses	1,121	(2,235)
Due to other funds	(110,690)	(45,263)
Compensated absences payable	(3,245)	4,479
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b><u>\$ (56,806)</u></b>	<b><u>\$ 804,513</u></b>
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 2,259,439	\$ 1,908,238
Restricted cash and cash equivalents	<u>114,975</u>	<u>114,975</u>
Total cash and cash equivalents	<b><u>\$ 2,374,414</u></b>	<b><u>\$ 2,023,213</u></b>

See accompanying notes to the basic financial statements

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF NET ASSETS  
COMPONENT UNIT  
December 31, 2007 and 2006

	Dawsonville Downtown Development Authority	Total Prior Year Component Unit
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,982	\$ 14,917
Due from primary government	2,424,586	2,499,746
Capital assets - Land	90,000	-
Total noncurrent assets	2,514,586	2,499,746
<b>TOTAL ASSETS</b>	<b>\$ 2,524,568</b>	<b>\$ 2,514,663</b>
<b>LIABILITIES</b>		
Current - accounts payable	\$ -	\$ 2,623
Long-term liability	2,424,586	2,499,746
<b>TOTAL LIABILITIES</b>	2,424,586	2,502,369
<b>NET ASSETS</b>		
Unrestricted	99,982	12,294
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,524,568</b>	<b>\$ 2,514,663</b>

See accompanying notes to the basic financial statements

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
For the Years Ended DECEMBER 31, 2007 and 2006

	Dawsonville Downtown Development Authority	Total Prior Year Component Unit
OPERATING EXPENSES		
Housing and community development	\$ 6,630	\$ 7,765
TOTAL OPERATING EXPENSES	6,630	7,765
NONOPERATING REVENUE		
Event income	4,097	5,867
Contributions and donations	-	10,000
Investment income	221	223
TOTAL NONOPERATING REVENUE	4,318	16,090
TRANSFERS FROM PRIMARY GOVERNMENT	90,000	-
CHANGE IN NET ASSETS	87,688	8,325
NET ASSETS, BEGINNING OF YEAR	12,294	3,969
NET ASSETS, END OF YEAR	\$ 99,982	\$ 12,294

See accompanying notes to the basic financial statements

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

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

**A. Narrative Profile**

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

The financial statements of the City have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its proprietary funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements. Only GASB pronouncements issued after this date will be followed. The more significant of these accounting policies are described below.

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

**B. Financial Reporting Entity**

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government.

**Component Unit:**

**Dawsonville Downtown Development Authority**

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

The audited financial statements for the Dawsonville Downtown Development Authority can be obtained at the following address:

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

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

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

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

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

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

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

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

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

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

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

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

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

**D. Basis of Presentation**

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

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

**1. Major Funds**

**Governmental Fund:**

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

**Proprietary Funds:**

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

**2. Other Governmental Funds**

**Special Revenue Fund:**

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

**Permanent Fund:**

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

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

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

**E. Basis of Accounting**

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

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

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

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

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

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

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

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

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

Revenue from sales taxes and are recognized as it becomes available, while intergovernmental grant revenues, entitlements and contributions are recognized in the year in which all eligibility requirements are met. In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and as deferred revenue by the recipient.

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

**F. Budgets**

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

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

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

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

For purposes of the statement of cash flows, the City considers cash and cash equivalents (including restricted cash and cash equivalents) to be currency on hand, and liquid investments with a maturity of three months or less when purchased. Cash and cash equivalents are included in both unrestricted as well as restricted assets.

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

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

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

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

**1. Cash, Cash Equivalents, and Investments (cont'd)**

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

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

**2. Inventories**

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

**3. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

**4. Restricted Assets**

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

**5. Property Taxes**

The City does not levy property taxes.

**6. Capital Assets**

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

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

CITY OF DAWSONVILLE, GEORGIA  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2007 and 2006

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

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

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

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	20-50 years	20-50 years
Machinery and Equipment	5-10 years	5-10 years
Vehicles	5-7 years	5-7 years
Infrastructure	15-40 years	50-65 years

**7. Compensated Absences**

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

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

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

**9. Fund Equity**

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

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

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

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

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

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

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

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

**10. Operating Revenues and Expenses**

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

**11. Interfund Activity**

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

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

**12. Estimates**

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

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

**A. Deposits and Investments**

Credit and Concentration Risk – Investments: The City maintains investments in the Local Government Investment Pool, specifically in "Georgia Fund 1." Assets in this pool are invested in the Georgia Fund 1, created by O.C.G.A. 36-83-8, which is a stable net asset investment pool that follows Standard & Poor's criteria for AAA rated money market funds. Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

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

CITY OF DAWSONVILLE, GEORGIA  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2007 and 2006

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

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

The Georgia Fund 1 is rated AAA by Standard & Poor's. The average weighted maturity at December 31, 2007 was 22 days. Yield is an actual/actual basis, net of administrative fees. The City's balance in Georgia Fund 1 at December 31, 2007 was \$ 502,574.

**Custodial Credit Risk – Deposits:**

The City does not maintain a formal custodial credit risk policy, however all deposits at December 31, 2007 were insured or collateralized by pledges held in the City's name in the Georgia Bankers Association, Inc. pledging pool.

**B. Receivables**

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

Receivables at December 31, 2007 consist of the following:

	General Fund	Hotel-Motel Fund	Water & Sewer Fund	Total
Receivables				
Water & Sewer Bills	\$ -	\$ -	\$ 71,930	\$ 71,930
Accounts	90,017	-	-	90,017
Grants Receivable	-	-	57,215	57,215
Taxes Receivable	4,986	33	-	5,019
Gross Receivables	<u>\$ 95,003</u>	<u>\$ 33</u>	<u>\$ 129,145</u>	<u>\$ 224,181</u>

**C. Interfund Balances and Transfers**

Interfund balances at December 31, 2007 consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made.

