City of Dasher, Georgia

Financial Statements

For the Fiscal Year Ended

June 30, 2011

City of Dasher, Georgia

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INDEPENDENT AUDITOR'S REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the City of Dasher, Georgia, as of June 30, 2011, and the respective change in financial position, and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City of Dasher, Georgia has not presented a management's discussion and analysis which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated November 30, 2011 on our consideration of the City of Dasher, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in evaluating the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dasher, Georgia's basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the basic financial statements. The schedules of expenditures of special purpose local option sales tax proceeds has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



November 30, 2011

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City of Dasher, Georgia
Statement of Net Assets
June 30, 2011

Assets	Primary Government Governmental Activities
Assets	
Cash and Cash Equivalents	$ 299,801
Investments	964,617
Receivables, net	104,672
Prepaid Expenses	3,418
Capital Assets	
Land and Other Nondepreciable Assets	524,261
Other Capital Assets, Net of Depreciation	586,422
Total Capital Assets	1,110,683
Total Assets	$ 2,483,191
Liabilities and Net Assets	
Liabilities	
Accounts Payable	$ 77,097
Accrued Liabilities	2,231
Long Term Liabilities	
Current Portion	-
Long-Term Portion	-
Total Liabilities	79,328
Net Assets	
Invested in Capital Assets, Net of Related Debt	1,110,683
Restricted for:	
Capital Projects	291,121
Unrestricted	1,002,059
Total Net Assets	2,403,863
Total Liabilities and Net Assets	$ 2,483,191

The accompanying notes to basic financial statements are an integral part of this statement.

City of Dasher, Georgia
Statement of Activities
For the Year Ended June 30, 2011

Functions and Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets of Primary Government: Governmental Activities
Primary Government:					
Governmental Activities					
General Government	$ 121,936	$ -	$ -	$ 4,400	$ (117,536)
Judicial	-	-	-		-
Public Safety	15,463	-	-	-	(15,463)
Public Works	62,703	-	-	91,712	29,009
Health and Welfare	-		-		-
Culture and Recreation	42,669		-	86,364	43,695
Housing and Development	-				-
Interest on Long-Term Debt	-				-
Total Governmental Activities	242,771	-	-	182,476	(60,295)
Total Primary Government	$ 242,771	$ -	$ -	$ 182,476	$ (60,295)
General Revenues					
Taxes					
Local Option Sales and Use Tax					158,479
Insurance Premium Tax					45,758
Franchise					35,415
Intergovernmental					-
Investment					14,620
Contributions and Donations					-
Miscellaneous					3,560
Transfers					
Total General Revenues and Transfers					257,832
Changes in Net Assets					197,537
Net Assets, Beginning of Period					2,206,326
Net Assets, End of Period					$ 2,403,863

The accompanying notes to financial statements are an integral part of this statement.

City of Dasher, Georgia
Balance Sheet
Governmental Funds
June 30, 2011

	General	Major Capital Projects Funds: Special Purpose Local Option Sales Tax - 2008 Issue	Major Capital Projects Funds: Special Purpose Local Option Sales Tax - 2002 Issue	Non-Major Governmental Fund: Special Purpose Local Option Sales Tax - 1998 Issue	Total Governmental Funds
Assets					
Cash and Cash Equivalents	$ 299,801	$ -	$ -	$ -	$ 299,801
Investments	573,886	390,731	-	-	964,617
Receivables					
Taxes	-	-	-	-	-
Intergovernmental	27,960	-	69,531	7,181	104,672
Interfund	121,672	-	-	-	121,672
Prepaid Expenses	3,418	-	-	-	3,418
Total Assets	$ 1,026,737	$ 390,731	$ 69,531	$ 7,181	$ 1,494,180
Liabilities and Fund Balance					
Liabilities					
Accounts Payable	$ 22,447	$ 54,650	$ -	$ -	$ 77,097
Accrued Expenses	2,231	-	-	-	2,231
Intergovernemntal	-	-	-	-	-
Interfund	-	44,960	69,531	7,181	121,672
Deferred Revenue	-				-
Compensated Absences	-	-	-	-	-
Total Liabilities	24,678	99,610	69,531	7,181	201,000
Fund Balance					
Nonspendable	3,418				3,418
Restricted		291,121	-	-	291,121
Committed					-
Assigned					-
Unassigned	998,641				998,641
Total Fund Balance	1,002,059	291,121	-	-	1,293,180
Total Liabilities and Fund Balance	$ 1,026,737	$ 390,731	$ 69,531	$ 7,181	$ 1,494,180

The accompanying notes to basic financial statements are an integral part of this statement.

City of Dasher, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2011

Total Fund Balance - Governmental Funds (Page 4)		$ 1,293,180
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because		
In Governmental Activities capital outlays are considered a use of financial resources and treated as expenditures in the period acquired. In the Statement of Net Assets capital assets are capitalized and reported as assets, net of accumulated depreciation. These assets consists of:		
Infrastructure	$ 211,038	
Site and site improvements, including buildings	825,484	
Machinery and Equipment	37,290	
	1,073,812	
Accumulated Depreciation	179,573	
	894,239	
Construction in Progress	216,444	1,110,683
Net Assets of Governmental Activities (Page 2)		$ 2,403,863

The accompanying notes to basic financial statements are an integral part of this statement.

