

**TOWN OF BRASELTON, GEORGIA**

**AUDITED FINANCIAL STATEMENTS**

**For the year ended  
June 30, 2012**

TOWN OF BRASELTON, GEORGIA

June 30, 2012

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**February 27, 2013**

**Independent Auditor's Report**

**Honorable Mayor and Town Council  
Town of Braselton, Georgia**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and nonmajor fund information of the Town of Braselton, Georgia, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Braselton, Georgia's management. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements and all required supplementary information referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and nonmajor fund information of the Town of Braselton, Georgia, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 27, 2013, on my consideration of the Government's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit conducted in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My 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 Supplementary Schedules and Schedules of Projects Constructed with Special Purpose Local Option Sales Tax required by the Official Code of Georgia Annotated 48-8-121, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 12 and budgetary comparison information on pages 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context, I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

  
\_\_\_\_\_  
Certified Public Accountant

**Management's Discussion and Analysis**

June 30, 2012

**Government-wide Financial Statements**

The Town's annual report includes two governmental-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other non-financial factors such as diversification of the taxpayer base or the condition of Town's infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Town's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on the different revenue sources available to the Town.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by sales tax, alcohol tax, and hotel/motel taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, library, courts, roads, planning and development. Business-type activities included the water and sewer systems.

**Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The Town has two types of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

**Management's Discussion and Analysis**

**June 30, 2012**

**Fund Financial Statements (Continued)**

Since the government-wide focus includes the long-term view, comparison between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The governmental fund includes the Special Revenue Fund where specific tourism related activities are specifically addressed as the only allowable expenses for the hotel/motel tax collected for these activities. The governmental fund also includes the Capital Projects Fund (SPLOST) to reflect special purpose local option sales tax revenues.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

The Proprietary Fund is reported in the fund financial statements and the government wide financial statements. It consists of water and waste water services for which the Town charges customers a fee. The Proprietary Fund essentially encompasses the same functions reported as business-type activities.

**Notes to the Basic Financial Statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**Other Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Town's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund, tourism (Special Revenue) fund, and capital projects fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These schedules demonstrate compliance with the Town's adopted and final revised budget. As discussed, the Town reports major funds in the basic financial statements. Individual statements and schedules for funds are presented in a subsequent section of this report.

**Management's Discussion and Analysis****June 30, 2012**

Within this section of the Town of Braselton, Georgia's annual financial report, the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended June 30, 2012. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**Financial Highlights**

The Town's assets exceeded its liabilities by \$44,926,861 (net assets) for the fiscal year reported. The Town's net assets increased by \$1,042,224 or approximately 2.4%.

The Town's investment in capital assets, net, increased by \$579,551 as the Town continues to meet its obligations to its citizens and provide infrastructure to accommodate its continuing growth. The recession did create opportunities for the Town to invest in its infrastructure at much less than market prices.

Governmental Activity revenues increased by approximately \$1.1 million dollars due to an increase in permits, hotel/motel taxes, alcoholic beverage taxes, all which indicates significant growth in economic activity when compared to the previous year.

Governmental Activities expenses decreased by approximately 27% as the Town completed construction of major projects such as the relocation of Hwy 124 and the redevelopment of the downtown area.

Business-type activities revenues decreased by \$155,557 or approximately 3% from YE 2011, due to decreased sales and fees.

Business-type expenses increased by \$269,371 or about 4.5% as the Town continued major utility improvements.

The Town greatly increase its well water production which should decrease the Town's cost of water substantially in the future.

Overall, total Primary Government expenses decreased by \$909,247 or approximately 8.8%.

Overall, the Town's financial condition is adequate, with signs of an improving economy. The Town's increased spending has been on much needed capital improvements driven by economic development and a rapidly growing population.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

**Overview of the Financial Statements**

This Management's Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements; and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when applicable.

Town of Braselton, Georgia

Management's Discussion and Analysis

June 30, 2012

Financial Analysis of the Town as a Whole

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole.