	Payable from:		
	General Fund	Water & Sewer Fund	Total
Payable to:			
General Fund - payroll	\$ -	\$ 7,214	\$ 7,214
Water & Sewer Fund - payroll	(7,214)	-	(7,214)
General Fund - utilities	-	(3,692)	(3,692)
Water & Sewer Fund - utilities	3,692	-	3,692
Total	<u>\$ (3,522)</u>	<u>\$ 3,522</u>	<u>\$ -</u>

The major purpose of the interfund balances was to allocate Water and Sewer payroll expenditures from the General Fund and cost of water and sewer service to the City General Fund. The payroll expenses of the Water and Sewer Fund was paid out of a General Fund financial institution account.

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

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

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance 1/1/2007	Additions	Deductions	Balance 12/31/2007
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 320,802	\$ -	\$ -	\$ 320,802
Artifacts	67,001	-	13,000	54,001
Construction in progress	39,035	1,387,402	1,044,877	381,560
<b>Total capital assets not being depreciated</b>	<b>426,838</b>	<b>1,387,402</b>	<b>1,057,877</b>	<b>756,363</b>
<b>Other capital assets:</b>				
Buildings	2,879,319	506,977	-	3,386,296
Improvements other than buildings	22,470	9,540	-	32,010
Vehicles	94,456	-	-	94,456
Machinery and equipment	168,431	-	-	168,431
Infrastructure	175,241	568,972	-	744,213
<b>Total other capital assets</b>	<b>3,339,917</b>	<b>1,085,489</b>	<b>-</b>	<b>4,425,406</b>
<b>Accumulated depreciation:</b>				
Buildings	121,732	98,911	-	220,643
Improvements other than buildings	8,301	1,423	-	9,724
Vehicles	61,923	9,064	-	70,987
Machinery and equipment	104,841	17,077	-	121,918
Infrastructure	21,491	6,754	-	28,245
<b>Total accumulated depreciation</b>	<b>318,288</b>	<b>133,229</b>	<b>-</b>	<b>451,517</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 3,448,467</b>	<b>\$ 2,339,662</b>	<b>\$ 1,057,877</b>	<b>\$ 4,730,252</b>
<b>Business-type activities:</b>				
Capital assets not being depreciated				
Land	\$ 2,799,609	\$ -	\$ -	\$ 2,799,609
Construction in progress	2,056,052	2,273,726	1,120,554	3,209,224
<b>Total capital assets not being depreciated</b>	<b>4,855,661</b>	<b>2,273,726</b>	<b>1,120,554</b>	<b>6,008,833</b>

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

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

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

	Balance 1/1/2007	Additions	Deductions	Balance 12/31/2007
Other capital assets:				
Buildings	146,801	-	-	146,801
Machinery and equipment	87,916	99,765	-	187,681
Water and sewer system	4,238,216	1,174,775	-	5,412,991
Sewer treatment plant	923,923	-	-	923,923
	5,396,856	1,274,540	-	6,671,396
Accumulated depreciation				
Buildings	-	3,764	-	3,764
Machinery and equipment	52,909	14,636	-	67,545
Water and sewer system	529,665	267,579	-	797,244
Sewer treatment plant	188,183	23,690	-	211,873
	770,757	309,669	-	1,080,426
Business-type activities capital assets, net	\$ 9,481,760	\$ 3,238,597	\$ 1,120,554	\$ 11,599,803
Depreciation expense was charged to function as follows:				
General government		\$ 108,639		
Highways and streets		3,910		
Culture and recreations		3,429		
Planning and zoning		17,251		
		\$ 133,229		
Total Governmental activities depreciation expense		\$ 133,229		
Business-type Activities				
Water and sewer		\$ 309,699		
		\$ 309,699		
Total Business-type Activities depreciation expense		\$ 309,699		

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

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

**E. Deferred Revenue**

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenue is comprised of the following as of December 31:

	2007			2006 Total
	Current	Long Term	Total	
<u>General Fund</u>				
Licenses paid for preceding year	\$ 44,221	\$ -	\$ 44,221	\$ 36,134
<u>Water &amp; Sewer Fund</u>				
Water Taps	\$ -	\$ 69,500	\$ 69,500	\$ 64,500
Sewer Taps	-	889,000	889,000	911,000
Total	\$ 44,221	\$ 958,500	\$ 1,002,721	\$ 1,172,500

**F. Compensated Absences**

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

Personal leave cannot be accrued in excess of 240 hours. Employees may be compensated for excess personal leave up to 40 hours per year provided they have banked a minimum of 120 hours of personal leave.

**G. Risk Management**

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

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

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

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

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

**H. Retirement Plan**

**Plan Description**

The City participates in the GMEBS Retirement Fund, an agent multiple-employer defined benefit plan where contributions made by the City are commingled with contributions made by the other participants of the GMEBS Retirement Fund for investment purposes. The Plan periodically issues an overall report to the required agencies. A stand-alone financial report can be obtained at City Hall. The specific benefit provisions of the City's Plan were established by an adoption agreement executed by the City Council. The City Council retains the authority to amend the adoption agreement, which defines the specific operational provisions of The Plan.

**Funding Policy**

The City is required to contribute an actuarially determined amount annually to the Plan's trust. The recommended contribution meets the guidelines for calculating an annual required contribution as set forth in paragraphs 9-10 of Statement No. 27 issued by the Government Accounting Standards Board. These contributions are determined under the projected unit credit actuarial cost method and the asset valuation method for developing the actuarial value of assets. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 2003 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable are closed for this plan.