City of Dasher, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011

	General	Major Capital Project Funds: Special Purpose Local Option Sales Tax - 2008 Issue	Major Capital Project Funds: Special Purpose Local Option Sales Tax - 2002 Issue	Non-Major Governmental Fund: Special Purpose Local Option Sales Tax - 1998 Issue	Total Governmental Funds
Revenues					
Property Taxes	$ -	$ -	$ -	$ -	$ -
Sales Tax	158,479	-	-	-	158,479
Insurance Premium Tax	45,758	-	-	-	45,758
Other Taxes	35,415	-	-	-	35,415
Intergovernmental	-	128,831	42,234	7,181	178,246
Investment	14,620	4,230	-	-	18,850
Other	3,200	-	-	-	3,200
Total Revenues	257,472	133,061	42,234	7,181	439,948
Expenditures					
Current					
General Government	116,822	-	-	-	116,822
Public Safety	15,463	-	-	-	15,463
Public Works	52,821	-			52,821
Culture and Recreation	27,696	-	-	-	27,696
Capital	96,428	54,650	42,234	7,181	200,493
Total Expenditures	309,230	54,650	42,234	7,181	413,295
Excess (Deficit) of Revenues Over (Under) Expenditures	(51,758)	78,411	-	-	26,653
Other Financing Sources (Uses)					
Net Other Financing Sources (Uses)	-	-	-	-	-
Change in Fund Balance	(51,758)	78,411	-	-	26,653
Fund Balance, Beginning	1,053,817	212,710	-	-	1,266,527
Fund Balance, Ending	$ 1,002,059	$ 291,121	$ -	$ -	$ 1,293,180

The accompanying notes to basic financial statements are an integral part of this statement.

City of Dasher, Georgia
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2011

Net Change in Fund Balance - Total Governmental Funds (Page 6)	$	26,653
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 capital outlays is allocated over their estimated useful lives as depreciation expense.		200,493
Depreciation is not reported as an expense in Governemntal Funds. However, depreciation expense is included in the Statement of Activities.		(29,969)
Other		360
Change in Net Assets of Governmental Activities (Page 3)	$	197,537

The accompanying notes to basic financial statements are an integral part of this statement.

City of Dasher, Georgia
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2011

	Budget		Actual Amounts (Budgetary Basis)	Variance With Final Budget
	Original	Final		
Revenues				
Property Taxes	$ -	$ -	$ -	$ -
Local Option Sales Tax	155,000	157,000	158,479	1,479
Insurance Premium Tax	48,000	46,000	45,758	(242)
Other Taxes	34,000	35,000	35,415	415
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Investment	20,000	16,000	14,620	(1,380)
Contributions and Other	1,000	3,000	3,200	200
Total Revenues	258,000	257,000	257,472	472
Expenditures				
General Government	138,000	220,000	213,250	6,750
Judicial	2,200	-	-	-
Public Safety	15,000	15,500	15,463	37
Public Works	81,800	62,000	52,821	9,179
Health and Welfare	-	-	-	-
Culture and Recreation	21,000	28,000	27,696	304
Housing and Development	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	258,000	325,500	309,230	16,270
Excess (Deficit) of Revenues Over (Under) Expenditures	-	(68,500)	(51,758)	16,742
Other Financing Sources (Uses)				
Sales of Surplus Property	-	-	-	-
Transfers	-	-	-	-
Appropriation of Surplus	-	68,500	-	(68,500)
	-			
Net Other Financing Sources (Uses)	-	68,500	-	(68,500)
Change in Fund Balance	-	-	(51,758)	(51,758)
Fund Balance, Beginning	1,053,817	1,053,817	1,053,817	-
Fund Balance, Ending	$ 1,053,817	$ 1,053,817	$ 1,002,059	$ (51,758)

The accompanying notes to basic financial statements are an integral part of this statement.

Note 1 – Summary of Significant Accounting Policies

The City was incorporated in 1992 and operates under a mayor - council form of government and provides the following services in addition to general administrative responsibilities: public safety (police and volunteer fire), highways and streets, and recreation.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

(A) Reporting Entity

In evaluating the City, for financial reporting purposes, management considers all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in generally accepted accounting principles. The basic criterion for including a potential component unit in the reporting entity is the financial accountability of the potential component unit to the City. Significant manifestations of financial accountability are ability of the City to select or approve the governing authority, imposition by the City of its will on the potential component unit, ability of the potential component unit to provide financial benefits to, or impose specific financial burdens, on the City, and responsibility by the City for the fiscal dependency of the potential component unit.

There are no boards, commissions, authorities, or other units of government (component units) for which the City is accountable.

(B) Basis of Presentation - Fund Accounting

The City has implemented the provisions of Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.* This statement establishes accounting and financial reporting standards for general purpose external financial reporting by local governments and establishes specific standards for the basic financial statements, management's discussion and analysis, and certain required supplementary information. Governments are required to report government-wide as well as fund level financial statements.

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all activities of the primary government. These statements include the financial activities of the overall government. Governmental activities, which are generally supported by taxes, intergovernmental revenues and non-exchange transactions, are reported separate from business-type activities, which rely primarily on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or programs are offset by program revenues. Direct expenses are expenses which are specifically associated with a particular activity. Program revenues include (a) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given activity and (b) grants and contributions which are restricted to meeting the operational or capital requirement of a particular activity. Taxes and other revenues not classified as programs revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

The accounts of the City are organized by funds and account groups, each of which is a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equities, revenues (income) and expenditures (expenses). Resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City's fund types are:

Governmental Fund Types

Governmental Funds are those through which most governmental functions are financed. The acquisition, use and balance of expendable financial resources and the related liabilities (except for those accounted for in proprietary funds) are accounted for through governmental funds. The objective for evaluation is based upon the determination of changes in financial position rather than objectives for net income. The following are the City's governmental fund types:

General Fund - The principal operating fund of the City and is used to account for all financial resources not otherwise accounted for in another fund.

Capital Project Funds- These funds account for financial resources used for the acquisition and construction of fixed assets and repair and renovation of major capital facilities (other than acquisition, construction and repairs financed by proprietary and special assessment funds). The city has three capital project funds – the special purpose local option sales and use tax funds for the 1998 issue, the 2002 issue and the 2008 issue.

(C) Measurement Focus, Basis of Accounting, and Financial Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when eligibility requirements have been satisfied.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when collectible within the current period or soon enough thereafter to pay current period liabilities. The government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred.