The Town's net assets at fiscal year-end are \$44,926,861. The following table provides a summary of the Town's net assets:

	Governmental Activities		Business-Type Activities		Total Government	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Cash and Investments	\$ 4,393,028	\$ 4,896,733	\$ 2,894,679	\$ 3,211,289	\$ 7,287,707	\$ 8,108,022
Other Current Assets	899,963	512,719	462,331	944,181	1,362,294	1,456,900
Capital Assets	32,105,968	30,986,633	46,978,521	47,394,313	79,084,489	78,380,946
Other Non Current Assets	1,394,746	95,273	427,879	574,569	1,822,625	669,842
Total Assets	<u>\$ 38,793,705</u>	<u>\$ 36,491,358</u>	<u>\$ 50,763,410</u>	<u>\$ 52,124,352</u>	<u>\$ 89,557,115</u>	<u>\$ 88,615,710</u>
<b>Other Liabilities</b>						
Current Liabilities	428,229	377,310	3,348,093	3,107,829	3,776,322	3,485,139
Long- Term Liabilities	8,467,298	8,476,682	31,536,291	31,901,169	40,003,589	40,377,851
Total Liabilities	<u>8,895,527</u>	<u>8,853,992</u>	<u>34,884,384</u>	<u>35,008,998</u>	<u>43,779,911</u>	<u>43,862,990</u>
<b>Net Assets:</b>						
Invested in Capital Assets,						
Net of Debt	23,202,782	22,083,447	13,061,788	13,601,572	36,264,570	35,685,019
Restricted	4,097,748	4,817,567	2,727,479	3,168,336	6,825,227	7,985,903
Unrestricted	2,134,760	273,464	(315,436)	(59,749)	1,819,324	213,715
Total Net Assets	<u>\$ 29,435,290</u>	<u>\$ 27,174,478</u>	<u>\$ 15,473,831</u>	<u>\$ 16,710,159</u>	<u>\$ 44,909,121</u>	<u>\$ 43,884,637</u>

The Town maintains sufficient reserves to meet its financial obligations, even during economic downturns. Net assets increased \$2,278,552 for governmental activities and decreased \$1,236,328 for business activities for an overall increase of \$1,042,224.



Town of Braselton, Georgia

Management's Discussion and Analysis

June 30, 2012

The following table provides a summary of the Town's changes in net assets:

	Governmental Activities		Business-Type Activities		Total Government	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1,699,405	\$ 1,669,837	\$ 4,975,683	\$ 5,131,501	\$ 6,675,088	\$ 6,801,338
Operating Grants/Interest	26,861	80,365	25,327	25,066	52,188	105,431
Capital Grants/Contributions	968,592	536,802	-	-	968,592	536,802
General						
Taxes	2,669,395	1,948,338	-	-	2,669,395	1,948,338
Miscellaneous	96,201	122,062	-	-	96,201	122,062
<b>Total Revenues</b>	<b>5,460,454</b>	<b>4,357,404</b>	<b>5,001,010</b>	<b>5,156,567</b>	<b>10,461,464</b>	<b>9,513,971</b>
<b>Program Expenses</b>						
General Government	818,359	830,600	-	-	818,359	830,600
Police/Courts	1,139,084	1,557,841	-	-	1,139,084	1,557,841
Streets/Transportation	180,625	266,995	-	-	180,625	266,995
Parks and Recreation	11,528	277,748	-	-	11,528	277,748
Library	211,206	194,280	-	-	211,206	194,280
Planning and Development	376,073	362,959	-	-	376,073	362,959
Economic Development	114,530	35,116	-	-	114,530	35,116
Tourism/Special Events	341,199	438,246	-	-	341,199	438,246
Interest	7,038	414,475	-	-	7,038	414,475
Water and Sewer	-	-	6,237,338	5,967,967	6,237,338	5,967,967
<b>Total Expenses</b>	<b>3,199,642</b>	<b>4,378,260</b>	<b>6,237,338</b>	<b>5,967,967</b>	<b>9,436,980</b>	<b>10,346,227</b>
<b>Change in Net Assets</b>						
Beginning Net Assets	2,260,812	(20,856)	(1,236,328)	(811,400)	1,024,484	(832,256)
<b>Ending Net Assets</b>	<b>\$ 27,174,478</b>	<b>\$ 27,195,334</b>	<b>\$ 16,710,159</b>	<b>\$ 17,521,559</b>	<b>\$ 43,884,637</b>	<b>\$ 44,716,893</b>
	<b>\$ 29,435,290</b>	<b>\$ 27,174,478</b>	<b>\$ 15,473,831</b>	<b>\$ 16,710,159</b>	<b>\$ 44,909,121</b>	<b>\$ 43,884,637</b>

