

# TOWN OF BRASELTON, GEORGIA



## ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022



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**TOWN OF BRASELTON, GEORGIA**

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May 8, 2023

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
Town Council of the Town of Braselton, Georgia  
Braselton, Georgia

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Town of Braselton, Georgia** (the Town) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Braselton, Georgia's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Braselton, Georgia, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Hotel / Motel Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Braselton, Georgia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter – Changes in Accounting Principle*

As discussed in Notes 1 and 4, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, as of July 1, 2021. This standard significantly changed the accounting for the Town's lease activities. Our opinions are not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and

maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Braselton, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Braselton, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Braselton, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedule of changes in the Town's net pension liability and related ratios on page 45, schedule of Town contributions on page 46, and the notes to the required supplementary information on page 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Braselton, Georgia's basic financial statements. The schedule of project expenditures with special sales tax proceeds, the Downtown Development Authority statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of project expenditures with special sales tax proceeds, the Downtown Development Authority statements, and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2023, on our consideration of the Town of Braselton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town of Braselton, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Braselton, Georgia's internal control over financial reporting and compliance.

*McNair, McLemore, Middlebrooks & Co., LLC*  
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

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## **FINANCIAL STATEMENTS**

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<b>Assets</b>				
Current Assets				
Cash and Cash Equivalents	\$ 10,604,377	\$ 14,611,903	\$ 25,216,280	\$ 154,332
Restricted Investments	3,017,065	3,566,432	6,583,497	-
Receivables, Net of Allowance				
Taxes	309,745	-	309,745	-
Accounts	261,909	1,947,728	2,209,637	-
Leases Receivable	351,422	5,517	356,939	-
Due From Other Governments	576,622	-	576,622	-
Due From Component Unit	182,095	-	182,095	-
Internal Balances	(2,005,500)	2,005,500	-	-
Prepays	120,022	91,412	211,434	-
Noncurrent Assets				
Leases Receivable	362,657	-	362,657	-
Nondepreciable	37,808,040	11,473,891	49,281,931	-
Depreciable, Net	30,991,362	52,180,973	83,172,335	401,585
<b>Total Assets</b>	82,579,816	85,883,356	168,463,172	555,917
<b>Deferred Outflows of Resources</b>				
Pensions	107,579	81,155	188,734	-
Deferred Charges on Refunding	4,734	775,507	780,241	-
<b>Total Deferred Outflows of Resources</b>	112,313	856,662	968,975	-

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**  
**(CONTINUED)**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<b>Liabilities</b>				
Accounts Payable	\$ 1,967,484	\$ 1,048,114	\$ 3,015,598	\$ -
Accrued Liabilities	39,352	-	39,352	-
Accrued Interest	-	227,018	227,018	-
Customer Deposits Payable	-	751,314	751,314	-
Unearned Revenue	1,844,544	-	1,844,544	-
Due to Primary Government	-	-	-	182,095
Noncurrent Liabilities				
Due Within One Year				
Notes Payable	-	255,631	255,631	97,407
Bonds Payable	904,474	1,715,000	2,619,474	-
Compensated Absences	73,000	41,400	114,400	-
Due in More Than One Year				
Notes Payable	-	4,587,349	4,587,349	-
Bonds Payable	20,381,987	28,573,376	48,955,363	-
Compensated Absences	169,779	86,700	256,479	-
Net Pension Liability	1,854,926	1,399,331	3,254,257	-
<b>Total Liabilities</b>	27,235,546	38,685,233	65,920,779	279,502
<b>Deferred Inflows of Resources</b>				
Leases	700,253	4,636	704,889	-
<b>Total Deferred Inflows of Resources</b>	700,253	4,636	704,889	-
<b>Net Position</b>				
Net Investment in Capital Assets	49,881,008	32,745,609	82,626,617	304,178
Restricted for				
Capital Outlay	8,478,397	-	8,478,397	-
Debt Service	-	119,838	119,838	-
Loan Program	276,822	-	276,822	-
Law Enforcement	34,425	-	34,425	-
Unrestricted (Deficit)	(3,914,322)	15,184,702	11,270,380	(27,763)
<b>Total Net Position</b>	\$ 54,756,330	\$ 48,050,149	\$ 102,806,479	\$ 276,415

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government</b>				
Governmental Activities				
General Government	\$ 2,713,129	\$ 1,220,953	\$ 18,301	\$ 526,696
Judicial	187,514	-	-	-
Public Safety	2,154,306	991,527	-	-
Public Works	1,281,813	343,012	184,296	1,124,490
Tourism	928,420	13,358	-	-
Planning and Development	675,004	-	-	-
Economic and Community Development	514,867	-	-	-
Parks and Recreation	174,613	1,471	-	559,230
Libraries	217,929	-	212,425	-
Interest Expense	679,301	-	-	-
Total Governmental Activities	<u>9,526,896</u>	<u>2,570,321</u>	<u>415,022</u>	<u>2,210,416</u>
Business-Type Activities				
Water and Sewer	9,991,876	17,969,471	-	4,433,499
Stormwater Utility	412,085	829,401	-	-
Civic Center	175,294	38,295	-	-
Total Business-Type Activities	<u>10,579,255</u>	<u>18,837,167</u>	<u>-</u>	<u>4,433,499</u>
<b>Total Primary Government</b>	<u>\$ 20,106,151</u>	<u>\$ 21,407,488</u>	<u>\$ 415,022</u>	<u>\$ 6,643,915</u>
<b>Component Unit</b>				
Downtown Development Authority	\$ 74,959	\$ 19,050	\$ 168,283	\$ -
<b>Total Component Unit</b>	<u>\$ 74,959</u>	<u>\$ 19,050</u>	<u>\$ 168,283</u>	<u>\$ -</u>

**General Revenues**

Sales Tax  
Franchise Tax  
Insurance Premium Tax  
Hotel / Motel Occupancy Tax  
Other Tax  
Investment Earnings  
Miscellaneous

**Total General Revenues**

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Position**

**Net Position - Beginning of Year**

**Net Position - End of Year**

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**  
**(CONTINUED)**

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Downtown Development Authority</b>
\$ (947,179)	\$ -	\$ (947,179)	\$ -
(187,514)	-	(187,514)	-
(1,162,779)	-	(1,162,779)	-
369,985	-	369,985	-
(915,062)	-	(915,062)	-
(675,004)	-	(675,004)	-
(514,867)	-	(514,867)	-
386,088	-	386,088	-
(5,504)	-	(5,504)	-
(679,301)	-	(679,301)	-
<u>(4,331,137)</u>	<u>-</u>	<u>(4,331,137)</u>	<u>-</u>
-	12,411,094	12,411,094	-
-	417,316	417,316	-
-	(136,999)	(136,999)	-
<u>-</u>	<u>12,691,411</u>	<u>12,691,411</u>	<u>-</u>
<u>(4,331,137)</u>	<u>12,691,411</u>	<u>8,360,274</u>	<u>-</u>
			<u>112,374</u>
			<u>112,374</u>
2,038,699	-	2,038,699	-
1,265,453	-	1,265,453	-
650,494	-	650,494	-
2,923,871	-	2,923,871	-
1,056,625	-	1,056,625	-
31,831	8,026	39,857	7
149,953	27,202	177,155	1,275
<u>8,116,926</u>	<u>35,228</u>	<u>8,152,154</u>	<u>1,282</u>
<u>(356,506)</u>	<u>356,506</u>	<u>-</u>	<u>-</u>
<u>7,760,420</u>	<u>391,734</u>	<u>8,152,154</u>	<u>-</u>
3,429,283	13,083,145	16,512,428	113,656
<u>51,327,047</u>	<u>34,967,004</u>	<u>86,294,051</u>	<u>162,759</u>
<u>\$ 54,756,330</u>	<u>\$ 48,050,149</u>	<u>\$ 102,806,479</u>	<u>\$ 276,415</u>

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	General Fund	Hotel/Motel Fund	SPLOST Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 1,921,549	\$ 1,486,774	\$ 5,432,053	\$ 1,764,001	\$ 10,604,377
Restricted Investments	-	-	-	3,017,065	3,017,065
Receivables, Net of Allowance					
Taxes	-	309,745	-	-	309,745
Accounts	258,673	-	-	3,236	261,909
Leases Receivable	41,908	-	-	672,171	714,079
Due From Other Governments	126,108	-	450,514	-	576,622
Due From Component Unit	182,095	-	-	-	182,095
Due From Other Funds	679,486	815,463	409,820	-	1,904,769
Prepays	103,731	16,291	-	-	120,022
<b>Total Assets</b>	<b>\$ 3,313,550</b>	<b>\$ 2,628,273</b>	<b>\$ 6,292,387</b>	<b>\$ 5,456,473</b>	<b>\$ 17,690,683</b>
<b>Liabilities</b>					
Accounts Payable	\$ 1,264,528	\$ 49,224	\$ 653,732	-	\$ 1,967,484
Accrued Liabilities	39,352	-	-	-	39,352
Unearned Revenues	227,794	-	-	1,616,750	1,844,544
Due To Other Funds	3,579,055	-	-	331,214	3,910,269
<b>Total Liabilities</b>	<b>5,110,729</b>	<b>49,224</b>	<b>653,732</b>	<b>1,947,964</b>	<b>7,761,649</b>
<b>Deferred Inflows of Resources</b>					
Leases	41,134	-	-	659,119	700,253
<b>Total Deferred Inflows of Resources</b>	<b>41,134</b>	<b>-</b>	<b>-</b>	<b>659,119</b>	<b>700,253</b>
<b>Fund Balances</b>					
Nonspendable	104,505	16,291	-	13,052	133,848
Restricted	314,651	-	5,638,655	2,836,338	8,789,644
Assigned	-	2,562,758	-	-	2,562,758
Unassigned (Deficit)	(2,257,469)	-	-	-	(2,257,469)
<b>Total Fund Balances (Deficit)</b>	<b>(1,838,313)</b>	<b>2,579,049</b>	<b>5,638,655</b>	<b>2,849,390</b>	<b>9,228,781</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 3,313,550</b>	<b>\$ 2,628,273</b>	<b>\$ 6,292,387</b>	<b>\$ 5,456,473</b>	<b>\$ 17,690,683</b>

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA  
RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

**Total Fund Balances - Governmental Funds** \$ 9,228,781

Amounts reported for governmental activities in the Statement of Net Position are different because:

**Capital Assets**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of the Assets	80,321,651
Accumulated Depreciation	(11,522,249)

**Deferred Outflows of Resources**

Pensions	107,579
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**Long-Term Liabilities**

Long-term liabilities are not due and payable in the current period, and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:

Compensated Absences	(242,779)
Net Pension Liability	(1,854,926)
Loss on Refunding	4,734
Bonds Payable	<u>(21,286,461)</u>