Revenues susceptible to accrual include franchise taxes, governmental grants, special assessments, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the City are also recognized as revenue. Fines, forfeitures, and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The City's major governmental funds are:

The General Fund is the government's primary operating fund. All financial resources of the general government, other than resources required to be accounted for in another fund, are reported in the general fund.

The Special Purpose Local Option Sales Tax (Capital Project) Funds for capital projects financed from the special purpose local option sales tax referendums approved by voters for the 2002 and 2008 issues.

There City's non-major governmental fund is:

The Special Purpose Local Option Sales Tax (Capital Project) Fund for capital projects financed from the special purpose local option sales tax referendums approved by voters for the 1998 issue.

Program Revenues

Amounts reported as program revenues include (a) charges to customers or applicants for goods, services, or privileges provided, (b) operating grants and contributions which finance current operating activities including restricted investment income, and (c) capital grants and contributions, including special assessments, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions. To identify which function program revenue pertains, the determining factor for the charge for service is which function generates the revenue. For grants and contributions, the determining factor is to which functions the revenues are restricted. Internally dedicated sources are reported as general revenues.

Taxes and other revenue sources not included with program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or supported by general revenues.

For the most part, interfund transactions have been eliminated from the statements.

When both restricted and unrestricted resources are available for use, the government's policy is to use restricted resources first, then unrestricted resources as they are needed.

(D) Cash and Investments

Cash includes amounts in demand and savings (including time) deposits. The City does not have any investments other than interest bearing checking accounts and certificates of deposit. The City has no specific investment policy in regards to custodial credit risk.

The Official Code of Georgia (O.C.G.A. 36-83-4) authorizes the City to invest in obligations of this or other states, the United States government, obligations fully insured or guaranteed by the United States government or a United States government agency, obligations of any corporation of the United States government, prime banker's acceptances, local government investment pools established by O.C.G.A. Section 36-83-8, repurchase agreements, and obligations of other political subdivisions of this state.

(E) Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2011 are recorded as prepaid items.

(F) Inventory

The City does not value its inventories for financial reporting purposes. Purchases of materials and supplies are charged to operations when acquired.

(G) Restricted Assets

Cash and other resources are classified as restricted assets because use is limited by law, grants, or local ordinances.

(H) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial estimated useful life of more than two years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

General infrastructure assets acquired prior to July 1, 2003 are not reported in the basic financial statements. General infrastructure assets include roads, streets, sidewalks, and bridges and other similar assets acquired subsequent to June 30, 2003.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets are included as part of the capitalized value of the constructed assets.

The costs of normal maintenance and repairs that do not increase the value of the asset or materially extend useful lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Property, plant and equipment of the primary government is capitalized based on the following capitalization levels and depreciated using the straight-line method over the following estimated useful lives:

Asset Classification	Estimated Useful Lives
Land and Improvements	
Infrastructure	20 to 50 years
Buildings and Improvements	15 to 50 years
Machinery, Equipment and Transportation	3 to 15 years

The City has not adopted a capitalization policy.

(I) Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the governmental funds statement of revenues, expenditures and changes in fund balance the proceeds of long-term debt financing is reported as other financing sources. The repayment of general long-term debt is reported as an expenditure of current financial resources.

(J) Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures and expenses. Transactions that constitute reimbursements to a fund for expenditures (or expenses) initially made from it that are properly allocable to another reimbursing fund and as reductions of expenditures (or expenses) in the fund reimbursed.

(K) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(L) Fund Balance

Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances 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.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City council through the adoption of a resolution. The City Council also may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the City Council has authorized the City's finance committee or the City's finance director to assign fund balances.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balances are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order:

Committed
Assigned
Unassigned

Net Assets – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has not spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted as described in the fund balance section above. All other assets are reported as unrestricted.

(M) Schedules of Financial Assistance and One Percent Special Purpose Local Option Sales Tax Project Cost Schedules

The basis of accounting employed by the fund type in which revenues and expenditures are reported for funding from federal, state and other financial assistance programs and one percent special purposes local option sales tax are also used to report receipts/revenues and disbursements/expenditures for the Schedule of Federal Financial Assistance, Project Cost Schedule – One Percent Special Purpose Local Option Sales Tax, and Schedule of State and Other Assistance.

Note 2 – Stewardship, Compliance and Accountability

(A) Budgetary Accounting

The City does not have a local finance ordinance. Mayor and Council adopt annual budgets for all governmental fund types (general fund). Budgets for capital projects funds are adopted on a total project basis rather than on an annual basis. The budgets are prepared and adopted on a basis consistent with generally accepted accounting principles.

The department level is the legal level of control at which expenditures may not exceed appropriations. Except for appropriations for capital expenditures, all appropriations, to the extent not expended or encumbered, lapse at the close of the period for which the appropriation was budgeted. Appropriations for capital expenditures continue in effect until the purpose for which made has been accomplished or abandoned. Capital appropriations are deemed abandoned after three years when there has been no disbursement or encumbrance of the appropriation.

Mayor and Council advertise and conduct public hearings according to the requirements of state law. The final budget for the calendar year is adopted by the preceding July 1st.

Budget Revisions

Budgeted amounts on all budget comparisons are amended by Mayor and Council as of June 30, 2011. Supplemental appropriations which result primarily from the receipt of unanticipated governmental grant revenue are included in budgeted amounts.

(B) – Excess of Expenditures over Appropriations

Expenditures did not exceed appropriations in any governmental fund department for the current reporting period.

(C) – Deficit fund Balances

There were no governmental fund deficits as of June 30, 2011.

Note 3 – Cash and Cash Equivalents

As of June 30, 2011, the primary government's deposits, including certificates of deposits, were $1,264,418 and the account balances per the financial institutions were $1,264,659. Of the total account balances per the financial institutions, $1,089,510 was insured through the Federal Deposit Insurance Corporation (the FDIC). $34,418 was collateralized with pooled securities held by the financial institutions' trust departments or by the pledge of the financial institutions' securities. Securities are held in the name of the institution and not in the name of the City. Deposit's at First Federal Savings & Loan in Valdosta, Georgia in the amount of $140,731 was uninsured.