The plan provisions valued and the actuarial assumptions and cost methods are the same as those used in the proceeding valuation and are consistent in determining actuarial accrued liability and contribution requirement. Details of the funded status and funding results for the Plan as of September 1, 2007 are presented as Required Supplementary Information to these financial statements.

**I. Long-Term Debt**

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

The 1997 Series Revenue Bonds were issued for the cost of the acquisition, construction and installation of certain additions, extensions and improvements to the water and sewer system of the City. The bonds are collateralized by the revenue of the water and sewer system. The City is required to maintain a reserve fund holding 10% of monthly revenue bond payments until sufficient funds are on deposit in the Debt Service Reserve Account to pay the principal and interest on the Series 1997 Bonds for the next succeeding year. As of December 31, 2007, the account has sufficient funds on deposit in the amount of \$ 31,764.

The 2003 Series Revenue Bonds were issued to provide financing for acquiring, constructing and installing certain additions, extensions, and improvements to the water and sewer system. The bonds are collateralized by the revenue of the water and sewer system. The City is required to maintain a reserve fund holding 10% of monthly revenue bond payments until sufficient funds are on deposit in the Debt Service Reserve Account to pay the principal and interest on the Series 2003 Bonds for the succeeding year. As of December 31, 2007, the account has sufficient funds on deposit in the amount of \$ 24,264.

The 2006 Series Revenue Bonds were issued to provide financing for acquiring, constructing and installing additions, extensions and improvements to the existing water and sewer system of the City. The bonds are collateralized by the revenue of the water and sewer system.

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

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

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

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

Changes in bond debt liability for the year ending December 31, 2007 are as follows:

	<u>Balance 1/1/2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/2007</u>	<u>Due One Year</u>
Series 1997-A, Water & Sewer Revenue Bond dated December 31, 1997 with 4.5% interest and monthly payments of \$ 606 beginning January 11, 1998 and ending December 31, 2037. Original loan \$ 134,540	\$ 121,055	\$ -	\$ 1,863	\$ 119,192	\$ 1,922
Series 1997 - B, Water & Sewer Revenue Bond dated December 11, 1997 with 4.5% interest with monthly payment of \$ 960 beginning January 11, 1998 and ending December 11, 2037. Original loan \$ 213,300.	192,021	-	2,940	189,081	3,050
Series 1997-C, Water & Sewage Revenue Bond dated December 11, 1997 with 4.5% interest with monthly payments of \$ 1,081 beginning January 11, 1998 and ending December 11, 2037. Original loan \$ 240,120.	<u>216,126</u>	<u>-</u>	<u>3,314</u>	<u>212,812</u>	<u>3,432</u>
Subtotal - Series 1997 Bonds	<u>529,202</u>	<u>-</u>	<u>8,117</u>	<u>521,085</u>	<u>8,404</u>
Series 2003, Water & Sewage Revenue Bond dated May 4, 2004 with 4.375% interest with monthly payment of \$ 2,022 beginning June 30, 2004 and ending May 3, 2044. Original loan \$ 457,250.	445,687	-	4,862	440,825	4,971
Series 2006, Water & Sewer Revenue Bond dated March 7, 2007 with interest currently at 4.125% and not to exceed 4.5% with monthly payments of \$ 13,910 beginning April 7, 2007 and ending March 7, 2047. Original loan \$ 3,091,100.	<u>-</u>	<u>3,091,100</u>	<u>22,786</u>	<u>3,068,314</u>	<u>29,203</u>
Total Bond Debt (Water & Sewer Fund)	<u>\$ 974,889</u>	<u>\$ 3,091,100</u>	<u>\$ 35,765</u>	<u>\$ 4,030,224</u>	<u>\$ 42,578</u>

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

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

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

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 42,578	\$ 180,208	\$ 222,786
2009	44,583	178,202	222,785
2010	46,627	176,159	222,786
2011	48,763	174,022	222,785
2013-2016	279,333	834,593	1,113,926
2017-2021	349,535	764,391	1,113,926
2022-2026	437,304	676,623	1,113,927
2027-2031	547,108	566,818	1,113,926
2032-2036	684,470	429,456	1,113,926
2037-2041	716,689	269,442	986,131
2042-2045	793,589	99,964	893,553
2046-2051	39,645	-	39,645
<b>Total</b>	<b><u>\$ 4,030,224</u></b>	<b><u>\$ 4,349,878</u></b>	<b><u>\$ 8,380,102</u></b>

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

During 2001, the City incurred debt from a Georgia Environmental Facilities Authority loan for the purchase of land and construction of a new water tank. In 2006, the City contracted with the Georgia Environmental Facilities Authority for financing the purchase of land and construction of three wells. The City received advance funding of \$ 925,000 and incurred construction period interest of \$ 24,811 during the year ended December 31, 2007. The loan contract is dated subsequent to year end on February 1, 2008.

	<u>Balance 1/1/2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/2007</u>	<u>Due One Year</u>
Georgia Environmental Facilities Authority loan dated November 15, 2000 with 4.72% interest and quarterly payments of \$ 10,323.54 beginning January 1, 2003 and ending October 1, 2002. Original loan \$ 532,603.	\$ 461,936	\$ -	\$ 19,838	\$ 442,098	\$ 20,792
Georgia Environmental Facilities Authority loan dated February 1, 2008, with 4.12% interest and monthly payments of \$ 5,832.29 beginning March 1, 2008 and ending February 1, 2028. Liability at December 31, 2007 totals \$ 949,811 with construction period interest at 4%.	-	949,811	-	949,811	26,131
<b>Total Municipal Loans (Water &amp; Sewer Fund)</b>	<b><u>\$ 461,936</u></b>	<b><u>\$ 949,811</u></b>	<b><u>\$ 19,838</u></b>	<b><u>\$ 1,391,909</u></b>	<b><u>\$ 46,923</u></b>