<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 54,756,330</u></u></b>
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See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General Fund	Hotel/Motel Fund	SPLOST Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 5,011,271	\$ 2,923,871	\$ -	\$ -	\$ 7,935,142
License and Permits	801,154	-	-	-	801,154
Intergovernmental	294,522	-	2,209,949	-	2,504,471
Fines and Forfeitures	991,527	-	-	-	991,527
Charges for Services	472,053	13,358	-	292,229	777,640
Investment Earnings	3,650	107	467	28,074	32,298
Other Revenues	245,541	24,913	-	-	270,454
<b>Total Revenues</b>	<b>7,819,718</b>	<b>2,962,249</b>	<b>2,210,416</b>	<b>320,303</b>	<b>13,312,686</b>
<b>Expenditures</b>					
Current					
General Government	7,086,004	-	-	6	7,086,010
Judicial	187,514	-	-	-	187,514
Public Safety	4,729,418	-	-	-	4,729,418
Streets and Sanitation	4,169,351	-	-	-	4,169,351
Tourism	-	928,420	-	-	928,420
Planning and Development	675,004	-	-	-	675,004
Economic and Community Development	470,108	-	-	94,548	564,656
Parks and Recreation	126,707	-	-	-	126,707
Libraries	217,929	-	-	-	217,929
Capital Outlay	-	-	991,301	43,518	1,034,819
Debt Service					
Principal	-	-	-	845,351	845,351
Interest	-	-	-	780,892	780,892
<b>Total Expenditures</b>	<b>17,662,035</b>	<b>928,420</b>	<b>991,301</b>	<b>1,764,315</b>	<b>21,346,071</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(9,842,317)</b>	<b>2,033,829</b>	<b>1,219,115</b>	<b>(1,444,012)</b>	<b>(8,033,385)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers From Other Funds	5,474,071	-	-	-	5,474,071
Transfers To Other Funds	(356,506)	(811,767)	-	(4,662,304)	(5,830,577)
<b>Total Other Financing Sources (Uses)</b>	<b>5,117,565</b>	<b>(811,767)</b>	<b>-</b>	<b>(4,662,304)</b>	<b>(356,506)</b>
<b>Net Change in Fund Balances</b>	<b>(4,724,752)</b>	<b>1,222,062</b>	<b>1,219,115</b>	<b>(6,106,316)</b>	<b>(8,389,891)</b>
<b>Fund Balances - Beginning of Year</b>	<b>2,886,439</b>	<b>1,356,987</b>	<b>4,419,540</b>	<b>8,955,706</b>	<b>17,618,672</b>
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ (1,838,313)</b>	<b>\$ 2,579,049</b>	<b>\$ 5,638,655</b>	<b>\$ 2,849,390</b>	<b>\$ 9,228,781</b>

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Net Change in Fund Balances - Total Governmental Funds** \$ (8,389,891)

Amounts reported for governmental activities in the Statement of Activities are different because:

**Capital Assets**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Total Capital Outlays	13,142,556
Total Depreciation	(1,124,151)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	670,000
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**Deferred Outflows of Resources**

Deferred outflows of resources related to pensions is not available during the current period and therefore is not reported in the funds.

Change in Deferred Outflows of Resources Related to Pensions	107,579
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**Long-Term Debt**

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:

Bonds Payable	845,351
Compensated Absences	(68,826)
Net Pension Liability	(1,854,926)
Amortization Loss on Refunding	(2,366)
Amortization on Bond Premium	106,982
Amortization on Bond Discount	(3,025)
	(3,025)

**Change in Net Position of Governmental Activities** \$ 3,429,283

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Taxes				
Sales Taxes	\$ 1,427,400	\$ 1,427,400	\$ 2,038,699	\$ 611,299
Franchise Taxes	1,133,000	1,133,000	1,265,453	132,453
Insurance Premium Taxes	650,000	650,000	650,494	494
Business Taxes	974,600	974,600	1,039,511	64,911
Other Taxes	31,700	31,700	17,114	(14,586)
Licenses and Permits	705,000	705,000	801,154	96,154
Intergovernmental	200,000	200,000	294,522	94,522
Fines and Forfeitures	987,600	987,600	991,527	3,927
Charges for Services	359,800	359,800	472,053	112,253
Interest Income	500	500	3,650	3,150
Miscellaneous	105,000	105,000	245,541	140,541
<b>Total Revenue</b>	<b>6,574,600</b>	<b>6,574,600</b>	<b>7,819,718</b>	<b>1,245,118</b>
<b>Expenditures</b>				
Current				
General Government	7,208,947	7,208,947	7,086,004	122,943
Judicial	211,525	211,525	187,514	24,011
Public Safety	4,712,047	4,712,047	4,729,418	(17,371)
Streets and Sanitation	2,699,732	2,699,732	4,169,351	(1,469,619)
Planning and Development	647,750	647,750	675,004	(27,254)
Economic and Community Development	511,227	511,227	470,108	41,119
Parks and Recreation	4,250	4,250	126,707	(122,457)
Libraries	232,008	232,008	217,929	14,079
<b>Total Expenditures</b>	<b>16,227,486</b>	<b>16,227,486</b>	<b>17,662,035</b>	<b>(1,434,549)</b>
Excess Revenue Over (Under) Expenditures	(9,652,886)	(9,652,886)	(9,842,317)	(189,431)

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**  
**(CONTINUED)**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Other Financing Sources (Uses)</b>				
Transfer From Other Funds	\$ 522,008	\$ 522,008	\$ 5,474,071	\$ 4,952,063
Transfer To Other Funds	-	-	(356,506)	(356,506)
<b>Total Other Financing Sources (Uses)</b>	522,008	522,008	5,117,565	4,595,557
<b>Net Change in Fund Balances</b>	(9,130,878)	(9,130,878)	(4,724,752)	4,406,126
<b>Fund Balances - Beginning of Year</b>	2,886,439	2,886,439	2,886,439	-
<b>Fund Balances - End of Year (Deficit)</b>	\$ (6,244,439)	\$ (6,244,439)	\$ (1,838,313)	\$ 4,406,126

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**MAJOR SPECIAL REVENUE FUND - HOTEL / MOTEL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Hotel / Motel Occupancy Taxes	\$ 2,008,032	\$ 2,008,032	\$ 2,923,871	\$ 915,839
Rental Income	21,000	21,000	13,358	(7,642)
Interest Income	100	100	107	7
Miscellaneous	73,000	73,000	24,913	(48,087)
<b>Total Revenue</b>	<b>2,102,132</b>	<b>2,102,132</b>	<b>2,962,249</b>	<b>860,117</b>
<b>Expenditures</b>				
Current				
Tourism	1,222,834	1,222,834	928,420	294,414
<b>Total Expenditures</b>	<b>1,222,834</b>	<b>1,222,834</b>	<b>928,420</b>	<b>294,414</b>
<b>Excess Revenue Over (Under)</b>				
<b>Expenditures</b>	879,298	879,298	2,033,829	1,154,531
<b>Other Financing Sources (Uses)</b>				
Transfer To Other Funds	(878,514)	(878,514)	(811,767)	66,747
<b>Total Other Financing Sources (Uses)</b>	<b>(878,514)</b>	<b>(878,514)</b>	<b>(811,767)</b>	<b>66,747</b>
<b>Net Change in Fund Balances</b>	<b>784</b>	<b>784</b>	<b>1,222,062</b>	<b>1,221,278</b>
<b>Fund Balances - Beginning of Year</b>	<b>1,356,987</b>	<b>1,356,987</b>	<b>1,356,987</b>	<b>-</b>
<b>Fund Balances - End of Year</b>	<b>\$ 1,357,771</b>	<b>\$ 1,357,771</b>	<b>\$ 2,579,049</b>	<b>\$ 1,221,278</b>

See accompanying notes which are an integral part of these financial statements.

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**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2022**

	<u>Nonmajor Proprietary Funds</u>			<b>Totals</b>
	<b>Water and Sewer Fund</b>	<b>Stormwater Utility Fund</b>	<b>Civic Center Fund</b>	
<b>Assets</b>				
Current Assets				
Cash and Cash Equivalents	\$ 13,709,746	\$ 679,084	\$ 223,073	\$ 14,611,903
Restricted Investments	3,566,432	-	-	3,566,432
Accounts Receivable, Net	1,830,796	116,932	-	1,947,728
Leases Receivable	-	-	5,517	5,517
Due From Other Funds	2,339,219	-	14,553	2,353,772
Prepaid Items	79,419	265	11,728	91,412
<b>Total Current Assets</b>	<b>21,525,612</b>	<b>796,281</b>	<b>254,871</b>	<b>22,576,764</b>
Noncurrent Assets				
Capital Assets				
Nondepreciable	11,473,891	-	-	11,473,891
Depreciable, Net	52,180,973	-	-	52,180,973
<b>Total Noncurrent Assets</b>	<b>63,654,864</b>	<b>-</b>	<b>-</b>	<b>63,654,864</b>
<b>Total Assets</b>	<b>85,180,476</b>	<b>796,281</b>	<b>254,871</b>	<b>86,231,628</b>
<b>Deferred Outflow of Resources</b>				
Deferred Charges on Refunding	775,507	-	-	775,507
Pensions	77,381	1,887	1,887	81,155
<b>Total Deferred Outflows of Resources</b>	<b>852,888</b>	<b>1,887</b>	<b>1,887</b>	<b>856,662</b>

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2022**  
**(CONTINUED)**

	<u>Nonmajor Proprietary Funds</u>			<b>Totals</b>
	<b>Water and Sewer Fund</b>	<b>Stormwater Utility Fund</b>	<b>Civic Center Fund</b>	
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable	\$ 1,048,114	\$ -	\$ -	\$ 1,048,114
Due to Other Funds	-	348,272	-	348,272
Accrued Interest	227,018	-	-	227,018
Compensated Absences Payable	41,400	-	-	41,400
Customer Deposits Payable	751,314	-	-	751,314
Notes Payable, Current	255,631	-	-	255,631
Bonds Payable, Current	1,715,000	-	-	1,715,000
<b>Total Current Liabilities</b>	<b>4,038,477</b>	<b>348,272</b>	<b>-</b>	<b>4,386,749</b>
Noncurrent Liabilities				
Compensated Absences Payable	86,700	-	-	86,700
Notes Payable	4,587,349	-	-	4,587,349
Bonds Payable	28,573,376	-	-	28,573,376
Net Pension Liability	1,334,245	32,543	32,543	1,399,331
<b>Total Noncurrent Liabilities</b>	<b>34,581,670</b>	<b>32,543</b>	<b>32,543</b>	<b>34,646,756</b>
<b>Total Liabilities</b>	<b>38,620,147</b>	<b>380,815</b>	<b>32,543</b>	<b>39,033,505</b>
<b>Deferred Inflow of Resources</b>				
Leases	-	-	4,636	4,636
<b>Total Deferred Inflow of Resources</b>	<b>-</b>	<b>-</b>	<b>4,636</b>	<b>4,636</b>
<b>Net Position</b>				
Net Investment in Capital Assets	32,745,609	-	-	32,745,609
Restricted for Debt Service	119,838	-	-	119,838
Unrestricted	14,547,770	417,353	219,579	15,184,702
<b>Total Net Position</b>	<b>\$ 47,413,217</b>	<b>\$ 417,353</b>	<b>\$ 219,579</b>	<b>\$ 48,050,149</b>