Cash and cash equivalents, invested in savings and certificates of deposit in financial institutions, consist of the following:

Account Type	
Cash and demand deposits	$ 299,801
Investments (time deposits)	964,617
Total	$ 1,264,418

Note 4 - Receivable - Intergovernmental

Intergovernmental receivables are as follows:

State of Georgia - Department of Revenue – Local Option Sales Tax	$ 27,960
Lowndes County Georgia – Special Purpose Local Option Sales Tax	76,712
Total	$ 104,672

Note 5 – Interfund Balances

Interfund receivables and payables result from temporary advances, primarily from the general fund, to finance current operating expenditures and are summarized as follows:

	Interfund Balances	
	Receivable	Payable
Major Governmental Fund		
General Fund	$ 121,672	$ -0-
Capital Project Funds		
Special Purpose Local Option Sales Tax		
2002 Issue		69,531
2008 Issue	-0-	44,960
Total	121,672	114,491
Non-Major Governmental Fund		
Capital Project Fund		
Special Purpose Local Option Sales Tax		
1998 Issue	-0-	7,181
Totals	$ 121,672	$ 121,672

Note 6 - Changes in Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Retirements	Transfers/ Adjustments	Ending Balance
Governmental Activities:					
Capital Assets not being Depreciated					
Land	$ 307,817	$	$	$	$ 307,817
Construction in Progress	26,401	190,043			216,444
Total Assets not being Depreciated	333,858	190,043			524,261
Other Capital Assets					
Buildings	443,490	4,400			447,890
Improvements	274,765	6,050			280,815
Equipment	37,290				37,290
Total Other Capital Assets	755,545	10,450			765,995
Less Accumulated Depreciation					
Buildings	83,093	23,476			106,569
Improvements	55,603	1,698			57,301
Equipment	10,908	4,795			15,703
Total Depreciation	149,604	29,969			179,573
Net Other Capital Assets	605,941	-19,519			586,422
Total Capital Assets, net	$ 939,799	$ 170,844	$	$	$ 1,110,683

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	$ 5,114
Public Safety	-0-
Public Works	9,882
Recreation	14,973
Total Depreciation Expense – Governmental Activities	$ 29,969

Construction in Progress is summarized as follows:

	Cost to Date	Estimated Final Cost
Infrastructure – Storm Drainage	$ 54,616	$ 205,610
Recreation – Walking Track	65,400	70,250
Investment – Residential Rental Property	96,428	98,500
Total Cost	$ 216,444	$ 374,360

Note 7 - Contingencies

The City participates in federally assisted grant programs and Community Development Block Grant programs. These programs are subject to compliance audits by the grantors or their representatives.

Note 8 - Reserved and Designated Net Assets – Governmental Funds

Reserved

Capital Projects

One Percent Special Purpose Local Option Sales Tax – 2008 Issue	$ 291,121

Restricted for road, street and bridge purposes. Authorized uses include construction, renovation and improvements to roads, streets, and bridges including acquisition of right-of-ways, relocation of utilities, and improvements to surface water drainage of roads, streets, and bridges and public facilities.

One Percent Special Purpose Local Option Sales Tax – 1998 and 2002 Issue	$ -0-

Restricted for road, street and bridge purposes. Authorized uses include construction, renovation and improvements to roads, streets, and bridges including acquisition of right-of-ways, relocation of utilities, and improvements to surface water drainage of roads, streets, and bridges and public facilities.

Note 9 - 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; crimes; and natural disasters. The City is a participant in the Georgia Municipal Association Property and Liability Self-Insurance Program, a public entity risk pool operating as a common risk management and insurance program for member governments. The GMA Property and Liability Self-Insurance Program is a fund established and administered as a part of the Georgia Inter-Local Risk Management Agency (GIRMA) an unincorporated nonprofit instrumentality of participating municipalities.

The purpose of risk pools is to establish and administer one or more groups of self-insurance funds which provide risk management services, prevent or lessen indices and severity of casualty and property losses, and defend and protect participating members from liability or loss from general liability, motor vehicle liability, property damage, crimes and other claims which members are jointly self-insured. Claim settlement, determination of risk, institution of loss prevention programs and accounting systems, acquisition of excess insurance and reinsurance coverage and the performance of daily operations are responsibilities of the board of trustees.

Admission of members into the agency is subject to the approval of the administrator in accordance with policies established by the board of trustees. Each member is required to continue membership until completion of the second full fiscal year of membership. Membership is continued on a year-to-year basis. A member may withdraw or choose not to renew membership effective at the end of any fiscal year upon giving ninety days advanced written notice to the agency.

Members failing to pay required contributions, assessments, or other sums in such amounts and at times established by the board of trustees may, upon proper notice, be immediately suspended from membership and coverage shall immediately cease. Terminated members remain liable for assessments for any fiscal year in which they were members and have no rights to surplus or dividends. The capital contribution, if any, of a terminated member may be returned in whole, or in part, at the discretion of the board of trustees.

Additional responsibilities and obligations of participating members include; selection of a person to serve as member representative, allow GIRMA and its agents reasonable access to facilities and records, allow attorneys designated by GIRMA to investigate, litigate, and discuss settlement options for claims made against participating members, including assisting and participating in the defense and settlement of claims, cooperate with GIRMA attorneys, adjustors, agents or independent contractors relating to the purposes of GIRMA, provide budget, operating and underwriting information requested by the board, and promptly report all incidents which could result in any claim.

In accordance with O.C.G.A. Sections 36-85-9 and 36-85-19, each member is jointly and severally liable for all legal obligations of the agency or funds and assessments may be imposed to meet financial deficiencies of the agency or of any fund.