CITY OF DAWSONVILLE, GEORGIA  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2007 and 2006

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

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

**2. Municipal Loans (Water & Sewer Fund) (cont'd)**

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

	Principal	Interest	Total
2008	\$ 46,923	\$ 52,694	\$ 99,617
2009	54,231	57,051	111,282
2010	56,631	54,651	111,282
2011	59,147	52,135	111,282
2012-2016	337,572	218,836	556,408
2017-2021	419,648	136,760	556,408
2022-2026	341,126	50,106	391,232
2027-2028	76,631	2,051	78,682
<b>Total</b>	<b>\$ 1,391,909</b>	<b>\$ 624,284</b>	<b>\$ 2,016,193</b>

**3. United Community Bank Pre-funded Interim Financing -- 2006 Water & Sewer Bond**

	Balance	Issued	Retired	Balance	Due In One Year
United Community Bank loan pre-funding 2006 Water & Sewer Bond issuance initiated October 17, 2006 with monthly interest payments at 5.3625% and final pay-off with bond issuance on March 7, 2007.	<u>\$2,646,360</u>	<u>\$ 440,328</u>	<u>\$ 3,086,688</u>	<u>\$ -</u>	<u>\$ -</u>

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

On December 22, 2005, the Downtown Development Authority, which is reported as a component unit of the City in these financial statements, issued Series 2005 Revenue Bonds for the purpose of financing or refinancing the costs of acquiring property known as the Dawsonville Municipal Complex for the City of Dawsonville. Subsequently, the City entered into an Intergovernmental Lease Agreement with the Downtown Development Authority by which the City has agreed to pay the bond debt installments under a lease-purchase arrangement until the full debt is satisfied. The City has agreed, if necessary, to levy ad valorem tax on property to produce revenues sufficient to fulfill the debt obligation.

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

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

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

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

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

	Balance 1/1/2007	Issued	Retired	Balance 12/31/2007	Due One Year
Series 2005-A, DDA Revenue Bonds dated December 22, 2005 with 4,7125% interest and variable monthly payments beginning January 22, 2006 and ending December 22, 2025. Original loan \$ 2,166,922.	\$ 2,166,717	\$ -	\$ 67,577	\$ 2,099,140	\$ 75,052
Series 2005 - B, DDA Revenue Bonds dated December 22, 2025 with 7.5% interest and variable monthly payments beginning January 22, 2006 and ending December 22, 2025. Original loan \$ 33,078.	33,029	-	7,583	325,446	8,957
<b>Total Bond Debt (DDA)</b>	<b>\$ 2,199,746</b>	<b>\$ -</b>	<b>\$ 75,160</b>	<b>\$ 2,424,586</b>	<b>\$ 84,009</b>

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

	Principal	Interest	Total
2008	\$ 84,009	\$ 120,618	\$ 204,627
2009	88,707	116,317	205,024
2010	93,304	111,784	205,088
2011	98,145	107,009	205,154
2012-2016	572,295	454,102	1,026,397
2017-2021	739,015	290,043	1,029,058
2022-2025	749,111	81,110	830,221
	<b>\$ 2,424,586</b>	<b>\$ 1,280,983</b>	<b>\$ 3,705,569</b>

CITY OF DAWSONVILLE, GEORGIA  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2007 and 2006

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

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

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

Long-term compensated absences liability consists of the following as of December 31, 2007:

	Balance 1/1/2007	Issued	Retired	Balance 12/31/2007	Due In One Year
<b>Government Activities</b>					
Compensated Absences	\$ 8,537	\$ 4,396	\$ 2,858	\$ 10,075	\$ 1,290
<b>Water &amp; Sewer Fund</b>					
Compensated Absences	11,466	3,780	7,025	8,221	369
<b>Total Compensated Absences</b>	<u>\$ 20,003</u>	<u>\$ 8,176</u>	<u>\$ 9,883</u>	<u>\$ 18,296</u>	<u>\$ 1,659</u>

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

**Note 3 – USDA GRANTS - WATER SYSTEM IMPROVEMENTS**

During 2006, the City of Dawsonville was approved by the United States Department of Agriculture for a \$ 3,091,100 loan and \$ 2,284,362 agency development grant for improvements to the City's wastewater system. The improvements involve acquisition of land, construction of a new maintenance building and extension of water and sewer lines. As of December 31, 2007, construction in progress on this project totaled \$ 3,209,224.

**Note 4 – COMMITMENTS AND CONTINGENCIES**

Liability

A. Intergovernmental agreement for law enforcement services and fire protection

Effective January 1, 2003 the City of Dawsonville entered into a agreement with Dawson County Board of Commissioners, the Dawson County Sheriff's Department and the Dawson County Fire Department for the purpose of providing and maintaining law enforcement services and fire protection for the residents and businesses located within the geographical confines of the City of Dawsonville, Georgia. The law enforcement services and fire protection contracts shall continue in full force and effect through December 31, 2012, unless terminated in accordance with the agreement. For law enforcement services, the City agrees to pay to the County \$ 120,000 annually. The parties agreed that over the term of the contract the compensation paid by the City may be increased by the percentage increase of gross Local Option Sales Tax proceeds above 3.5 million dollars, but any such increase shall be limited to a maximum of 7.5% annually and 25% over the term of this contract. For fire protection, the City agrees to pay to the County \$ 40,000 annually. The parties agreed that such amount shall be adjusted annually based upon an increase of 25% over the ten year term.