**Management's Discussion and Analysis**

June 30, 2012

**Governmental Activities**

The Town is heavily reliant on sales tax, license and permits, hotel/motel tax, and fines and forfeitures to support governmental operations and capital. Property taxes are not collected by the Town. This means that the general economy and local business activity have a major impact on the Town's revenue streams. Total Governmental Fund revenues increased approximately 1.1 million dollars. However, charges for services, fees, taxes and all revenues (less contributed capital) for 2012 were \$4,491,862 as compared to \$3,820,602 for 2011, or an increase of approximately 17.5%. These numbers indicate that the recession has bottomed out and a recovery has begun. Governmental expenses decreased by 26.9%. The public safety and general government functions make up approximately 61.2% of the total governmental activities expenses. Expenses for these two functions were down some 10% from the previous year.

**Business-type Activities**

The major proprietary fund is the Town's water and sewer utility fund. The operating revenues for this fund was 3% more than in 2012, due to an decrease in sales and fees. Operating expenses were up approximately 4.5% due to the continued growth of the system. The Town continues to be proactive in upgrading its water and sewer infrastructure to keep ahead of long-term projected growth, due to its favorable location, available infrastructure and other factors.

**Financial Analysis of the Town's Funds*****Major Governmental Funds***

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance was \$3,655,589 at the end of 2011 as compared to a balance of \$3,405,424 at the end of 2012, representing an decrease of \$250,165 or approximately 6.8% decrease.

The General Fund's ending balance is considered adequate. The primary use of fund balance is to cover cash flow deficiencies during the year.

The Special Revenue Fund revenues were slightly less from 2011. Year 2012 revenues were \$646,630 whereas 2011, revenues were \$692,405. Revenues from this fund come primarily from the hotel/motel tax.

Management's Discussion and Analysis

June 30, 2012

***The Proprietary Funds***

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Therefore, the analysis is presented above.

**Budgetary Highlights**

***The General Fund*** - In total, the Town realized approximately 154% of the estimated revenues as shown in the original budget and 75% of those estimated in the final budget. For the total general fund budget, expenditures exceeded original appropriations by 117%, but were under the final budget by 0%. The large variation in revenues projected vs. actually received is due to large forfeitures received as a result of law enforcement activities. These forfeitures cannot be legally budgeted until received by the Town. The large variation in expenditures is due primarily to debt service payments for the re-routing of Highway 124 and downtown redevelopment. The Town has included a schedule showing both the original and amended budgets, which is found on pages 42 through 44.

**Town of Braselton, Georgia**

**Management's Discussion and Analysis**

**June 30, 2012**

**Capital Assets**

The Town's investment in capital assets, net of accumulated depreciation, for all activities as of June 30, 2012 was \$79,084,489 which is an increase from the prior year's \$78,380,946. The Town did take advantage of below market contractor pricing to invest in water and sewer infrastructure. See Note 5 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity:

	Governmental Activities		Business-Type Activities		Total Government	
	2012	2011	2012	2011	2012	2011
<b>Non-depreciable Assets</b>						
Land	\$ 16,107,660	\$ 16,107,660	\$ 1,546,908	\$ 1,537,108	\$ 17,654,568	\$ 17,644,768
Construction In Progress	2,402,518	1,355,541	5,411,365	4,408,683	7,813,883	5,764,224
<b>Total Non-depreciable Assets</b>	<b>18,510,178</b>	<b>17,463,201</b>	<b>6,958,273</b>	<b>5,945,791</b>	<b>25,468,451</b>	<b>23,408,992</b>
<b>Depreciable Assets</b>						
Buildings	10,450,758	10,450,758	1,638,179	1,638,179	12,088,937	12,088,937
Infrastructure	4,617,349	4,445,534	-	-	4,617,349	4,445,534
Vehicles	648,674	589,608	-	-	648,674	589,608
Machinery/Equipment	973,895	915,956	790,854	790,854	1,764,749	1,706,810
Plant	-	-	48,557,692	48,557,692	48,557,692	48,557,692
<b>Total Depreciable Assets</b>	<b>16,690,676</b>	<b>16,401,856</b>	<b>50,986,725</b>	<b>50,986,725</b>	<b>67,677,401</b>	<b>67,388,581</b>
<b>Less Accumulated Depreciation</b>	<b>(3,094,886)</b>	<b>(2,878,424)</b>	<b>(10,966,477)</b>	<b>(9,538,203)</b>	<b>(14,061,363)</b>	<b>(12,416,627)</b>
<b>Book Value - Depreciable Assets</b>	<b>\$ 32,105,968</b>	<b>\$ 30,986,633</b>	<b>\$ 46,978,521</b>	<b>\$ 47,394,313</b>	<b>\$ 79,084,489</b>	<b>\$ 78,380,946</b>