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Nonmajor Proprietary Funds</u>			<b>Totals</b>
	<b>Water and Sewer Fund</b>	<b>Stormwater Utility Fund</b>	<b>Civic Center Fund</b>	
<b>Operating Revenues</b>				
Charges and Fees	\$ 17,969,471	\$ 829,401	\$ 38,295	\$ 18,837,167
Miscellaneous Revenue	27,202	-	-	27,202
<b>Total Operating Revenues</b>	<b>17,996,673</b>	<b>829,401</b>	<b>38,295</b>	<b>18,864,369</b>
<b>Operating Expenses</b>				
Personal Services and Benefits	3,317,619	74,509	88,257	3,480,385
Purchased and Contracted Services	1,588,427	101,069	15,795	1,705,291
Supplies and Equipment	1,279,290	4,677	26,107	1,310,074
Depreciation	1,960,428	-	-	1,960,428
Miscellaneous	988,668	231,830	45,135	1,265,633
<b>Total Operating Expenses</b>	<b>9,134,432</b>	<b>412,085</b>	<b>175,294</b>	<b>9,721,811</b>
Operating Income (Loss)	8,862,241	417,316	(136,999)	9,142,558
<b>Nonoperating Revenues (Expenses)</b>				
Investment Earnings	7,917	37	72	8,026
Intergovernmental Revenue	239,323	-	-	239,323
Interest Expense	(857,444)	-	-	(857,444)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(610,204)</b>	<b>37</b>	<b>72</b>	<b>(610,095)</b>
<b>Net Income (Loss) Before Contributed Capital and Transfers</b>	<b>8,252,037</b>	<b>417,353</b>	<b>(136,927)</b>	<b>8,532,463</b>
Contributed Capital	4,194,176	-	-	4,194,176
Transfer From Other Funds	-	-	356,506	356,506
<b>Change in Net Position</b>	<b>12,446,213</b>	<b>417,353</b>	<b>219,579</b>	<b>13,083,145</b>
<b>Total Net Position - Beginning of Year</b>	<b>34,967,004</b>	<b>-</b>	<b>-</b>	<b>34,967,004</b>
<b>Total Net Position - Ending of Year</b>	<b>\$ 47,413,217</b>	<b>\$ 417,353</b>	<b>\$ 219,579</b>	<b>\$ 48,050,149</b>

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Nonmajor Proprietary Funds</u>			<u>Totals</u>
	<u>Water and Sewer Fund</u>	<u>Stormwater Utility Fund</u>	<u>Civic Center Fund</u>	
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 17,712,878	\$ 712,469	\$ 37,414	\$ 18,462,761
Cash Paid to Employees	(2,087,086)	(26,439)	(57,601)	(2,171,126)
Cash Paid to Suppliers for Goods and Services	(4,796,121)	(6,983)	(113,318)	(4,916,422)
<b>Net Cash Flows Provided by (Used for) Operating Activities</b>	<u>10,829,671</u>	<u>679,047</u>	<u>(133,505)</u>	<u>11,375,213</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers From General Fund	-	-	356,506	356,506
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>-</u>	<u>-</u>	<u>356,506</u>	<u>356,506</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Intergovernmental Revenue	239,323	-	-	239,323
Proceeds on Notes Payable	669,541	-	-	669,541
Purchases of Capital Assets	(2,018,551)	-	-	(2,018,551)
Principal Paid on Notes Payable	(361,957)	-	-	(361,957)
Interest Paid on Notes Payable	(43,938)	-	-	(43,938)
Principal Paid on Bonds Payable	(860,000)	-	-	(860,000)
Interest Paid on Bonds Payable	(771,730)	-	-	(771,730)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<u>(3,147,312)</u>	<u>-</u>	<u>-</u>	<u>(3,147,312)</u>
<b>Cash Flows from Investing Activities</b>				
Restricted Investment - Bonds	550,876	-	-	550,876
Interest Income	7,917	37	72	8,026
<b>Net Cash Flows Provided by (Used for) Investing Activities</b>	<u>558,793</u>	<u>37</u>	<u>72</u>	<u>558,902</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	8,241,152	679,084	223,073	9,143,309
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>5,468,594</u>	<u>-</u>	<u>-</u>	<u>5,468,594</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 13,709,746</u>	<u>\$ 679,084</u>	<u>\$ 223,073</u>	<u>\$ 14,611,903</u>

See accompanying notes which are an integral part of these financial statements.

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**  
**(CONTINUED)**

	<u>Nonmajor Proprietary Funds</u>			<u>Totals</u>
	<u>Water and Sewer Fund</u>	<u>Stormwater Utility Fund</u>	<u>Civic Center Fund</u>	
<b>Cash Flows From Operating Activities</b>				
Operating Income	\$ 8,862,241	\$ 417,316	\$ (136,999)	\$ 9,142,558
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Depreciation	1,960,428	-	-	1,960,428
<i>Changes in Assets and Liabilities</i>				
(Increase) Decrease in Accounts Receivable	(283,795)	(116,932)	-	(400,727)
(Increase) Decrease in Lease Receivable	-	-	(5,517)	(5,517)
(Increase) Decrease in Due From Other Funds	(1,895,955)	-	(14,553)	(1,910,508)
(Increase) Decrease in Prepaid Items	(20,102)	(265)	(11,728)	(32,095)
(Increase) Decrease in Deferred Outflows - Pensions	(77,381)	(1,887)	(1,887)	(81,155)
Increase (Decrease) in Accounts Payable	838,144	-	-	838,144
Increase (Decrease) in Accrued Interest Payable	206,514	-	-	206,514
Increase (Decrease) in Due To Other Funds	-	348,272	-	348,272
Increase (Decrease) in Unearned Revenue	(111,378)	-	-	(111,378)
Increase (Decrease) in Compensated Absences	(26,331)	-	-	(26,331)
Increase (Decrease) in Deferred Inflows - Leases	-	-	4,636	4,636
Increase (Decrease) in Net Pension Liability	1,334,245	32,543	32,543	1,399,331
Increase (Decrease) in Customer Deposits Payable	43,041	-	-	43,041
Total Adjustments	1,967,430	261,731	3,494	2,232,655
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ 10,829,671</u>	<u>\$ 679,047</u>	<u>\$ (133,505)</u>	<u>\$ 11,375,213</u>
<b>Noncash Capital Financing Activities</b>				
Contributions of Capital Assets	<u>\$ 4,194,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,194,176</u>

See accompanying notes which are an integral part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENT**

**(1) Summary of Significant Accounting Policies**

The Town of Braselton, Georgia (the Town) was incorporated, under the laws of the State of Georgia, in 1916 and operates under an elected Mayor-Council form of government. The Mayor and four Council members are elected with each Council member serving one district within the Town. The Town provides such services as police protection, parks and recreation amenities, planning and building inspection, municipal court services, public works, water and sewer services, library services, and general and administrative services.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Town are described below.

***Reporting Entity***

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Town (the primary government) and any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The component units discussed below are included in the Town's reporting entity because of the significance of their operational and financial relationships with the Town. In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards Board (GASB) No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and 34*, the Town's relationships with other governments and agencies have been examined. The financial statements of the component units are either presented as a discretely presented component unit (shown separately in the government-wide financial statements) or a blended component unit (shown as if it were a fund of the Town).

The Town of Braselton Downtown Development Authority (the DDA) is the discretely presented component unit of the Town. The seven members of the Board of Directors of the DDA are appointed by the Town Council. The Town also has the ability to impose its will on the DDA as the Town Council can remove appointed members of the Board of Directors at will and has the ability to hire and dismiss the personnel responsible for the daily operations of the DDA. The Town of Braselton Downtown Development Authority's financial information is maintained by the Town's Finance Department. However, separate financial statements are not prepared.

The Town of Braselton Urban Redevelopment Authority (the URA) is a blended presented component unit of the Town. The three members of the Board of Directors of the URA are appointed by the Town Council. The Town also has the ability to impose its will on the URA as the Town Council can remove appointed members of the Board of Directors at will and has the ability to hire and dismiss the personnel responsible for the daily operations of the URA. The Urban Redevelopment Authority provides a means to issue revenue bonds for development within the Town. Although it is legally separate from the Town, the URA is reported as if it were a part of the primary government because all of the URA's debt is expected to be repaid by the Town. The URA's financial information is maintained by the Town's Finance Department. However, separate financial statements are not prepared.

## **(1) Summary of Significant Accounting Policies (Continued)**

### ***Government-Wide and Fund Financial Statements***

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

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

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

### ***Measurement Focus, Basis of Accounting, and Basis of Presentation***

#### ***Government-Wide Financial Statements***

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized predominately when the underlying transaction occurs. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's public utilities and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

#### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligations are expected to be liquidated with expendable available financial resources.

## (1) Summary of Significant Accounting Policies (Continued)

### *Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)*

#### *Fund Financial Statements (Continued)*

Sales taxes, franchise taxes, insurance premium taxes, hotel/motel occupancy taxes, other taxes, licenses, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

In accordance with *GASB 33 Statement No. 33, Accounting and Financial Reporting for Non-Exchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

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

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered 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, fund equity, revenues, and expenditures, or expense, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Town reports the following major governmental funds:

The **General Fund** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Hotel / Motel Fund** accounts for the occupancy tax collected by the Town from hotels and motels and are distributed based upon statute, including a requirement for a portion to be spent on tourism.

The **SPLOST Fund** accounts for the acquisition and construction of capital expenditures which are financed by the special purpose local option sales tax program of the Town, in agreement with Barrow County, Gwinnett County, Hall County, and Jackson County.

The Town reports the following major proprietary fund:

The **Water and Sewer Fund** accounts for the operation of the water and sewerage system including all revenues from sources applicable to the system's operations and all expenses of the operation.

Additionally, the Town reports the following fund types:

The **Special Revenue Funds** account for revenues that are legally restricted to expenditures for specific purposes.

The **Capital Project Funds** account for the acquisition and construction of major capital outlays.

The **Nonmajor Proprietary Funds** account for the nonmajor enterprise funds' operating income, changes in net position, financial position, and cash flows for funds which a fee is charged to external users for goods or services.

## **(1) Summary of Significant Accounting Policies (Continued)**

### ***Budgets***

Annual appropriated budgets are adopted for all funds. The budgets for the capital projects funds and the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis for the governmental funds. All appropriations lapse at year end. Project-length budgets are adopted for the capital projects funds. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not employed by the Town.

### ***Deposits and Investments***

Georgia statutes authorize the Town to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. Investments are reported at fair value.

For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit with original maturities of three months or less from the date of acquisition.

### ***Receivables and Payables***

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### ***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Expenditure recognition occurs during the benefiting period.

### ***Capital Assets***

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

## **(1) Summary of Significant Accounting Policies (Continued)**

### ***Capital Assets (Continued)***

Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery and Equipment	5 - 25
Vehicles	5-10
Utility Plant and Infrastructure	10 - 40
Infrastructure	20 - 50
Buildings and Improvements	15-25

### ***Compensated Absences***

It is the Town's policy to permit employees to accumulate earned but unused paid time off benefits. The Town permits an accumulation of sick leave at the rate of three days per year with no limit to number of days accumulated. Sick leave is payable to those employees who have resigned. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### ***Long-Term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issue.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are expenditures in the year of issue.

### ***Net Position Flow Assumption***

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

It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

## **(1) Summary of Significant Accounting Policies (Continued)**

### ***Leases***

The Town has implemented GASB Statement 87, *Leases*, effective July 1, 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The Town is a lessor of buildings and land. The Town recognizes leases receivable and deferred inflows of resources at both the fund level and government-wide level of reporting.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term on a straight-line basis.

Key estimates and judgments related to leases receivable include how the Town determines the discount rate it uses to discount the expected lease payments to present value, the lease term, and the lease payments:

- The Town uses the interest rate charged as the discount rate. When the interest rate charged is not specified, the Town uses its estimated incremental leasing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments due to the Town over the term of the lease and residual value guarantee payments that are fixed in substance.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable and deferred inflows of resources.

### ***Fund Equity***

In the financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted - amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council through adoption of a resolution. Only the Town Council may modify or rescind the commitment through a subsequent resolution.