B. Litigation

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

CITY OF DAWSONVILLE, GEORGIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2007 and 2006

**Note 6 – GRHOF MUSEUM ARTIFACTS**

During 2001, the City of Dawsonville acquired the collateral goods and artifacts of the Georgia Racing Hall of Fame Museum for \$ 69,000. The collection includes racing artifacts and memorabilia, which are expected to maintain intrinsic value and are, therefore, not depreciated. Also included in the purchase were various equipment and fixtures that are not depreciated because individual items are valued below the City's capitalization threshold.

**Note 7 – JOINT VENTURE**

**Georgia Mountains Regional Development Center (RDC)**

Under Georgia law, the City, in conjunction with other cities and counties in the thirty County northeast's Georgia area, is a member of the Georgia Mountains Regional Development Center (RDC) and is required to pay annual dues thereto. Membership in RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organization structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area and private sector individuals from each County and three minority members.

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

Georgia Mountains Regional Development Center  
1310 Ridge Road  
Gainesville, Georgia 30501

**Note 8 – HOTEL/MOTEL TAX**

During the year ended December 31, 2007, the City had receipts of \$ 2,709 based on the tax rate of 6% and spent \$ 2,676 on tourism. The City complied with the requirements of *OCGA 48-13-51*.

CITY OF DAWSONVILLE, GEORGIA  
 DEFINED BENEFIT RETIREMENT PLAN  
 REQUIRED SUPPLEMENTARY INFORMATION

Valuation Date	September 1, 2007
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases
Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
<b>Actuarial Assumptions:</b>	
Investment Rate of Return	8.00%
Projected Salary Increases	5.50%
Cost of Living Adjustments	0.00%
<b>Membership of the Plan</b>	
Retirees and beneficiaries receiving benefits	2
Terminated plan members entitled to, but not yet receiving benefits	0
Active plan members	<u>13</u>
Total	15

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

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability AAL	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b-a)	(c) Covered Payroll (prior year)	UAAL as a Percentage of Covered Payroll ( (b-a)/c)
9/1/2007	\$ 69,471	\$ 193,493	35.90%	\$ 124,022	\$ 322,927	38.41%
9/1/2006	48,068	168,254	28.57%	120,186	189,119	41.57%
9/1/2005	34,210	151,638	22.56%	117,428	227,000	51.73%
9/1/2004	20,867	140,915	14.81%	120,048	131,515	91.28%

CITY OF DAWSONVILLE, GEORGIA  
NONMAJOR GOVERNMENTAL FUNDS  
BALANCE SHEET  
SPECIAL REVENUE FUND  
December 31, 2007 and 2006

	Hotel-Motel Fund	Total Prior Year Hotel-Motel Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ -
Taxes receivable	33	-
<b>TOTAL ASSETS</b>	<b>\$ 33</b>	<b>\$ -</b>
<b>LIABILITIES</b>		
Current - accounts payable	\$ -	\$ -
Long-term liability	-	-
<b>TOTAL LIABILITIES</b>	-	-
<b>NET ASSETS</b>		
Unrestricted	33	-
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 33</b>	<b>\$ -</b>

CITY OF DAWSONVILLE, GEORGIA  
NONMAJOR GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPEDITURES AND CHANGES IN FUND BALANCE  
SPECIAL REVENUE FUND  
For the Years Ended December 31, 2007 and 2006

	Hotel-Motel Fund	Total Prior Year Hotel-Motel Fund
<b>REVENUES</b>		
Hotel-motel taxes	\$ 2,709	\$ -
Miscellaneous	-	-
	2,709	-
Total revenues		
<b>EXPENDITURES</b>		
Current operating:		
Housing and development - tourism	2,676	-
	2,676	-
Total expenditures		
<b>TOTAL REVENUES OVER EXPENDITURES</b>	33	-
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in (out), gross	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-
<b>NET CHANGE IN FUND BALANCE</b>	33	-
<b>FUND BALANCES - beginning of year</b>	-	-
<b>FUND BALANCES - end of year</b>	\$ 33	\$ -

CITY OF DAWSONVILLE, GEORGIA  
 STATEMENT OF NET ASSETS  
 PERMANENT FUND  
 December 31, 2007 and 2006

	Cemetary Fund	Total Prior Year Permanent Fund
ASSETS		
Cash and cash equivalents	\$ 144,101	\$ 144,661
TOTAL ASSETS	144,101	144,661
NET ASSETS		
Reserved for Cemetery Fund	144,101	144,661
TOTAL NET ASSETS	\$ 144,101	\$ 144,661

CITY OF DAWSONVILLE, GEORGIA  
STATEMENT OF CHANGES IN NET ASSETS  
PERMANENT FUND  
For the Years Ended December 31, 2007 and 2006

	Cemetary Fund	Total Prior Year Permanent Fund
ADDITIONS		
Cemetery lot sales	\$ 24,000	\$ 11,250
Real estate fees	200	120
Perpetual care fund donations	155	-
Interest income	7,599	4,868
TOTAL ADDITIONS	31,954	16,238
DEDUCTIONS		
Repairs and maintenance	5,400	4,396
Miscellaneous expenditures	293	-
Capital outlay	31,072	7,591
TOTAL DEDUCTIONS	36,765	11,987
CHANGES IN NET ASSETS	(4,811)	4,251
NET ASSETS - beginning of year	148,912	144,661
NET ASSETS - end of year	\$ 144,101	\$ 148,912

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THE GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

June 2, 2008

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dawsonville, Georgia, as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Dawsonville, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Accordingly, we do not express an opinion on the effectiveness of the City of Dawsonville's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Dawsonville's ability to initiate, authorize, record, process, or report data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Dawsonville's financial statements that is more than inconsequential will not be prevented or detected by the City of Dawsonville's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned cost to be significant deficiencies in internal control over financial reporting. They are 2007-01 and 2007-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Dawsonville's internal control.

Our consideration of the internal controls over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance

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

This report is intended solely for the information and use of the audit committee, management, specified legislative or regulatory bodies, and is not intended to be and should not be used by anyone other than these specified parties.