Policy deductibles are funded from and charged to operations during the period in which losses are settled. Insurance provides coverage up to a maximum of $600,000 for each general liability claim, and various limits up to an aggregate of $616,464 for property damage claims. Deductible limits are $1,000 per occurrence.

The City's exposure, which is limited to policy deductibles, is charged to current operations when incurred. No claims in excess of insured limits were threatened, pending or outstanding as of June 30th. Accordingly, no liability has been provided for claims threatened, pending or outstanding. There have been no significant reductions in insurance coverage. Settled claims have not exceeded coverage limits for the current or preceding three years.

The City has not compiled a record of claims paid in excess of applicable deductibles for the current or prior fiscal years. Management is not aware of any outstanding and unpaid claims as of June 30th. Accordingly, no provision has been made for potential claims.

Note 10 – Fund Balance

	General	Major Capital Project Funds: Special Purpose Local Option Sales Tax – 2008 Issue	Major Capital Project Funds: Special Purpose Local Option Sales Tax – 2002 Issue	Non-Major Governmental Fund: Special Purpose Local Option Sales Tax – 1998 Issue	Total Governmental Funds
Nonspendable:					
Prepaid Items	$ 3,418	$ -0-	$ -0-	$ -0-	$ 3,418
Restricted for:					
Capital Project Funds:					
Special Purpose Local Option Sales and Use Tax Funds		291,121			$ 291,121
Committed to:					
Assigned to:					
Unassigned to:	998,641				$ 998,641
Total	$ 1,002,059	291,121	-0-	-0-	$ 1,293,180

Note 11 - Joint Venture (Regional Development Center)

The City of Dasher is a member of the South Georgia Regional Commission (SGRC), a governmental entity legislatively established by O.C.G.A. 58-8-34. The SGRC is comprised of the cities and counties within the ten City district created and established by the Act. The SGRC is managed by a board, which includes the chief elected official of the district's member city and City governments. The act requires membership by the cities and counties within the district, dues to support operations, and responsibility for the debts and obligations of the SGRC. Lowndes County, Georgia pays the dues for the City. Separate financial statements may be obtained from: South Georgia Regional Commission, 327 W. Savannah Ave., Valdosta, Georgia 31601

Note 12 - Litigation

The City is not involved in any pending or threatened litigation.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of the City of Dasher, Georgia as of and for the year ended June 30, 2011, which collectively comprise City of Dasher, Georgia's basic financial statements and have issued our report there on dated November 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Dasher, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Dasher, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Dasher, Georgia'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedules of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will no be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2011.01, 2011.02, and 2011.06.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies: 2011.03, 2011.04, and 2011.05.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dasher, Georgia's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2011.02 and 2011.06.

The City of Dasher, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Dasher, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Mayor and Council, 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.

November 30, 2011

Dasher, Georgia
Schedule of Findings and Responses
For the Year Ended June 30, 2011

Section I – Summary of Auditor's Results

Financial Statements

The auditor's report expresses an unqualified opinion on the basic financial statements.

Internal Control over Financial Reporting:

Material weaknesses identified?	X	Yes	_____	No
Significant deficiencies identified?	X	Yes	_____	None Reported
Noncompliance material to financial statements noted?	_____	Yes	X	No

Section II – Financial Statement Findings

Current Year Findings:

2011.01 Absence of Optimum Level of Appropriate Segregation of Duties

(*This is a repeat finding*)

Requirement: A properly designed and effective system of internal control requires that there are a sufficient number of properly trained, skilled personnel to be able to segregate duties and responsibilities among personnel so that individuals initiating, processing, verifying, reviewing, approving, recording or processing financial transactions, and preparing financial statements are not being performed by the same individual.

Condition: The City does not have sufficient personnel to provide an optimum level of appropriate segregation of duties and responsibilities.

Effect: Errors, intentional or otherwise, and fraud could occur in the processing of financial transactions and the preparation of financial statements.

Recommendation: Staffing should include a sufficient number of properly trained personnel in order to assign duties and responsibilities among the staff in order to reduce to a minimum level of risk that misstatements resulting from fraud or error might occur and not be detected by employees during the normal course of performing assigned duties.

Auditee Response: The City agrees with this finding. Because of the City's size and economic limitations the City does not believe it financially feasible to hire additional staff solely for purpose of mitigating this weakness. The City has only one part-time staff person in the accounting and finance office. She is responsible for billings, collections, and recording and posting of receipts, processing and payment of vendor invoices, and payment of employees. A second person has been contracted with to perform the accounting duties related to recording and posting transactions, reconciling the bank accounts and preparing quarterly financial statements. Mayor and Council maintain oversight activities related to investments including review of institutional compliance with FDIC insurance coverage. Mayor and Council review all financial transactions and financial statements. Checks require the signature of two persons one of which must be an elected official.

2011.02 Budgetary - Financial Compliance

(*This is a modified repeat finding*)

Specific Requirement: O.C.G.A. 36-81-3(b)(1) requires each unit of local government to adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund. O.C.G.A. 36-81-3(b)(2) requires a project-length balanced budget for each capital project fund with the project-length balanced budget being adopted by ordinance or resolution in the year that the project initially begins. The project-length balanced budget should appropriate total expenditures for the duration of the capital project. O.C.G.A. 36-81-3(b)(3) provides that a budget ordinance or resolution is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations.

Conditions: Capital Projects Fund – means a fund(s) used to account for financial resources to be used for the acquisition or construction of major capital facilities. The City's capital project funds are the 2002 and 2008 Special Purpose Local Option Sales Tax Referendums. Generally accepted governmental accounting principles, which are incorporated by O.C.G.A. 36-81-7(b)(1), defines a capital project fund as one of seven major fund types to account for financial resources used for the acquisition and construction of major capital facilities.

Effect: The City is not in compliance with state laws by not adopting project length budget for capital project funds.