**(1) Summary of Significant Accounting Policies (Continued)**

***Fund Equity (Continued)***

- Assigned - amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Town Council has authorized the Town Manager to assign fund balances through a written memorandum, in addition to the Town Council being able to assign fund balance through a motion at a public meeting.
- Unassigned - amounts that have not been assigned to other funds and that are not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance.

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

- Committed
- Assigned
- Unassigned

The Town does not have a formal minimum fund balance policy.

The following is a summary of the fund balance classifications as of June 30, 2022:

	<b>General Fund</b>	<b>Hotel / Motel Fund</b>	<b>SPLOST Fund</b>	<b>Nonmajor Governmental Fund</b>	<b>Total</b>
<b>Fund Balances</b>					
<i>Nonspendable</i>					
Prepays	\$ 103,731	\$ 16,291	\$ -	\$ -	\$ 120,022
Leases	774	-	-	13,052	13,826
<i>Restricted</i>					
Capital Outlay	3,404	-	5,638,655	2,836,338	8,478,397
Law Enforcement	34,425	-	-	-	34,425
Loan Program	276,822	-	-	-	276,822
<i>Assigned</i>					
Hotel Motel	-	2,562,758	-	-	2,562,758
<i>Unassigned (Deficit)</i>	<u>(2,257,469)</u>	-	-	-	<u>(2,257,469)</u>
<b>Total Fund Balances</b>	<u>\$ (1,838,313)</u>	<u>\$ 2,579,049</u>	<u>\$ 5,638,655</u>	<u>\$ 2,849,390</u>	<u>\$ 9,228,781</u>

***Deferred Outflows of Resources / Deferred Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The Town has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the governmental activities and business type activities on the statement of net position as well as statement of net position for the major proprietary fund. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred outflow of resources related to the pension plan. This amount is deferred and will be recognized as a reduction of the net pension liability in future years.

## **(1) Summary of Significant Accounting Policies (Continued)**

### ***Deferred Outflows of Resources / Deferred Inflows of Resources (Continued)***

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town recognizes deferred inflows of resources related to lessor activities.

### ***Management Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

## **(2) Legal Compliance - Budgets**

### ***Budget Process***

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to July 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted in the courtroom of the police/court building to obtain taxpayer comments.
3. Prior to July 1, the Council approves the budget.
4. The Town Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any department must be approved by the Town Council.

Expenditures may not legally exceed budgeted appropriations at the departmental level in the general fund or the fund level in the major special revenue fund.

### ***Excess of Expenditures over Appropriations***

The following General Fund departments had excess expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2022.

General Fund	
Public Safety	\$ 17,371
Streets and Sanitation	1,469,619
Planning and Development	27,254
Parks and Recreation	122,457
Transfers to Other Funds	356,506

The Town did not adopt a budget for the ARPA Fund for the fiscal year ended June 30, 2022.

### (3) Deposits and Investments

#### *Custodial Credit Risk - Deposits*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and Town policy require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance; obligations of the U.S. government; or bonds of public authorities, counties, or municipalities. As of June 30, 2022, the Town had no bank balances that were exposed to custodial credit risk.

#### *Investments*

As of June 30, 2022, The Town had amounts in money market mutual funds with U.S. Bank, to pay future debt obligations and to be used for construction projects. The Town classifies these amounts as investments.

*Interest Rate Risk* - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. The Town has not formally adopted an investment policy to address interest risk.

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Georgia Law and the Town’s Investment Policy allow investments in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime banker’s acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2022, the Town’s investment in each of the money market mutual funds listed below were rated AAAM.

Investments	WAM	Fair Value
First American Treasury Obligation Mutual Fund	21 Days	\$ 5,406,450
Fidelity Money Mkt Treasury Mutual Fund - Class II	18 Days	17,152
Fidelity Money Mkt Treasury Select Mutual Fund	18 Days	1,159,895
		\$ 6,583,497

*Fair Value Measurements* - The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounts principles. The hierarchy is based on the valuation inputs used to measure the fair values of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. The Town has the following recurring fair value measurements as of June 30, 2022:

Investments	Level 1	Level 2	Level 3	Fair Value
First American Treasury Obligation Mutual Fund	\$ 5,406,450	\$ -	\$ -	\$ 5,406,450
Fidelity Money Mkt Treasury Mutual Fund - Class II	17,152	-	-	17,152
Fidelity Money Mkt Treasury Select Mutual Fund	1,159,895	-	-	1,159,895
	\$ 6,583,497	\$ -	\$ -	\$ 6,583,497

The mutual funds classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

### (3) Deposits and Investments (Continued)

#### *Investments (Continued)*

*Custodial Credit Risk - Deposits* - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. Government, or bonds of public authorities, counties, or municipalities. The State of Georgia requires financial institutions to pledge securities at 110 percent of a local government's deposits.

### (4) Receivables

The Town does not levy a millage rate on its citizens. The Town receives Special Purpose Local Option Sales Tax (SPLOST) remittances from Barrow, Gwinnett, Hall, and Jackson Counties. Additionally, the Town receives hotel/motel tax remittances from various hotels (primarily Chateau Elan) within the Town's limits. These remittances are on a one-month lag time from the date of collection by the counties and hotels and the Town records receivables accordingly.

Receivables at June 30, 2022 for the Town's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts (if any) are as follows:

	<b>General Fund</b>	<b>Hotel / Motel Fund</b>	<b>SPLOST Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Water and Sewer Fund</b>	<b>Nonmajor Proprietary Funds</b>	<b>Total</b>
<b>Receivables</b>							
Taxes	\$ -	\$ 309,745	\$ -	\$ -	\$ -	\$ -	\$ 309,745
Accounts	258,673	-	-	3,236	2,185,830	234,800	2,682,539
Intergovernmental	126,108	-	450,514	-	-	-	576,622
<b>Gross Total Receivables</b>	<b>384,781</b>	<b>309,745</b>	<b>450,514</b>	<b>3,236</b>	<b>2,185,830</b>	<b>234,800</b>	<b>3,568,906</b>
Less Allowance for Uncollectible	-	-	-	-	(355,034)	(117,868)	(472,902)
<b>Net Total Receivables</b>	<b>\$ 384,781</b>	<b>\$ 309,745</b>	<b>\$ 450,514</b>	<b>\$ 3,236</b>	<b>\$ 1,830,796</b>	<b>\$ 116,932</b>	<b>\$ 3,096,004</b>

Intergovernmental receivables consist of the SPLOST amounts due from the respective counties and LOST due from the State of Georgia.

The Town is a lessor of buildings and land. The Town receives monthly payments that include both principal and interest components of the lease arrangements. As the leases do not contain a specified interest rate, the Town has used the incremental borrowing rate of 4.00%.

**(4) Receivables (Continued)**

For Fiscal Year 2022, the Town recognized \$96,165, \$203,338, and \$1,435 in lease revenues and \$3,307, \$22,662, and \$65 in interest revenues for the General Fund, URA Fund and Civic Center Fund, respectively. The Town reports a deferred inflow of resources associated with the leases that will be recognized on a straight-line basis over the lease terms. The deferred inflow of resources has a balance of \$704,889 as of June 30, 2022. The Town's receivable for lease payments was \$719,596 as of June 30, 2022.

Leases receivable principal and interest payments to maturity are as follows:

**Governmental Activities**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ending June 30,			
2023	\$ 351,422	\$ 21,502	\$ 372,924
2024	159,433	10,517	169,950
2025	65,055	6,945	72,000
2026	67,706	4,294	72,000
2027	70,463	1,536	71,999
	<u>\$ 714,079</u>	<u>\$ 44,794</u>	<u>\$ 758,873</u>

**Business-Type Activities**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ending June 30,			
2023	\$ 5,517	\$ 83	\$ 5,600
	<u>\$ 5,517</u>	<u>\$ 83</u>	<u>\$ 5,600</u>

## (5) Capital Assets

### Primary Government

Capital asset activity for the year ended June 30, 2022, is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
<i>Capital Assets, Not Being Depreciated</i>				
Land and Improvements	\$ 16,347,567	\$ 2,117,887	\$ -	\$ 18,465,454
Construction in Progress	9,021,075	10,321,511	-	19,342,586
Total Capital Assets Not Being Depreciated	<u>25,368,642</u>	<u>12,439,398</u>	-	<u>37,808,040</u>
<i>Capital Assets, Being Depreciated</i>				
Buildings and Improvements	22,731,831	1,245,544	-	23,977,375
Infrastructure and Improvements	15,389,767	-	-	15,389,767
Vehicles	1,278,647	105,939	-	1,384,586
Machinery and Equipment	1,740,208	21,675	-	1,761,883
Total	<u>41,140,453</u>	<u>1,373,158</u>	-	<u>42,513,611</u>
Less Accumulated Depreciation for				
Buildings and Improvements	(5,034,547)	(600,734)	-	(5,635,281)
Infrastructure and Improvements	(2,967,070)	(368,762)	-	(3,335,832)
Vehicles	(1,017,316)	(82,576)	-	(1,099,892)
Machinery and Equipment	(1,379,165)	(72,079)	-	(1,451,244)
Total Accumulated Depreciation	<u>(10,398,098)</u>	<u>(1,124,151)</u>	-	<u>(11,522,249)</u>
Total Capital Assets, Being Depreciated, Net	<u>30,742,355</u>	<u>249,007</u>	-	<u>30,991,362</u>
Governmental Activities Capital Assets, Net	<u>\$ 56,110,997</u>	<u>\$ 12,688,405</u>	<u>\$ -</u>	68,799,402
				Less Related Long-Term Debt Outstanding (21,286,461)
				Other (Non-Debt) Capital Related Liabilities (653,732)
				Unspent Bond Proceeds 3,017,065
				Deferred Amounts from Refundings 4,734
				<u>Net Investment in Capital Assets \$ 49,881,008</u>

**(5) Capital Assets (Continued)**

**Primary Government (Continued)**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-Type Activities</b>				
<i>Capital Assets, Not Being Depreciated</i>				
Land and Improvements	\$ 1,928,122	\$ -	\$ -	\$ 1,928,122
Construction in Progress	7,733,285	1,812,484	-	9,545,769
<b>Total Capital Assets Not Being Depreciated</b>	<b>9,661,407</b>	<b>1,812,484</b>	<b>-</b>	<b>11,473,891</b>
<i>Capital Assets, Being Depreciated</i>				
Buildings and Improvements	3,365,608	-	-	3,365,608
Plant and Infrastructure	70,445,401	4,194,176	-	74,639,577
Machinery and Equipment	1,462,034	206,066	-	1,668,100
<b>Total</b>	<b>75,273,043</b>	<b>4,400,242</b>	<b>-</b>	<b>79,673,285</b>
Less Accumulated Depreciation for				
Buildings and Improvements	(881,043)	(102,444)	-	(983,487)
Plant and Infrastructure	(23,423,442)	(1,759,442)	-	(25,182,884)
Machinery and Equipment	(1,227,399)	(98,542)	-	(1,325,941)
<b>Total</b>	<b>(25,531,884)</b>	<b>(1,960,428)</b>	<b>-</b>	<b>(27,492,312)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>49,741,159</b>	<b>2,439,814</b>	<b>-</b>	<b>52,180,973</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 59,402,566</b>	<b>\$ 4,252,298</b>	<b>\$ -</b>	<b>63,654,864</b>
		Less Related Long-Term Debt Outstanding		(35,131,356)
		Unspent Bond Proceeds		3,446,594
		Deferred Amounts from Refundings		775,507
		<b>Net Investments in Capital Assets</b>		<b>\$ 32,745,609</b>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities</b>	
General Government	\$ 636,977
Public Safety	85,040
Public Works	388,121
Economic and Community Development	12,632
Culture and Recreation	1,381
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 1,124,151</b>
<b>Business-Type Activities</b>	
Water and Sewer	\$ 1,960,428
<b>Total Depreciation Expense - Business-Type Activities</b>	<b>\$ 1,960,428</b>