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JAMES ANDY BANGS, C.P.A.  
-----  
PEGGY W. SHIRLEY, C.P.A.

MEMBERS OF:  
THE AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
THE GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

June 2, 2008

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of City of Dawsonville, Georgia and affiliated organization with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. City of Dawsonville, Georgia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Dawsonville, Georgia's management. Our responsibility is to express an opinion on City of Dawsonville, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with audit standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Dawsonville, Georgia's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Dawsonville, Georgia's compliance with those requirements.

In our opinion, City of Dawsonville, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of City of Dawsonville, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Dawsonville, Georgia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of City of Dawsonville's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employee, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

The City of Dawsonville's responses to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Dawsonville's response and, accordingly, we express no opinion on it.

This report is intended for the information of the Mayor, City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Alexander, Almand & Associates LLP*

Alexander, Almand & Associates, LLP  
Gainesville, Georgia

CITY OF DAWSONVILLE, GEORGIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2007

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Case Number</u>	<u>Amount Expended</u>
U.S. DEPARTMENT OF AGRICULTURE			
Water and Waste Disposal Systems for Rural Communities	10.760	100420581083885	<u>\$ 1,669,680</u>

The above amounts expended are based on the accrual basis of accounting

CITY OF DAWSONVILLE, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended December 31, 2007

**SECTION I – SUMMARY OF AUDIT RESULTS:**

1. The auditors' report expresses an unqualified opinion on the financial statements of City of Dawsonville, Georgia.
2. There were two reportable conditions related to internal control disclosed by the audit of the financial statements.
3. The audit disclosed no instances of non-compliance, which are material to the financial statements of City of Dawsonville, Georgia.
4. The auditors' report expresses an unqualified opinion on compliance for major programs of City of Dawsonville, Georgia.
5. The program identified and tested as a major federal program was:  

USDA Water and Waste Disposal Systems for Rural Communities	CFDA # 10.760
---	---------------
6. City of Dawsonville, Georgia, was determined to qualify as a high-risk audit.

**SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT (GAGAS):**

2007-01 FINDING

CONDITION – During the examination of financial records inconsistencies were noted in the posting of transactions. In addition, complex transactions like bond issues and other financing transactions were incorrectly posted. Because of the growth in the City, the volume and complexity of transactions through the finance office are increasing substantially each year. The personnel are conscience about their performance but are not adequately trained in formal government accounting practices. Also, the current accounting policies do not fit the needs of the city at the present time.

EFFECT – In a government that is growing the inconsistencies noted above could result in misinterpretation of the financial position by management when critical financial decisions are being made.

RECOMMENDATION – The staffing for overall financial reporting needs to be evaluated and an adequate training program must be implemented. The Carl Vincent Institute through University of Georgia is one source for a comprehensive training program specializing in governmental accounting. The City should also review and evaluate financial procedures to ensure feasibility and that procedures are effectively implemented to meet financial objectives. A financial policy manual should be developed documenting procedures and responsibilities in detail. And, a periodic review of procedures and policies should occur with particular regard to effectiveness and that they are followed routinely to ensure proper execution.

MANAGEMENT RESPONSE – Management agrees with this finding.

CORRECTIVE ACTION PLAN – Two employees have already enrolled in the Carl Vincent Institute. The City anticipates implementing new policies in conjunction with the conversion to new accounting software this fall. A new accounting employee is in the process of being hired.

CITY OF DAWSONVILLE  
 USDA COMPLIANCE SCHEDULE OF FUNCTIONAL ALLOCATIONS  
 WATER-SEWER PROPRIETARY FUND  
 BALANCE SHEET  
 December 31, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	\$ -	\$ 85,302	\$ -	\$ 85,302
Accrued expenses	3,762	3,763	-	7,525
Accrued interest payable	5,543	5,544	-	11,087
Current portion of long-term debt	51,125	38,376	-	89,501
Compensated absences payable	185	184	-	369
Total Current Liabilities	<u>60,615</u>	<u>133,169</u>	<u>-</u>	<u>193,784</u>
Current Liabilities Payable from Restricted Assets:				
Customer deposits	40,158	26,772	-	66,930
Total Current Liabilities Payable from Restricted Assets:	<u>40,158</u>	<u>26,772</u>	<u>-</u>	<u>66,930</u>
Long-Term Liabilities:				
Deferred revenue	69,500	889,000	-	958,500
Long-term debt (net of current portion)	1,601,233	3,731,399	-	5,332,632
Compensated absences payable (net of current portion)	3,926	3,926	-	7,852
Total Long-Term Liabilities	<u>1,674,659</u>	<u>4,624,325</u>	<u>-</u>	<u>6,298,984</u>
<b>TOTAL LIABILITIES</b>	<u>1,775,432</u>	<u>4,784,266</u>	<u>-</u>	<u>6,559,698</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,008,004	4,169,665	-	6,177,669
Unrestricted	1,369,382	9,306	3,838	1,382,526
<b>TOTAL NET ASSETS</b>	<u>3,377,386</u>	<u>4,178,971</u>	<u>3,838</u>	<u>7,560,195</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 5,152,818</u>	<u>\$ 8,963,237</u>	<u>\$ 3,838</u>	<u>\$ 14,119,893</u>

CITY OF DAWSONVILLE, GEORGIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
For The Year Ended December 31, 2007

**SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT (GAGAS) continued:**

2006-02 FINDING

CONDITION – The accounting department is currently using several brands of software in accumulating data for inclusion in financial statements. The reconciliations from original source software and, in some cases manual documentation, to the financial reporting software are not being performed on a regular basis. The finding results in additional inconsistencies in the reporting process.