Recommendation: Project length budgets should be adopted for the capital project funds.

Auditee Response: The City agrees with this finding. Subsequent budgets will be adopted as required by state law. Capital project funds budgets will be project based. The City adopted a project based budget for the renovation and improvement to the walking track, a project started during the year.

2011.03 Auditor Preparation of Annual Financial Statements

(*This is a repeat finding*)

Requirement: Generally accepted auditing standards require auditors to audit client prepared annual financial statements including the related notes to financial statements and all required supplemental information, statements, and schedules.

Condition: The City's annual financial statements, supplementary information, and schedules required by state statutes, or regulators, and grantors are auditor prepared.

Effect: The City's auditor audits the auditor prepared financial statements.

Recommendation: The City should prepare the annual financial statements, notes to basic financial statements, supplementary information, and financial schedules required by state statutes or regulators, and grantors.

Auditee Response: The City does not have professional staff with the training and expertise to prepare the annual audited financial statements. The Mayor and Council have considered alternatives for the preparation of the audited statements including contracting the services of a consultant. The Mayor and Council believe having the auditors prepare the statements is the only economically feasible option for the City. The Mayor and Council formally reviews and accepts responsibility for the financial statements and all related disclosures.

2011.04 Capital Assets Records and Supporting Documentation

(*This is a modified repeat finding*)

Requirement: Generally accepted accounting principles require that detail records or subsidiary ledgers be maintained for all capital assets and properly integrated in the financial reporting system. The subsidiary ledgers should be periodically balanced to control accounts or ledgers. Assets should be tagged or labeled with identification information and inventoried on a systematic basis. Estimated useful lives and methods of depreciation should be authorized by a responsible official or mayor and council and periodically reviewed. Title to sites, buildings, vehicles, equipment, etc should be held in the name of the City. Custodians of capital assets should be responsible for and required to report any change in status of capital assets. Sale of assets should be formally approved by mayor and council. Safeguards should be established to prevent loss due to fire, theft or misappropriation. Periodic review and appraisals should be made relative to insurance coverage. Access to property records should be limited to responsible persons.

O.C.G.A. 36-81-7 requires that the governing authority of each unit of local government shall provide for and cause to be made an annual of the financial affairs and transactions of all funds and activities of the local government for each fiscal year. This section further requires that the financial statements be prepared in conformity with generally accepted governmental accounting principles, setting forth the financial condition and results of operation of each fund and activity of the local government. The opinion of the auditor, in addition to an explanation of any qualification or disclaimer contained in the opinion shall also disclose any apparent material violation of state or local law discovered during the audit.

Condition: The City does not have a current, complete and accurate inventory of the City's capital assets.

Effect: Failure to maintain adequate detailed records of the capital assets could result in theft, loss, misuse or misappropriation, or damage to assets which may be discovered and reported to appropriate authorities and failure to maintain adequate insurance for reimbursement for loss or damage to the City's property. Financial statements may not be in compliance with generally accepted governmental accounting principles and applicable state laws. The financial statements may be incorrect and misleading.

Recommendation: The City should comply with the requirement of state law and generally accepted accounting principles by taking an inventory of all capital assets of the City.

Auditee Response: The City agrees with the findings completing their inventory of capital assets during November 2011.

2011.05 Finance – Budget Ordinance

(*This is a repeat finding*)

Requirement: The finances of the City including the preparation, advertising, and adopting of an annual budget should be controlled and managed by a budget-finance ordinance adapted to the specific needs and requirements of the City. The ordinance should supplement the minimum requirements of state law.

Condition: The City does not have a local budget-finance ordinance.

Effect: The City does not have policies, procedures, and administrative and fiscal responsibility controls to manage, safeguard assets, and report financial transactions.

Recommendation: Mayor and Council should adopt a finance-budget ordinance to control and manage the financial affairs of the City.

Auditee Response: The City agrees with the findings and will follow our auditor's recommendations to comply with applicable state requirements. The City is planning to adopt a Finance Ordinance which specifically addresses the needs of the City. The City will consult the City Attorney about adopting a finance ordinance to specifically address the City's needs and requirements. We expect this ordinance to be adopted during the current fiscal year.

2011.06 Cash and Investments – Bank Accounts

Specific Requirement: O.C.G.A. 36-83-5: 45-8-12: 50-17-59 require depositories of public funds to secure public funds on deposit with them partially by pledge of one or more of the obligations authorized by statute for securing state deposits in lieu of security bond, partly by the guarantee or insurance of accounts of the FDIC or the FSLIC, or by any combination of these methods as long as the aggregate of the face value of the security bond and the market value of pledged securities are equal to or not less than one hundred ten percent of the deposited public funds.

Condition: The Special Purpose Local Option Sales and Use Tax account at First Federal Savings and Loan in Valdosta, Georgia was uninsured and uncollateralized by $140,731 as of June 30, 2011.

Effect: A portion of the City's institutional deposits are not insured by the Federal Deposit Insurance Corporation or institutional investments assigned for the benefit of the City.

Recommendation: The City should require all depository institutions to comply with applicable state law by requiring the accounts of the City to be insured or adequately collateralized. The City should also implement policies to review and monitor investments to assure institutional compliance.

Auditee Response: The City will either have the institution comply with these requirements or transfer the excess funds to another institution.

Prior Year Findings

2010.01 Absence of Optimum Level of Appropriate Segregation of Duties

(*This is a repeat finding*)

Requirement: A properly designed and effective system of internal control requires that there are a sufficient number of properly trained, skilled personnel to be able to segregate duties and responsibilities among personnel so that individuals initiating, processing, verifying, reviewing, approving, recording or processing financial transactions, and preparing financial statements are not being performed by the same individual.

Condition: The City does not have sufficient personnel to provide an optimum level of appropriate segregation of duties and responsibilities.

Effect: Errors, intentional or otherwise, and fraud could occur in the processing of financial transactions and the preparation of financial statements.