**(5) Capital Assets (Continued)**

***Downtown Development Authority***

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets, Being Depreciated				
Buildings	\$ 423,797	\$ -	\$ -	\$ 423,797
Site Improvements	20,460	-	-	20,460
Total	<u>444,257</u>	<u>-</u>	<u>-</u>	<u>444,257</u>
Less Accumulated Depreciation for				
Buildings	(28,326)	(10,595)	-	(38,921)
Site Improvements	(2,728)	(1,023)	-	(3,751)
Total	<u>(31,054)</u>	<u>(11,618)</u>	<u>-</u>	<u>(42,672)</u>
Total Capital Assets, Being Depreciated, Net	<u>413,203</u>	<u>(11,618)</u>	<u>-</u>	<u>401,585</u>
Downtown Development Authority Capital Assets, Net	<u>\$ 413,203</u>	<u>\$ (11,618)</u>	<u>\$ -</u>	401,585
				<u>(97,407)</u>
				<u>\$ 304,178</u>
Downtown Development Authority Total Depreciation Expense				<u>\$ 11,618</u>

**(6) Long-Term Debt**

***Primary Government***

Long-term liability activity for the year ended June 30, 2022, was as follows:

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
Revenue Bonds					
2005 Bonds	\$ 1,048,956	\$ -	\$ (265,351)	\$ 783,605	\$ 289,474
2005 Discount on Bonds	(11,848)	-	3,025	(8,823)	-
2016 Bonds	8,410,000	-	(45,000)	8,365,000	60,000
2016 Premium on Bonds	534,849	-	(33,428)	501,421	-
2017 Bonds	2,840,000	-	(235,000)	2,605,000	245,000
2017 Premium on Bonds	256,663	-	(25,667)	230,996	-
2019 Bonds	8,295,000	-	(300,000)	7,995,000	310,000
2019 Premium on Bonds	862,149	-	(47,887)	814,262	-
Compensated Absences	173,953	68,826	-	242,779	73,000
Net Pension Liability	-	1,854,926	-	1,854,926	-
Governmental Activity Long-Term Liabilities	<u>\$ 22,409,722</u>	<u>\$ 1,923,752</u>	<u>\$ (949,308)</u>	<u>\$ 23,384,166</u>	<u>\$ 977,474</u>

**(6) Long-Term Debt (Continued)**

**Primary Government (Continued)**

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Business-Type Activities</b>					
Revenue Bonds					
2015 Bonds	\$ 9,110,000	\$ -	\$ (15,000)	\$ 9,095,000	\$ 20,000
2015 Premium on Bonds	354,212	-	(20,836)	333,376	-
2020 Bonds	21,705,000	-	(845,000)	20,860,000	1,695,000
Notes Payable	4,535,396	669,541	(361,957)	4,842,980	255,631
Compensated Absences	154,431	-	(26,331)	128,100	41,400
Net Pension Liability	-	1,399,331	-	1,399,331	-
Business-Type Activity					
Long-Term Liabilities	<u>\$ 35,859,039</u>	<u>\$ 2,068,872</u>	<u>\$ (1,269,124)</u>	<u>\$ 36,658,787</u>	<u>\$ 2,012,031</u>

For governmental activities compensated absences are generally liquidated by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer Fund.

**Governmental Activities**

*Series 2005 Revenue Bonds*

The Town, on June 15, 2005, issued \$5,500,000 in revenue bonds through the Urban Development Agency (URA) of the Town of Braselton to finance the cost of a new law enforcement center and library. The bonds, maturing in June 2025, have an interest rate of 3.67 percent and the amount of revenue bonds outstanding at June 30, 2022 is \$783,605.

Annual debt service requirements to maturity for the 2005 revenue bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 289,474	\$ 26,117	\$ 315,591
2024	289,474	15,493	304,967
2025	204,657	4,596	209,253
<b>Total</b>	<u>\$ 783,605</u>	<u>\$ 46,206</u>	<u>\$ 829,811</u>

**(6) Long-Term Debt (Continued)**

***Governmental Activities (Continued)***

*Series 2016 Revenue Bonds*

The Town, on December 1, 2016, issued \$8,440,000 in revenue bonds through the Urban Development Agency of the Town of Braselton to finance the cost of the acquisition, construction, development, and equipping of a public parking structure and related facilities. The bonds, maturing on July 1, 2037, have an interest rate of 4.00 percent and the amount of revenue bonds outstanding at June 30, 2022 is \$8,365,000.

Annual debt service requirements to maturity for the 2016 revenue bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 60,000	\$ 329,813	\$ 389,813
2024	70,000	328,350	398,350
2025	105,000	326,381	431,381
2026	380,000	317,600	697,600
2027	400,000	302,000	702,000
2028-2032	2,605,000	1,245,100	3,850,100
2033-2037	4,745,000	489,500	5,234,500
<b>Total</b>	<u>\$ 8,365,000</u>	<u>\$ 3,338,744</u>	<u>\$ 11,703,744</u>

*Series 2017 Revenue Bonds*

On February 1, 2017, the Town issued Series 2017 Refunding Revenue Bonds in the amount of \$3,280,000. Interest rate on the 2017 bonds is 4.00 percent with annual maturities through fiscal year 2031. As of June 30, 2022, the outstanding principal on the Series 2017 Revenue Bonds is \$2,605,000.

Annual debt service requirements to maturity for the 2017 revenue bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 245,000	\$ 99,300	\$ 344,300
2024	255,000	89,300	344,300
2025	265,000	78,900	343,900
2026	275,000	68,100	343,100
2027	290,000	56,800	346,800
2028-2031	1,275,000	104,700	1,379,700
<b>Total</b>	<u>\$ 2,605,000</u>	<u>\$ 497,100</u>	<u>\$ 3,102,100</u>

**(6) Long-Term Debt (Continued)**

***Governmental Activities (Continued)***

*Series 2019 Revenue Bonds*

On November 1, 2019, the Town issued Series 2019 Urban Redevelopment Agency of the Town of Braselton revenue bonds in the amount of \$8,295,000. The interest rate on the 2019 bonds is 5.00 percent with annual maturities through fiscal year 2039. The bonds were issued for the purpose of providing funds to pay for the cost of the acquisition, construction, development and equipment of a civic center and related facilities. As of June 30, 2022, the outstanding principal on the Series 2019 Revenue Bonds is \$7,995,000.

Annual debt service requirements to maturity for the 2019 revenue bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 310,000	\$ 302,288	\$ 612,288
2024	330,000	286,788	616,788
2025	345,000	270,288	615,288
2026	360,000	253,038	613,038
2027	375,000	242,238	617,238
2028-2032	2,115,000	965,231	3,080,231
2033-2037	2,455,000	618,025	3,073,025
2038-2039	1,705,000	138,200	1,843,200
<b>Total</b>	<u>\$ 7,995,000</u>	<u>\$ 3,076,096</u>	<u>\$ 11,071,096</u>

***Business-Type Activities***

*Series 2015 Water and Sewer Revenue Bonds*

On June 4, 2015, the Town issued Series 2015A Water and Sewer Revenue bonds in the amount of \$9,515,000. Interest rates on the 2015A bonds range from 3.50 percent to 4.00 percent with annual maturities through fiscal year 2038. The bonds were issued for the purpose of refunding \$3,930,000 in outstanding Series 2012B Water and Sewer Revenue bonds, refunding \$1,669,351 of principal and accrued interest outstanding on certain Georgia Environmental Finance Authority (GEFA) Loans, to finance certain improvements to the Town's water and sewerage system, and to fund the required debt service reserve fund.

Annual debt service requirements, as of June 30, 2022, for the Series 2015A Bonds, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 20,000	\$ 349,850	\$ 369,850
2024	35,000	349,163	384,163
2025	25,000	348,413	373,413
2026	55,000	347,413	402,413
2027	100,000	345,475	445,475
2028-2032	2,355,000	1,496,900	3,851,900
2033-2037	4,290,000	966,919	5,256,919
2038	2,215,000	41,531	2,256,531
<b>Total</b>	<u>\$ 9,095,000</u>	<u>\$ 4,245,664</u>	<u>\$ 13,340,664</u>

**(6) Long-Term Debt (Continued)**

***Business-Type Activities (Continued)***

*Series 2020 Water and Sewer Revenue Bonds*

On April 7, 2020, the Town issued Series 2020 Water and Sewerage Refunding Revenue bonds in the amount of \$23,785,000. Interest rates on the 2020 bonds is 1.980% with annual maturities through fiscal year 2035. The bonds were issued for the purpose of refunding \$10,523,688 in outstanding Series 2009 Water and Sewer Revenue bonds, refunding \$9,708,944 in outstanding Series 2012A Water and Sewer Revenue bonds, refunding \$4,345,807 of principal outstanding on certain Georgia Environmental Finance Authority (GEFA) Loans, to purchase the reserve fund surety, and to pay all or a portion of the costs of issuance of the Series 2020 bonds.

Annual debt service requirements to maturity for the 2020 Water and Sewer revenue bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,695,000	\$ 404,663	\$ 2,099,663
2024	1,730,000	371,003	2,101,003
2025	1,755,000	336,551	2,091,551
2026	1,755,000	301,703	2,056,703
2027	1,565,000	267,003	1,832,003
2028-2032	7,670,000	890,951	8,560,951
2033-2035	4,690,000	175,626	4,865,626
<b>Total</b>	<u>\$ 20,860,000</u>	<u>\$ 2,747,500</u>	<u>\$ 23,607,500</u>

*Notes Payable*

The Town's Water and Sewer Fund has several Georgia Environmental Finance Authority (GEFA) loans for the construction of various water and sewer system projects. Notes payable outstanding as of June 30, 2022, are as follows:

<u>Loan</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2013-L32-WS	0.70%	10/01/25	\$ 68,942	\$ -	\$ (15,725)	\$ 53,217
2013-L25-WS	0.70%	07/01/25	363,037	-	(87,950)	275,087
CWSRF 14-010	1.03%	07/01/38	1,517,901	-	(86,739)	1,431,162
2016-009 GEFA	0.98%	07/01/22	24,713	-	(24,713)	-
CW2016030	0.50%	09/01/30	605,705	-	(64,140)	541,565
CW2018013	1.25%	01/01/42	1,509,311	208,015	(31,576)	1,685,750
*CW2019021			445,787	181,864	(51,114)	576,537
*DWDRA20001			-	279,662	-	279,662
<b>Total GEFA Notes Payable</b>			<u>\$ 4,535,396</u>	<u>\$ 669,541</u>	<u>\$ (361,957)</u>	<u>\$ 4,842,980</u>

GEFA Loans CW2019021 and DWDRA20001 are still in the construction phase as of June 30, 2022.