EFFECT – Inaccuracies in the financial statements.

RECOMMENDATION – Whenever possible, software that is integrated should be used. This not only improves accuracy but internal accounting controls and efficiencies. There are several software packages that are designed just for governments that integrate. When integration is not provided, procedures should be implemented to ensure routine reconciliation between the original source documentation and financial reporting.

MANAGEMENT RESPONSE – Management agrees with this finding.

CORRECTIVE ACTION PLAN – The City is reviewing and receiving bids on a new accounting software package designed to integrate functions. The City anticipates implementation by January 1, 2009.

**SECTION III – FINDINGS – MAJOR PROGRAM AUDITS**

There were no findings.

CITY OF DAWSONVILLE  
 USDA COMPLIANCE SCHEDULE OF FUNCTIONAL ALLOCATIONS  
 WATER-SEWER PROPRIETARY FUND  
 BALANCE SHEET  
 December 31, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 988,077	\$ 1,265,497	\$ 5,865	\$ 2,259,439
Receivables (net of allowance for uncollectible):				
Accounts	29,472	36,020	6,438	71,930
Grants	-	57,215	-	57,215
Internal balances	(2,114)	(1,408)	-	(3,522)
Prepaid expense	-	-	-	-
<b>Total Current Assets</b>	<u>1,015,435</u>	<u>1,357,324</u>	<u>12,303</u>	<u>2,385,062</u>
Noncurrent Assets:				
Restricted assets:				
Cash and cash equivalents	75,514	39,461	-	114,975
<b>Total Restricted Assets</b>	<u>75,514</u>	<u>39,461</u>	<u>-</u>	<u>114,975</u>
Capital assets:				
Land	320,082	2,479,527	-	2,799,609
Nondepreciable capital assets	-	3,209,224	-	3,209,224
Depreciable capital assets, net	3,340,280	2,250,689	-	5,590,969
<b>Total Capital Assets</b>	<u>3,660,362</u>	<u>7,939,440</u>	<u>-</u>	<u>11,599,802</u>
Bond issuance costs, net	7,913	12,141	-	20,054
<b>Total Noncurrent Assets</b>	<u>3,743,789</u>	<u>7,991,042</u>	<u>-</u>	<u>11,734,831</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,759,224</u>	<u>\$ 9,348,366</u>	<u>\$ 12,303</u>	<u>\$ 14,119,893</u>

CITY OF DAWSONVILLE  
 USDA COMPLIANCE SCHEDULE OF FUNCTIONAL ALLOCATIONS  
 WATER-SEWER PROPRIETARY FUND  
 REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 For the Year Ended December 31, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Garbage</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 558,261	\$ 715,968	\$ 64,560	\$ 1,338,789
Miscellaneous	18,585	17,698	888	37,171
<b>Total Operating Revenues</b>	<u>576,846</u>	<u>733,666</u>	<u>65,448</u>	<u>1,375,960</u>
<b>OPERATING EXPENSES</b>				
Personal services and benefits	126,016	119,381	-	245,397
Purchased and contractual services	139,651	226,187	53,445	419,283
Bad debts	1,038	1,038	-	2,076
Supplies	61,083	17,289	23,242	101,614
Depreciation and amortization	187,051	123,569	-	310,620
<b>Total Operating Expenses</b>	<u>514,839</u>	<u>487,464</u>	<u>76,687</u>	<u>1,078,990</u>
<b>OPERATING INCOME (LOSS)</b>	<u>62,007</u>	<u>246,202</u>	<u>(11,239)</u>	<u>296,970</u>
<b>NON-OPERATING INCOME (LOSS)</b>				
Intergovernmental revenues	-	1,488,705	-	1,488,705
Contributions and donations	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-
Interest and fiscal charges	(40,841)	(23,627)	-	(64,468)
Interest earned	54,903	42,670	294	97,867
<b>TOTAL NON-OPERATING INCOME (LOSS)</b>	<u>14,062</u>	<u>1,507,748</u>	<u>294</u>	<u>1,522,104</u>
<b>NET INCOME BEFORE TRANSFERS</b>				-
Transfers in (out)	(96,000)	(96,000)	-	(192,000)
Change in net assets	(19,931)	1,657,950	(10,945)	1,627,074
<b>NET ASSETS - beginning of year</b>	<u>3,397,317</u>	<u>2,521,023</u>	<u>14,781</u>	<u>5,933,121</u>
<b>NET ASSETS - end of year</b>	<u>\$ 3,377,386</u>	<u>\$ 4,178,973</u>	<u>\$ 3,836</u>	<u>\$ 7,560,195</u>

# The Development Authority of Dawson County

137 Prominence Court Suite 230  
Dawsonville, GA 30534  
706.265.8761



May 22, 2008

Joe Lane Cox – Mayor

Mike Wilson – Mayor Pro-Tem

Mike Sosebee – Council

Linda Grant - Council

Jonathan Cox – Council

City of Dawsonville  
415 Highway 53 East  
Dawsonville, GA 30534

## **BRIDGE Grant application support**

Honorable Mayor and Council Members;

The Development Authority of Dawson County is a founding member of a five county consortium that is applying for a OneGeorgia Authority BRIDGE (Broadband Rural Initiative to Develop Georgia's Economy) grant. This grant will be awarded in two phases. The first phase is to conduct an assessment, feasibility study, financial model and cluster analysis for the development of advanced fiber optics trunking that would extend from Forsyth County through Dawson and Lumpkin Counties, and then bifurcate into Union and White Counties. The second phase would then be initiated upon a "go-no go" decision based on the results of the first phase study. Phase two would be funding to construct the trunk line. The Authority is requested a letter of support from the City of Dawsonville for the BRIDGE Grant application. Your letter of support would be added to those received from the commissions and other municipal governments of the consortium members. No financial support is, or will be requested from the City for this project. Please be aware of the following;

\* \* \*

**Pre-Application approved:** The consortium has received a positive review of the pre-application submitted to OneGeorgia and as a result, the full phase one application is being drafted at this time. The deadline for submittal of the phase one application is 16 June, 2008.