Recommendation: Staffing should include a sufficient number of properly trained personnel in order to assign duties and responsibilities among the staff in order to reduce to a minimum level of risk that misstatements resulting from fraud or error might occur and not be detected by employees during the normal course of performing assigned duties.

Auditee Response: The City agrees with this finding. Because of the City's size and economic limitations the City does not believe it financially feasible to hire additional staff solely for purpose of mitigating this weakness. The City has only one part-time staff person in the accounting and finance office. She is responsible for billings, collections, and recording and posting of receipts, processing and payment of vendor invoices, and payment of employees. A second person has been contracted with to perform the accounting duties related to recording and posting transactions, reconciling the bank accounts and preparing quarterly financial statements. Mayor and Council maintain oversight activities related to investments including review of institutional compliance with FDIC insurance coverage. Mayor and Council review all financial transactions and financial statements. Checks require the signature of two persons one of which must be an elected official.

Current Status: There is no change in this finding.

2010.02 Anti-Fraud Program and Controls

(*This is a repeat finding*)

Requirement: Policies to prevent and procedures to identify and detect financial statement misstatements caused by error or fraud and misappropriation of assets are required to prevent and minimize the risk of material misstatements in the financial statements and the inappropriate use or loss of assets. The policies and procedures should be in writing, formally adopted by the Mayor and Council, communicated to the entire organization, monitored by management and strictly enforced.

Condition: The City has not adopted anti-fraud policies and procedures.

Effect: Errors, including fraud, may occur and not be detected and assets could be lost or damaged and not be recovered resulting in significant economic loss.

Recommendation: The Mayor and Council should formally adopt written policies and procedures to prevent, detect and prosecute fraud. The policies and procedures should be communicated to each and every employee, including all constitutional officers. Employees and constitutional officers should acknowledge receipt and understanding of the policies. Any violations should be justification for termination of employment and basis for prosecution.

Auditee Response: The City agrees with this finding and recommendation. Mayor and Council will work on developing and adopting formal polices and procedures to prevent, detect, and prosecute fraud. The City will consult with legal council for guidance and will incorporate these policies and procedures into the City's Ordinances. We expect this Ordinance to be adopted during the year beginning July 1, 2010.

Current Status: The City adopted an Anti-Fraud Policy on June 27, 2011.

2010.03 Budgetary - Financial Compliance

(*This is a modified repeat finding*)

Specific Requirement: O.C.G.A. 36-81-3(b)(1) requires each unit of local government to adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund. O.C.G.A. 36-81-3(b)(2) requires a project-length balanced budget for each capital project fund with the project-length balanced budget being adopted by ordinance or resolution in the year that the project initially begins. The project-length balanced budget should appropriate total expenditures for the duration of the capital project. O.C.G.A. 36-81-3(b)(3) provides that a budget ordinance or resolution is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations.

Conditions: Capital Projects Fund – means a fund(s) used to account for financial resources to be used for the acquisition or construction of major capital facilities. The City's capital project funds are the 2002 and 2008 Special Purpose Local Option Sales Tax Referendums. Generally accepted governmental accounting principles, which are incorporated by O.C.G.A. 36-81-7(b)(1), defines a capital project fund as one of seven major fund types to account for financial resources used for the acquisition and construction of major capital facilities.

Effect: The City is not in compliance with state laws by not adopting project length budget for capital project funds.

Recommendation: Project length budgets should be adopted for the capital project funds.

Auditee Response: Subsequent budgets will be adopted as required by state law. Capital project funds budgets will be project based.

Current Status: The City adopted a budget for renovations and improvement to the walking tract, a project approved and started in the current year. The Triple Lake Recreational Bridge Project and City Hall Improvement Project (upgrade of heating and cooling systems) which were started in the current year were approved without adopting a budget.

2010.04 Auditor Preparation of Annual Financial Statements

(*This is a repeat finding*)

Requirement: Generally accepted auditing standards require auditors to audit client prepared annual financial statements including the related notes to financial statements and all required supplemental information, statements, and schedules.

Condition: The City's annual financial statements, supplementary information, and schedules required by state statutes, or regulators, and grantors are auditor prepared.

Effect: The City's auditor audits the auditor prepared financial statements.

Recommendation: The City should prepare the annual financial statements, notes to basic financial statements, supplementary information, and financial schedules required by state statutes or regulators, and grantors.

Auditee Response: The City does not have professional staff with the training and expertise to prepare the annual audited financial statements. The Mayor and Council have considered alternatives for the preparation of the audited statements including contracting the services of a consultant. The Mayor and Council believe having the auditors prepare the statements is the only economically feasible option for the City. The Mayor and Council formally reviews and accepts responsibility for the financial statements and all related disclosures.

Current Status: There is no change in this finding.

2010.05 Capital Assets Records and Supporting Documentation

(*This is a modified repeat finding*)

Requirement: Generally accepted accounting principles require that detail records or subsidiary ledgers be maintained for all capital assets and properly integrated in the financial reporting system. The subsidiary ledgers

should be periodically balanced to control accounts or ledgers. Assets should be tagged or labeled with identification information and inventoried on a systematic basis. Estimated useful lives and methods of depreciation should be authorized by a responsible official or mayor and council and periodically reviewed. Title to sites, buildings, vehicles, equipment, etc should be held in the name of the City. Custodians of capital assets should be responsible for and required to report any change in status of capital assets. Sale of assets should be formally approved by mayor and council. Safeguards should be established to prevent loss due to fire, theft or misappropriation. Periodic review and appraisals should be made relative to insurance coverage. Access to property records should be limited to responsible persons.

O.C.G.A. 36-81-7 requires that the governing authority of each unit of local government shall provide for and cause to be made an annual of the financial affairs and transactions of all funds and activities of the local government for each fiscal year. This section further requires that the financial statements be prepared in conformity with generally accepted governmental accounting principles, setting forth the financial condition and results of operation of each fund and activity of the local government. The opinion of the auditor, in addition to an explanation of any qualification or disclaimer contained in the opinion shall also disclose any apparent material violation of state or local law discovered during the audit.