*\*Note- The Town made payments of \$51,114 for GEFA Loan CW2019021 however, the Town is still drawing down funds and payback of loans CW2019021 and DWDRA20001 will not begin until after the funded projects have been completed.*

**(6) Long-Term Debt (Continued)**

***Business-Type Activities (Continued)***

*Notes Payable (Continued)*

Annual debt service requirements, as of June 30, 2022, for notes payable are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 332,087	\$ 40,302	\$ 372,389
2024	335,002	37,387	372,389
2025	337,945	34,444	372,389
2026	247,190	31,734	278,924
2027	236,552	29,470	266,022
2028-2032	1,099,598	113,214	1,212,812
2033-2037	935,116	59,885	995,001
2038-2042	463,291	13,378	476,669
<b>Total</b>	<u>\$ 3,986,781</u>	<u>\$ 359,814</u>	<u>\$ 4,346,595</u>

***Component Unit***

Long-term liability activity for the year ended June 30, 2022, for the Downtown Development Authority was as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Discretely Presented Component Unit Notes Payable	\$ 101,444	\$ -	\$ (4,037)	\$ 97,407	\$ 97,407
Discretely Presented Component Unit Long-Term Liabilities	\$ 101,444	\$ -	\$ (4,037)	\$ 97,407	\$ 97,407

*Notes Payable*

In July 2014, the DDA entered into a note payable in the amount of \$160,000 with a bank to assist with the purchase of property. In June 2017, the DDA renewed the note payable in the amount of \$73,614. The loan matures on May 16, 2023, and carries an interest rate of 4.00 percent. Activity of the notes payable for the year ended June 30, 2022, was as follows:

The Downtown Development Authority's debt service requirements to maturity are as follows:

<u>Year Ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 97,407	\$ 3,508	\$ 100,915
<b>Total</b>	<u>\$ 97,407</u>	<u>\$ 3,508</u>	<u>\$ 100,915</u>

**(7) Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2022, is as follows:

Due To / From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Fund	\$ 331,214
	Nonmajor Proprietary Fund	348,272
Hotel / Motel Fund	General Fund	815,463
SPLOST Fund	General Fund	409,820
Water and Sewer Fund	General Fund	2,339,219
Nonmajor Proprietary Fund	General Fund	14,553
		<u>\$ 4,258,541</u>

All interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The Town expects to repay all interfund balances within one year.

Interfund Transfers:

	<u>Transfer In</u>		
	<u>General Fund</u>	<u>Nonmajor Proprietary Fund</u>	<u>Total</u>
<b>Transfer Out</b>			
General Fund	\$ -	\$ 356,506	\$ 356,506
Hotel Motel Fund	811,767	-	811,767
Nonmajor Proprietary Fund	4,662,304	-	4,662,304
<b>Total</b>	<u>\$ 5,474,071</u>	<u>\$ 356,506</u>	<u>\$ 5,830,577</u>

Transfers are used to move unrestricted revenue to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**(8) Defined Contribution Pension Plan**

The Town of Braselton offers a defined contribution retirement plan for all full-time employees administered by John Hancock Retirement Solutions. Employees are eligible for the Plan on the first day of employment and become eligible for the Town’s match after three years of service. The Town matches 50 percent of eligible employee contributions up to 3 percent. During the year ended June 30, 2022, there were 21 employees participating in the Plan who contributed \$5,634 while the Town’s contributions totaled \$2,043.

## **(9) Retirement Benefits**

### ***Plan Description***

The Town, as authorized by the Mayor and Council, has established a defined benefit pension plan (The Town of Braselton Retirement Plan) covering all full-time employees. The Town's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the Town are commingled with contributions made by other members of GMEBS for investment purposes. The Town does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established by the respective employers. As authorized by Town Mayor and Council, the plan provides pension benefits and death and disability benefits for all full-time employees. Regular, full-time employees who work at least 30 hours per week are enrolled in the plan. Elected officials are not eligible. Benefits vest after 10 years of service. Town employees who retire at age 65 with five (5) years of service are entitled to a monthly retirement benefit based upon average earnings and years credited service. Early retirement is permitted provided the participant is at least 55 years of age and has completed ten (10) years of service.

### ***Plan Membership***

As of January 1, 2022, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	-
Terminated vested participants not yet receiving benefits	-
Active vested employees	24
Active nonvested employees	30
	<hr/>
Total	54
	<hr/> <hr/>

### ***Contributions***

The plan members are not required to contribute to the plan. The Town is required to contribute at an actuarially determined rate; the current rate is 11.56 percent of annual covered payroll. The contribution requirements of the Town are established and may be amended by the GMEBS Board of Trustees.

### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2022, the Town reported a net pension liability. The net pension liability was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2022.

For the year ended June 30, 2022, the Town recognized pension expense relative to GMEBS in the amount of \$3,254,257.

**(9) Retirement Benefits (Continued)**

Town contributions subsequent to the measurement date of September 30, 2021, was \$188,734, is reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-
Employer Contributions Subsequent to the Measurement Date	188,734	-
	<u>\$ 188,734</u>	<u>\$ -</u>

*Actuarial Assumptions* - The total pension liability as of June 30, 2022, was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%	
Salary Increase	2.25%	
Investment Rate of Return	7.375%,	On-going basis, based on long-term expected rate of return of pension plan investments

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

Mortality rates:

- Healthy Retirees and Beneficiaries: Sex-distinct Pri-2012 head-count weighted Healthy Retiree Mortality Table with rates multiplied by 1.25.
- Disabled Participants: Sex-distinct Pri-2012 head-count weighted Disabled Retiree Mortality Table with rates multiplied by 1.25.
- Active Participants, Terminated Vested Participants, and Deferred Beneficiaries: Sex-distinct Pri-2012 head-count weighted Employee Mortality Table.
- Plan Termination Basis (All Lives): 1994 Group Annuity Reserving Unisex Table.

The mortality tables (other than the one used for the plan termination basis) are adjusted from 2012 to future years using 60% of the sex-distinct improvement rates under the 2019 OASDI Trustees Report used for the intermediate alternative.

**(9) Retirement Benefits (Continued)**

***Net Pension Liability***

The Town's net pension liability is recorded in the government-wide statement of net position for the Town's governmental and business-type activities in the amounts of \$1,854,926 and \$1,399,331, respectively.

<b>Changes in the Net Pension Liability</b>	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances at September 30, 2020	\$ -	\$ -	\$ -
Changes for the Year			
Service Cost	-	-	-
Interest	-	-	-
Difference Between Expected and Actual Experience	-	-	-
Contributions - Employer	-	-	-
Contributions - Employee	-	-	-
Net Investment Income	-	-	-
Benefit Payments	-	-	-
Administrative Expense	-	-	-
Other	3,254,257	-	3,254,257
Net Changes	3,254,257	-	3,254,257
Balance at September 30, 2021	\$ 3,254,257	\$ -	\$ 3,254,257

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of March 31, 2020, is summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Expected Real Rate of Return</b>
Domestic Equity	45%	6.55%
International Equity	20%	7.30%
Domestic Fixed Income	20%	0.40%
Real Estate	10%	3.65%
Global Fixed Income	5%	0.50%
Cash	0%	
Total	100%	

*Discount Rate:* The discount rate used to measure the total pension liability was 7.375 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**(9) Retirement Benefits (Continued)**

*Sensitivity of the Net Pension Liability to Changes in the Discount rate:* The following presents the Town’s net pension liability calculated using the discount rate of 7.375 percent, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	<b>1% Decrease (6.375%)</b>	<b>Current discount rate (7.375%)</b>	<b>1% Increase (8.375%)</b>
Sensitivity of the Net Pension Liability to Changes in the Discount Rate	\$ 3,761,851	\$ 3,254,257	\$ 2,834,543

*Pension Plan Fiduciary Net Position:* Detailed information about the pension plan’s fiduciary net position is available in the separately issued GMEBS financial report which is publicly available at [www.gmanet.com](http://www.gmanet.com).

**(10) Special Funding Defined Benefit Pension Plant**

***Peace Officers’ Annuity and Benefit Fund of Georgia***

The Town’s Deputies are covered by the State of Georgia Peace Officers’ Annuity and Benefit Fund. The Town makes no contribution to this plan. Contributions are collected by the Town as the agent for this fund through its court systems. This plan is administered through the Peace Officers’ Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained. This plan is considered immaterial to the Town of Braselton’s financial statements.

**(11) Joint-Venture**

Under Georgia law, the Town, in conjunction with other cities and counties is a member of regional commissions. Jackson County pays, on behalf of the Town, annual dues to the Northeast Georgia Regional Commission. Additionally, the Town, in conjunction with other Cities and Counties, is a member of the Atlanta Regional Commission and the Georgia Mountains Regional Commission, although no dues are assessed to the Town from those organizations. Town membership in the RC and ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for their organization structure. Braselton is a member of three by virtue of the Town’s limits being located in four Counties. RC and ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RC. Separate financial statements may be obtained from the Northeast Georgia Regional Commission at 305 Research Drive, Athens, Georgia 30605. Separate statements may be obtained from the Georgia Mountains Regional Commission at P.O. Box 1720, Gainesville, Georgia 30503. Separate financial statements may be obtained from the Atlanta Regional Commission at 40 Courtland Street NE, Atlanta, GA 30303.

## **(12) Risk Management**

The Town is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has joined together with other municipalities in the state as part of the Georgia Inter-local Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance program for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the Town is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' 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 or loss.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all costs 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. Settlements have not exceeded insurance coverage in the last three years.

## **(13) Commitments and Contingencies**

### ***Litigation***

The Town is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of Town operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the Town.

### ***Grant Contingencies***

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the Town believes such disallowances, if any, will not be significant.

## **(14) Hotel / Motel Occupancy Tax**

The Town imposes a hotel/motel tax on lodging facilities within the Town. The tax is assessed at 8 percent and, in accordance with O.C.G.A. 48-13-51, the Town is required to spend at least 40 percent of this for promoting tourism, conventions, and trade shows. Revenues were \$2,923,871 for the year ended June 30, 2022. Of this amount 60 percent was used to promote tourism.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF BRASELTON, GEORGIA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**SCHEDULE OF CHANGES IN THE TOWNS'S NET PENSION LIABILITY  
AND RELATED RATIOS**

<b>Total Pension Liability</b>	<b>2022</b>	
Service Cost	\$	-
Interest on Total Pension Liability		-
Difference Between Expected and Actual Experience		-
Benefit Payments, Including Refunds of Employee Contributions		-
Other		3,254,257
<b>Net Change in Total Pension Liability</b>		<b>3,254,257</b>
<b>Total Pension Liability - Beginning</b>		<b>-</b>
<b>Total Pension Liability - Ending</b>	<b>\$</b>	<b>3,254,257</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$	-
Net Investment Income		-
Benefit Payments, Including Refunds of Member Contributions		-
Administrative Expenses		-
<b>Net Change in Plan Fiduciary Net Position</b>		<b>-</b>
<b>Plan Fiduciary Net Position - Beginning</b>		<b>-</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$</b>	<b>-</b>
<b>Town's Net Pension Liability (Asset) - Ending</b>	<b>\$</b>	<b>3,254,257</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>		<b>0.00%</b>
<b>Covered-Employee Payroll</b>		<b>3,228,609</b>
<b>Net Pension Liability As a Percentage of Covered-Employee Payroll</b>		<b>100.79%</b>

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**TOWN OF BRASELTON, GEORGIA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**SCHEDULE OF TOWN CONTRIBUTIONS**

	<b>2022</b>
Actuarially Determined Contributions	\$ -
Contributions in Relation to the Actuarially Determined Contribution	-
Contribution Deficiency (Excess)	\$ -
Towns's Covered-Employee Payroll	\$ -
Contributions as a Percentage of Covered-Employee Payroll	<b>0.00%</b>

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.