**Consortium Membership:** The five counties in the consortium are Dawson, Forsyth, Lumpkin, Union and White Counties. Other supporting members of the group include North Georgia College and State University and Blue Ridge EMC. Lumpkin County has been listed as the led applicant because of its full eligibility status for BRIDGE Grants from the State of Georgia. Dawson County is conditionally eligible. Forsyth County is supporting this project both financially and with operational support but is not eligible to directly apply for a grant from OneGeorgia. The consortium is currently reviewing other potential participants for the group.

**Grant Match:** Phase one of the grant includes an 80/20 match split. The Development Authority's and other associated group members of the consortium have already committed the 20% match that is required for Phase One. No funds are being requested or committed by the City of Dawsonville as a result of your support of this regional project.

Page 1 of 3

## Development Authority of Dawson County

### BRIDGE Grant application support – con't.

**Support Letter:** As part of the phase one application process, letters of general endorsement and support are included from each of the county commissions and other key government entities within the consortium region. Your letter of support will be included with those from the counties as well as letters from various municipalities within the regional defined area.

**Goal:** The consortium has recognized synergies that can be realized by significantly improving the fiber optics trunk line system in Northern Georgia. Improvements to this system will allow for rapid communications at speeds typical of more modern regions of the United States. The system would also provide for a level of redundancy currently unavailable in Northern Georgia.

**Non-Compete Status:** The operational form of an advanced fiber trunk system will be determined from the phase one study. What is clear is that any new or upgraded fiber system will provide full access to all current users as well as capacity for systems well into the future. The system will provide full access to the county's current service providers and will not be designed or built in such a manner as to prevent or inhibit current service providers from accessing the capabilities of the system.

**Phase One Study:** The study as agreed via the pre-application approval from the OneGeorgia Authority, will include data and guidance from the five consortium members and will include specific technical expertise from the group's two consultants Civitium and the Georgia Tech Enterprise Innovation Institute. Additional information and input is expected from a large number of organizations that are currently involved with this project. Steve Holder of the City has been involved in some of the project discussions and has attended formal presentations about the effort.

**Project Costs:** Phase one grant funds will be \$240,000 in the 80/20 split. Both State and Consortium funds have been covered at this time. Although several County Commissions have committed funds to this effort, no City of Dawsonville or Dawson County Government funds are being requested. Phase two costs have not been fully defined at this time. Consultant estimates are that phase two will cost approximately \$5 million. Funding for the match for phase two will be covered by the members of the consortium. City funds will not be required for phase two of this project.

**Additional Funding & Support:** The consortium is currently working with the Appalachian Regional Commission and the USDA on further grant sources to cover the phase two match requirements, and for technical support with this project. Both agencies have indicated interest in participating and have stated that the regional approach to this project has generated strong appeal within their respective agencies.

\* \* \*

At this time the Development Authority requests a letter of general endorsement and support for the North Georgia Fiber Partnership. We would request the letter be received by 6 June to insure inclusion into the application packet. A draft letter is attached for your consideration.

Sincerely,



Charlie Auvermann  
Executive Director

Attachments: (1)  
Cc: Steve Holder  
Dana Miles

Page 2 of 3

**A RESOLUTION OF THE CITY OF DAWSONVILLE APPROVING AND ENCOURGING THE DEVELOPMENT OF A BRIDGE (BROADBAND RURAL INITIATIVE TO DEVELOP GEORGIA'S ECONOMY) GRANT WITHIN THE FIVE COUNTY CONSORTIUM. IMPLEMENTATION OF THE GRANT WILL ENCOURAGE AND PROMOTE HEALTHY ECONOMIC GROWTH FOR THE AFFECTED FIVE-COUNTY REGION.**

**WHEREAS**, the City of Dawsonville is situated in Dawson County; and

**WHEREAS**, Dawson County is a member of a five-county regional consortium that will review the future communication needs for a five county area; and

**WHEREAS**, the five Development Authorities along with additional county and private organizations within the five-county consortium have agreed to submit and fund an application for a One Georgia Authority BRIDGE (Broadband Rural Initiative to Develop Georgia's Economy) grant with the State of Georgia; and

**WHEREAS**, the City of Dawsonville shall not be required or requested to commit funds to the North Georgia Fiber Partnership; and

**WHEREAS**, the Project will determine the level of communications needed to support the Dawson County and City of Dawsonville governments, local education commerce, and general citizenries telecommunications activity into the next decade; and

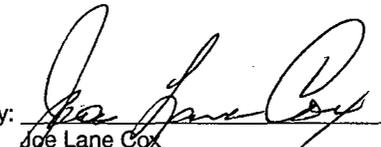
**WHEREAS**, the Partnership shall insure that any improvements, changes, parallel systems or additions to the communications grid shall be accessible to all potential end users.

**NOW, THEREFORE**, be it hereby resolved by the Mayor and City Council of the City of Dawsonville that the City approves and does hereby add its support and endorsement to the application made by the North Georgia Fiber Partnership to the One Georgia Authority for the purpose of receiving funds from the BRIDGE Grant Program for this project.

SO RESOLVED, ADOPTED AND APPROVED, this 2<sup>nd</sup> day of June, 2008.



**CITY OF DAWSONVILLE**

By:   
Joe Lane Cox  
Mayor, City of Dawsonville

Attested to:

  
Kim Cornelison  
City Clerk, City of Dawsonville

VOTE:

3 Yea

0 Nay