Condition: The City does not have a current, complete and accurate inventory of the City's capital assets.

Effect: Failure to maintain adequate detailed records of the capital assets could result in theft, loss, misuse or misappropriation, or damage to assets which may be discovered and reported to appropriate authorities and failure to maintain adequate insurance for reimbursement for loss or damage to the City's property. Financial statements may not be in compliance with generally accepted governmental accounting principles and applicable state laws. The financial statements may be incorrect and misleading.

Recommendation: The City should comply with the requirement of state law and generally accepted accounting principles by taking an inventory of all capital assets of the City.

Auditee Response: The City agrees with the findings and will follow our auditor's recommendations to establish fixed assets records. Mayor, Council, and City Clerk have reviewed procedures to establish a detailed fixed asset record system and has began the process by creating records for real properties. The City is currently researching information related to construction, renovations, and improvements related to real properties. The City will complete a detailed inventory of equipment and other assets. We expect to complete this inventory during the year beginning July 1, 2011.

Current Status: The City completed their inventory of capital assets during November 2011.

2010.06 Finance – Budget Ordinance

(*This is a repeat finding*)

Requirement: The finances of the City including the preparation, advertising, and adopting of an annual budget should be controlled and managed by a budget-finance ordinance adapted to the specific needs and requirements of the City. The ordinance should supplement the minimum requirements of state law.

Condition: The City does not have a local budget-finance ordinance.

Effect: The City does not have policies, procedures, and administrative and fiscal responsibility controls to manage, safeguard assets, and report financial transactions.

Recommendation: Mayor and Council should adopt a finance-budget ordinance to control and manage the financial affairs of the City.

Auditee Response: The City agrees with the findings and will follow our auditor's recommendations to comply with applicable state requirements. We are considering adopting a Finance Ordinance which specifically addresses the needs of the City. The City plans to consult with the City Attorney about adopting a finance ordinance to specifically address the City's needs and requirements. We expect this ordinance to be adopted during the current fiscal year.

Current Status: There is no change in this finding.

City of Dasher, Georgia
One Percent Special Purpose Local Option Sales Tax
Project Cost Schedule - 1998 Issue
For the Year Ending June 30, 2011

	Estimated Cost		Prior	Current	Cumulative	Percent
	Original	Current	Periods	Period	Cost	Complete
Road, Street and Bridge Projects	$ -	$ -	$ -	$ -	$ -	
No Projects						
Johnston Road		12,050	12,009		12,009	100.0%
Public Facilities Projects	300,000	162,550	162,539		162,539	100.0%
Fire Stations & General Government Buildings		15,000	14,638	1,131	15,769	100.0%
Recreational Facility & Walking Track		65,000	64,587		64,587	100.0%
Wisenbaker Property - Park		35,200	35,198		35,198	100.0%
Triple Lake Park - Bridge				6,050	6,050	100.0%
Totals	$ 300,000	$ 289,800	$ 288,971	$ 7,181	$ 296,152	

During the year the City received additional funds in the amount of $7,181 for public facility projects from the 1998 Special Purpose Local Option Sales Tax Issue. The City had initially closed this Capital Project Fund in 2007.

City of Dasher, Georgia
One Percent Special Purpose Local Option Sales Tax
Project Cost Schedule - 2002 Issue
For the Year Ending June 30, 2011

	Estimated Cost		Prior	Current	Cumulative	Percent
	Original	Current	Periods	Period	Cost	Complete
Road, Street and Bridge Projects	$ 360,000	$ -	$ -	$ -	$ -	
Old Hwy 41 Resurface		23,600	23,596	-	23,596	100.0%
Triple Lake Water Control		44,330	44,330	-	44,330	100.0%
Triple Lake Water Control:						
Howell Property		45,602	45,602		45,602	100.0%
Drainage Control		12,535	12,535		12,535	100.0%
Johnson Road Storm Drainage			26,041	28,215	54,256	See Note Below
Public Facility Projects	80,000					
Wisenbaker Property - Park		24,802	24,802	-	24,802	100.0%
Renfro Property - Park		20,000	20,000	-	20,000	100.0%
City Hall - Roof		10,000	10,000	-	10,000	100.0%
Highsmith Property - Park		1,077	1,077	-	1,077	100.0%
Walking Track		10,750		10,750	10,750	100.0%
City Hall - Heating & Air System		3,269		3,269	1,132	100.0%
Totals	$ 440,000	$ 195,965	$ 207,983	$ 42,234	$ 248,080	

Comment - Johnson Road Storm Drainage Controll Project. The City's engineer estimates the construction cost for the project to range from $181,000 to $205,000 depending on the whether the project is an open ditch or an underground storm drainage control system. The City has not approved the method of construction; therefore, total cost, including engineering and related cost, has not been estimated.

City of Dasher, Georgia
One Percent Special Purpose Local Option Sales Tax
Project Cost Schedule - 2008 Issue
For the Year Ending June 30, 2011

	Estimated Cost		Prior	Current	Cumulative	Percent
	Original	Current	Periods	Period	Cost	Complete
Road, Street and Bridge Projects	$ 770,400	$ -	$ -	$ -	$ -	0.0%
Public Facility Projects						
Parks and Recreation Projects	265,100					0.0%
Church of God - Property		50,000	50,000	-	50,000	100.0%
Wisenbaker Property - Park		20,000	20,000		20,000	100.0%
Playground Shelter		13,500	13,262		13,262	100.0%
Playground Equipment		12,000	11,698		11,698	100.0%
Walking Track		59,500		54,650	54,650	91.9%
Museum Project	65,500					
Totals	$ 1,101,000	$ 155,000	$ 94,960	$ 54,650	$ 149,610	