## **SUPPLEMENTARY INFORMATION**

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**TOWN OF BRASELTON, GEORGIA  
NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

***American Rescue Plan Act (ARPA) Fund***

This fund accounts for the receipts of Federal ARPA funds in response to the COVID-19 pandemic, and subsequent economic conditions.

**Capital Projects Funds**

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

***Urban Redevelopment Agency (URA) Fund***

This fund accounts for the activity (predominately capital outlay in spending proceeds of URA bonds and debt service on those bonds which is paid by the Town) of the Town's blended component unit.

**TOWN OF BRASELTON, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>ARPA Fund</u>	<u>URA Fund</u>	
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,617,043	\$ 146,958	\$ 1,764,001
Restricted Investments	-	3,017,065	3,017,065
Accounts Receivable, Net	-	3,236	3,236
Leases Receivable	-	672,171	672,171
<b>Total Assets</b>	<u>\$ 1,617,043</u>	<u>\$ 3,839,430</u>	<u>\$ 5,456,473</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>			
<b>Liabilities</b>			
Unearned Revenue	\$ 1,616,750	\$ -	\$ 1,616,750
Due To Other Funds	100	331,114	331,214
<b>Total Liabilities</b>	<u>1,616,850</u>	<u>331,114</u>	<u>1,947,964</u>
<b>Deferred Inflows</b>			
Leases	-	659,119	659,119
<b>Total Liabilities</b>	<u>-</u>	<u>659,119</u>	<u>659,119</u>
<b>Fund Balances</b>			
Nonspendable	-	13,052	13,052
Restricted	193	2,836,145	2,836,338
<b>Total Fund Balances</b>	<u>193</u>	<u>2,849,197</u>	<u>2,849,390</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 1,617,043</u>	<u>\$ 3,839,430</u>	<u>\$ 5,456,473</u>

**TOWN OF BRASELTON, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	ARPA Fund	URA Fund	
<b>Revenues</b>			
Charges For Service	\$ -	\$ 292,229	\$ 292,229
Interest Earnings	205	27,869	28,074
<b>Total Revenues</b>	<u>205</u>	<u>320,098</u>	<u>320,303</u>
<b>Expenditures</b>			
Current			
General Government	6	-	6
Economic and Community Development	-	94,548	94,548
Debt Service			
Principal	-	845,351	845,351
Interest	-	780,892	780,892
Capital Outlay	-	43,518	43,518
<b>Total Expenditures</b>	<u>6</u>	<u>1,764,309</u>	<u>1,764,315</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>199</u>	<u>(1,444,211)</u>	<u>(1,444,012)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers To Other Funds	-	(4,662,304)	(4,662,304)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(4,662,304)</u>	<u>(4,662,304)</u>
<b>Net Change in Fund Balances</b>	199	(6,106,515)	(6,106,316)
<b>Fund Balance (Deficit) - Beginning of Year</b>	<u>(6)</u>	<u>8,955,712</u>	<u>8,955,706</u>
<b>Fund Balance - End of Year</b>	<u>\$ 193</u>	<u>\$ 2,849,197</u>	<u>\$ 2,849,390</u>

**TOWN OF BRASELTON, GEORGIA  
 AMERICAN RESCUE PLAN ACT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>			
Interest Earnings	\$ -	\$ 205	\$ 205
<b>Total Revenues</b>	-	205	205
<b>Expenditures</b>			
General Government	-	6	(6)
<b>Total Expenditures</b>	-	6	(6)
<b>Net Change in Fund Balances</b>	-	199	199
<b>Fund Balance (Deficit) - Beginning of Year</b>	-	(6)	(6)
<b>Fund Balance - End of Year</b>	\$ -	\$ 193	\$ 193

**TOWN OF BRASELTON, GEORGIA**  
**SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Amended Budget	Expenditures		Total
			Prior Years	Current Year	
Jackson County (2009)					
Roads, Streets, and Bridges	\$ 563,345	\$ 697,213	\$ 658,724	\$ -	\$ 658,724
Parks and Recreation	563,345	697,213	627,691	31,065	658,756
	<u>1,126,690</u>	<u>1,394,426</u>	<u>1,286,415</u>	<u>31,065</u>	<u>1,317,480</u>
Jackson County (2017)					
Multipurpose Civic Center with Parking Deck	<u>1,365,300</u>	<u>1,365,300</u>	<u>1,200,348</u>	<u>881,638</u>	<u>2,081,986</u>
	<u>1,365,300</u>	<u>1,365,300</u>	<u>1,200,348</u>	<u>881,638</u>	<u>2,081,986</u>
Gwinnett County (2017)					
Roads, Streets, and Bridges	<u>3,500,000</u>	<u>3,500,000</u>	<u>262,832</u>	<u>59,388</u>	<u>322,220</u>
	<u>3,500,000</u>	<u>3,500,000</u>	<u>262,832</u>	<u>59,388</u>	<u>322,220</u>
Gwinnett County (2014)					
Water and Sewer Capital Outlay	1,168,163	1,168,163	990,558	-	990,558
Transportation	389,388	389,388	361,343	-	361,343
	<u>1,557,551</u>	<u>1,557,551</u>	<u>1,351,901</u>	<u>-</u>	<u>1,351,901</u>
Gwinnett County (2009)					
Roads, Streets, and Bridges	<u>230,899</u>	<u>780,656</u>	<u>1,318,512</u>	<u>-</u>	<u>1,318,512</u>
	<u>230,899</u>	<u>780,656</u>	<u>1,318,512</u>	<u>-</u>	<u>1,318,512</u>
Hall County (2015)					
Streets, Sidewalks, and Stormwater	<u>1,270,589</u>	<u>1,270,589</u>	<u>736,331</u>	<u>3,750</u>	<u>740,081</u>
	<u>1,270,589</u>	<u>1,270,589</u>	<u>736,331</u>	<u>3,750</u>	<u>740,081</u>
Barrow County (2006)					
Sewer Capital Outlays	263,766	263,766	-	-	-
Roads, Streets, and Bridges	263,766	263,766	245,440	-	245,440
Recreation, Streetscapes	351,688	351,688	-	-	-
	<u>879,220</u>	<u>879,220</u>	<u>245,440</u>	<u>-</u>	<u>245,440</u>
Barrow County (2012)					
Roads, Streets, and Bridges	233,688	233,688	211,899	-	211,899
Parks and Recreation	233,688	233,688	112,792	15,460	128,252
	<u>467,376</u>	<u>467,376</u>	<u>324,691</u>	<u>15,460</u>	<u>340,151</u>
	<u>\$10,397,625</u>	<u>\$11,215,118</u>	<u>\$6,726,470</u>	<u>\$ 991,301</u>	<u>\$ 7,717,771</u>

**TOWN OF BRASELTON, GEORGIA  
BALANCE SHEET  
DOWNTOWN DEVELOPMENT AUTHORITY  
COMPONENT UNIT  
JUNE 30, 2022**

**Assets**

Cash and Cash Equivalents	\$ 154,332
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<b>Total Assets</b>	<u>\$ 154,332</u>
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**Liabilities and Fund Balance**

Liabilities

Due To Primary Government	\$ 182,095
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<b>Total Liabilities</b>	<u>182,095</u>
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**Fund Balance**

Unassigned, (Deficit)	<u>(27,763)</u>
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<b>Total Fund Balance</b>	<u>(27,763)</u>
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<b>Total Liabilities and Fund Balance</b>	<u>\$ 154,332</u>
---	-------------------

<b>Total Fund Balances - Governmental Funds</b>	\$ (27,763)
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Amounts reported for governmental activities in the statement of net position are different because:

**Capital Assets**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of the Assets	444,257
Accumulated Depreciation	(42,672)

**Long-Term Liabilities**

Long-term liabilities are not due and payable in the current period, and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:

Notes Payable	<u>(97,407)</u>
---------------	-----------------

<b>Net Position of Governmental Activities</b>	<u>\$ 276,415</u>
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**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**DOWNTOWN DEVELOPMENT AUTHORITY**  
**COMPONENT UNIT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>Revenues</b>	
Intergovernmental	\$ 51,016
Rental Income	19,050
Interest Earnings	7
Donations	117,267
Other Miscellaneous Revenues	<u>1,275</u>
<b>Total Revenues</b>	<u>188,615</u>
<b>Expenditures</b>	
Current	
General Government	59,357
Debt Service	
Principal	4,037
Interest	<u>3,984</u>
<b>Total Expenditures</b>	<u>67,378</u>
<b>Net Change in Fund Balance</b>	121,237
<b>Fund Balance - Beginning of Year (Deficit)</b>	<u>(149,000)</u>
<b>Fund Balance - End of Year (Deficit)</b>	<u><u>\$ (27,763)</u></u>

**TOWN OF BRASELTON, GEORGIA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
DOWNTOWN DEVELOPMENT AUTHORITY  
COMPONENT UNIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Net Change in Fund Balances - Total Governmental Funds** \$ 121,237

Amounts reported for governmental activities in the statement of activities are different because:

**Capital Assets**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Total Depreciation (11,618)

**Long-Term Debt**

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:

Notes Payable 4,037

**Change in Net Position of Governmental Activities** \$ 113,656

## **COMPLIANCE SECTION**

**TOWN OF BRASELTON, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Justice</b>				
Direct Programs				
Federal Forfeiture Program	16.922		\$ -	\$ 120,497
Total Direct Programs			-	120,497
<b>Total U.S. Department of Justice</b>			-	120,497
<b>U.S. Department of Treasury</b>				
Passed through the Georgia Office of Planning & Budget ARPA - Public Safety Officials & First Responders Supplement Grant	21.027	PA - 0009652	-	18,301
Total Pass-Through Programs			-	18,301
<b>Total U.S. Department of Treasury</b>			-	18,301
<b>U.S. Department of Transportation</b>				
Passed through the Georgia Department of Transportation Transportation Facility Improvements	20.205	PI #0015391	-	67,458
Total Highway Planning and Construction Cluster Pass-Through Programs			-	67,458
<b>Total U.S. Department of Transportation</b>			-	67,458
<b>Appalachian Regional Commission</b>				
Passed through the Georgia Environmental Finance Authority ARC Grant	23.002	GA-18520	-	69,411
Total Pass-Through Programs			-	69,411
<b>Total Appalachian Regional Commission</b>			-	69,411
<b>U.S. Department of Commerce</b>				
Passed through the Economic Development Administration EDA Grant	11.307	04-79-07313	-	137,010
Total Economic Development Cluster Pass-Through Programs			-	137,010
<b>Total U.S. Department of Commerce</b>			-	137,010
<b>U.S. Department of Natural Resources</b>				
Passed through the Georgia Environmental Finance Authority				
Clean Water State Revolving Fund	66.458	CW2018013	-	208,015
Clean Water State Revolving Fund	66.458	CW2019021	-	181,864
Clean Water State Revolving Fund	66.458	DWDRA20001	-	239,018
Subtotal for ALN 66.458 Clean Water State Revolving Fund Cluster			-	628,897
Total Pass-Through Programs			-	628,897
<b>Total U.S. Department of Natural Resources</b>			-	628,897
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 1,041,574

See accompanying notes to schedule of expenditures of federal awards.

**TOWN OF BRASELTON, GEORGIA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Braselton, Georgia under programs of the federal government for the fiscal year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Braselton, Georgia, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Braselton, Georgia.

**(2) Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**(3) Indirect Cost Rate**

Town of Braselton, Georgia has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



MAYOR  
**Kurt Ward**  
COUNCIL MEMBERS  
District 1  
**Becky Richardson**  
District 2  
**Richard Harper**  
District 3  
**James C. Joedecke, Jr.**  
District 4  
**James Murphy**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**FINANCIAL STATEMENT FINDINGS**

2021-001     **Accounts Receivable / Revenue**  
Status:       Unresolved. See CY Finding 2022-001.

2021-002     **Accounts Payable / Retainage Payable**  
Status:       Unresolved. See CY Finding 2022-002.

2021-003     **Capital Assets - Water and Sewer Fund**  
Status:       Corrective action was taken during FY 22.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None Reported



MAYOR  
**Kurt Ward**  
COUNCIL MEMBERS  
District 1  
**Becky Richardson**  
District 2  
**Richard Harper**  
District 3  
**James C. Joedecke, Jr.**  
District 4  
**James Murphy**

May 8, 2023

CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Town of Braselton, Georgia respectfully submits the following corrective action plan for the fiscal year ended June 30, 2022.

**FINANCIAL STATEMENT FINDINGS**

**2022-001 Accounts Receivable/Revenue**

**Name of Contact Person:** Jennifer Scott, Town Manager

**Recommendation:** We recommend that the Town establish policies to ensure the proper recording of year-end transactions for the SPLOST Fund and Stormwater Fund.

**Corrective Action:** Management concurs with the finding. The Town will establish policies to ensure proper recording of year-end transactions for these funds and will have additional review of subsidiary records.

**Anticipated Completion Date:** June 30, 2023

**2022-002 Retainage Payable**

**Name of Contact Person:** Jennifer Scott, Town Manager

**Recommendation:** We recommend the Town establish procedures to ensure the proper accrual of all liabilities incurred during the fiscal year.

**Corrective Action:** Management concurs with the finding. The Town will work to ensure the proper retainage payables for all projects moving forward.

**Anticipated Completion Date:** June 30, 2023



MAYOR  
**Kurt Ward**  
COUNCIL MEMBERS  
District 1  
**Becky Richardson**  
District 2  
**Richard Harper**  
District 3  
**James C. Joedecke, Jr.**  
District 4  
**James Murphy**

**2022-003      Cash / Interfund Transfers**

**Name of Contact Person:** Jennifer Scott, Town Manager

**Recommendation:** We recommend that the Town establish procedures to ensure the proper recording of interfund activities and cash.

**Corrective Action:** Management concurs with the finding. All transfers will be double checked before posting occurs.

**Anticipated Completion Date:** June 30, 2023

**2022-004      Violation of Georgia Law – SPLOST Fund**

**Name of Contact Person:** Jennifer Scott, Town Manager

**Recommendation:** We recommend that the Town enhance internal controls to ensure SPLOST proceeds is only used for approved SPLOST projects.

**Corrective Action:** Management concurs with the finding. In the future the Town will make sure all receivables are recorded in the appropriate funds.

**Anticipated Completion Date:** June 30, 2023

**2022-005      Expenditures in Excess of Appropriations**

**Name of Contact Person:** Jennifer Scott, Town Manager

**Recommendation:** We recommend that the Town enhance internal controls to ensure that expenditures are monitored to ensure compliance with budgetary requirements.

**Corrective Action:** Management concurs with the finding. The Town will monitor the activity of all funds and make any required budget adjustments in future years.

**Anticipated Completion Date:** June 30, 2023

**FEDERAL AWARDS FINDINGS**

None Reported

May 8, 2023

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

Honorable Mayor and Members  
Town Council of the Town of Braselton, Georgia  
Braselton, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Town of Braselton, Georgia**, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Braselton, Georgia's basic financial statements, and have issued our report thereon dated May 8, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Braselton, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2022-004 and 2022-005.

## **Town of Braselton's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Braselton, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Town of Braselton, Georgia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*McNair, McLemore, Middlebrooks & Co., LLC*  
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

May 8, 2023

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable Mayor and Members  
Town Council of the Town of Braselton, Georgia  
Braselton, Georgia

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the **Town of Braselton, Georgia's** compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Braselton, Georgia's major federal programs for the year ended June 30, 2022. Town of Braselton, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Braselton, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Braselton, Georgia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Braselton, Georgia's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Braselton, Georgia's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Braselton, Georgia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Braselton, Georgia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Braselton, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Braselton, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Braselton, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

*A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control

over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McNair, McLemore, Middlebrooks & Co., LLC*  
McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

**TOWN OF BRASELTON, GEORGIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements noted?	Yes

***Federal Awards***

Internal control over major programs:					
Material weakness(es) identified?	No				
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported				
Type of auditor's report issued on compliance for major programs:	Unmodified				
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No				
Identification of Major Programs:					
<table style="border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black; width: 200px;"><u>CFDA Numbers</u></td> <td style="text-align: center; border-bottom: 1px solid black; width: 300px;"><u>Name of Federal Program</u></td> </tr> <tr> <td style="text-align: center;">66.458</td> <td style="text-align: center;">Clean Water State Revolving Funds</td> </tr> </table>	<u>CFDA Numbers</u>	<u>Name of Federal Program</u>	66.458	Clean Water State Revolving Funds	
<u>CFDA Numbers</u>	<u>Name of Federal Program</u>				
66.458	Clean Water State Revolving Funds				
Dollar threshold used to distinguish between Type A and Type B program?	\$ 750,000				
Auditee qualified as low-risk auditee?	No				

## Section II - Financial Statement Findings

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

### **2022-001 Accounts Receivable / Revenue**

#### *Criteria*

Under a modified accrual basis of accounting, amounts are recognized as revenue when earned, only as long as they are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period. Under the accrual basis of accounting, amounts are recognized as revenue when earned.

#### *Condition*

The Town had not recorded the year-end accounts receivable for the Stormwater Fund (a new proprietary fund) as of June 30, 2022. In addition, an additional intergovernmental receivable was discovered in the SPLOST Fund.

#### *Context*

In performing year-end audit procedures for the fiscal year June 30, 2022, we identified the following material audit adjustments for the SPLOST Fund and Stormwater Fund:

- SPLOST Fund intergovernmental receivable and revenue was understated by \$64,493.
- Stormwater Fund accounts receivable and revenue was understated by \$234,799.

#### *Effect*

The Town's accounting records contained material errors which was identified and adjusted during the annual audit process.

#### *Cause*

The Town did not have controls in place to ensure that year-end SPLOST Fund and Stormwater Fund transactions were recorded in the appropriate year.

#### *Recommendation*

We recommend that the Town establish policies to ensure the proper recording of year-end transactions for the SPLOST Fund and Stormwater Fund.

#### *Views of Responsible Officials and Planned Corrective Actions*

Management concurs with the finding. The Town will establish policies to ensure proper recording of year-end transactions for these funds and will have additional review of subsidiary records.

### **2022-002 Retainage Payable**

#### *Criteria*

In accordance with generally accepted accounting principles, expenditures are recognized as soon as a liability is incurred.

#### *Condition*

The Town had not properly accrued the June retainage payable activity for the Civic Center project or various road projects at year-end.

#### *Context*

Material audit adjustments of \$484,502 and \$110,088 were required to record the Civic Center project and road project retainage payables as of June 30, 2022.

## Section II - Financial Statement Findings (Continued)

### 2022-002 *Retainage Payable (continued)*

#### *Effect*

Material audit adjustments were needed to fairly state retainage payable for the fiscal year ended June 30, 2022.

#### *Cause*

The Town lacked accounting procedures to ensure the recording of year-end accruals.

#### *Recommendation*

The Town should establish procedures to ensure the proper accrual of all liabilities incurred during the fiscal year.

#### *Views of Responsible Officials and Planned Corrective Actions*

Management concurs with the finding. The Town will work to ensure the proper retainage payables for all projects moving forward.

### 2022-003 *Cash / Interfund Transfers*

#### *Criteria*

In accordance with generally accepted accounting principles, internal controls should be in place to provide reasonable assurance that interfund transactions are properly recorded and cash balances are fairly stated.

#### *Condition*

The Town duplicated the recording of a transfer between the General Fund and the Hotel / Motel Fund.

#### *Context*

Material adjustments of \$376,506 were required to reverse a duplication of a transfer between the Town's funds.

#### *Effect*

The General Fund and Hotel / Motel Fund cash and transfer accounts were improperly stated as follows:

- General Fund:
  - Cash was overstated by \$376,506.
  - Transfer from Hotel / Motel Fund was overstated by \$376,506.
- Hotel / Motel Fund:
  - Cash was understated by \$376,506.
  - Transfer to General Fund was overstated by \$376,506.

#### *Cause*

The Town lacked proper controls over interfund transfers and cash reconciliations to ensure proper recording of interfund activities and cash balances during the fiscal year.

#### *Recommendation*

The Town should implement procedures to ensure the proper recording of interfund activities and cash.

#### *Views of Responsible Officials and Planned Corrective Actions*

Management concurs with the finding. All transfers will be double checked before posting occurs.

**Section II - Financial Statement Findings (Continued)**

**Compliance Findings**

***2022-004 Violation of Georgia Law – SPLOST Fund***

*Criteria*

The Official Code of Georgia (O.C.G.A.) Section 48-8-121(a)(1) requires that SPLOST proceeds be used exclusively for the purposes specified in the SPLOST resolution.

*Condition*

At June 30, 2022, the SPLOST Fund had a receivable from the General Fund.

*Context*

The Town used SPLOST proceeds to fund non-SPLOST activity during the current fiscal year.

*Effect*

The Town is in violation of O.C.G.A. Section 48-8-121(a)(1).

*Cause*

The Town’s internal controls did not identify non-SPLOST activity prior to expending SPLOST proceeds.

*Recommendation*

The Town should enhance internal controls to ensure SPLOST proceeds is only used for approved SPLOST projects.

*Views of Responsible Officials and Planned Corrective Action*

Management concurs with the finding. In the future the Town will make sure all receivables are recorded in the appropriate funds.

***2022-005 Expenditures in Excess of Appropriations***

*Criteria*

The Official Code of Georgia (O.C.G.A.) Section 36-81-3 requires the governing authority to adopt and operate under an annual balanced budget for the General Fund and each special revenue fund in use by the local government.

*Condition*

For fiscal year 2022, certain General Fund expenditures exceeded appropriations at the legal level of control and the Town did not adopt a budget for the ARPA Fund.

*Context*

The following General Fund expenditures exceeded approved budgets.

Public Safety	\$ 17,371
Streets and Sanitation	1,469,619
Planning and Development	27,254
Parks and Recreation	122,457
Transfers to Other Funds	356,506

## **Section II - Financial Statement Findings (Continued)**

### *Effect*

The Town is in violation of O.C.G.A. Section 36-81-3.

### *Cause*

The Town's internal controls did not identify expenditures exceeding approved budgets.

### *Recommendation*

The Town should enhance internal controls to ensure that expenditures are monitored to ensure compliance with budgetary requirements.

### *Views of Responsible Officials and Planned Corrective Actions*

Management concurs with the finding. The Town will monitor the activity of all funds and make any required budget adjustments in future years.

## **Section III - Federal Award Findings and Questioned Costs**

No matters were reported.