**Town of Braselton, Georgia**

**Management's Discussion and Analysis**

**June 30, 2012**

**Capital Assets (Continued)**

The following table reconciles the change in capital assets:

	Governmental Activities	Business-Type Activities	Total Government
Beginning Balance	\$ 30,986,633	\$ 47,394,313	\$ 78,380,946
Additions	1,821,725	1,012,481	2,834,206
Retirement	(120,820)	-	(120,820)
Depreciation Expense	(581,570)	(1,428,273)	(2,009,843)
Ending Balance	<u>\$ 32,105,968</u>	<u>\$ 46,978,521</u>	<u>\$ 79,084,489</u>

**Long-term Debt**

At the end of the fiscal year, the Town had \$42,799,371 in outstanding debt as compared to \$42,303,526 in FY2011. This included \$3,376,286 due in one year. Approximately 78% of the debt is attributable to business-type activities for water/sewer infrastructure.

	Outstanding June 30, 2011	Additions	Reductions	Outstanding June 30, 2012	Amount Due in One Year
Governmental					
Bonds	\$ 8,903,186	-	-	\$ 8,903,186	\$ 462,888
Compensated Absences	66,879	805	-	67,684	67,684
Total Government	<u>8,970,065</u>	<u>805</u>	<u>-</u>	<u>8,970,870</u>	<u>530,572</u>
Business-type					
Revenue Bonds	26,061,776	-	(340,000)	25,721,776	405,195
Notes Payable	7,730,965	15,772,299	(16,200,000)	7,303,264	2,392,518
Compensated Absences	36,565	-	11,436	48,001	48,001
Total Business-type	<u>33,829,306</u>	<u>15,772,299</u>	<u>(16,528,564)</u>	<u>33,073,041</u>	<u>2,845,714</u>
Total	<u>\$ 42,799,371</u>	<u>\$ 15,773,104</u>	<u>\$ (16,528,564)</u>	<u>\$ 42,043,911</u>	<u>\$ 3,376,286</u>

Please see note 14 for additional information about changes in long-term debt (Changes in Long-term Liabilities) during the fiscal year and outstanding at the end of the year.

**Management's Discussion and Analysis**

**June 30, 2012**

**Economic Conditions Affecting the Town**

The Town of Braselton remains in an adequate financial position despite a below average economy. Due to its location, available infrastructure, progressive leadership and other factors, the Town is taking full advantage of the recovering economy. Tourism, while still substantial, will eventually reach pre-recession levels and substantial commercial growth is planned. Braselton is still experiencing some commercial growth and residential growth is rebounding. The Town's tax digest, while declining somewhat in recent years, remains extremely strong on a per capita basis due to the quality growth over the past several years. The Town is proactively managing its growth; infrastructure costs are fairly apportioned in order to minimize the impact on the citizens of Braselton.

As this audit will show, the Town strives to maintain current service levels while keeping costs as low as possible. Our goal is to maintain a healthy fund balance and protect the interests of the citizens in the Town of Braselton. The Town does depend greatly on revenues such as sales taxes and utility sales that are very sensitive to downturns in the economy. The Town does expect the economy to continue to recover during the 2013 fiscal year and has taken measures to improve efficiencies wherever possible.

**Contacting the Town's Financial Management**

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town Manager, P.O. Box 306, Braselton, Georgia 30517.

## TOWN OF BRASELTON, GEORGIA

## STATEMENT OF NET ASSETS

June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 372,895	\$ 167,200	\$ 540,095
Receivables, net of allowance for uncollectibles			
Rent Receivables	13,828	-	13,828
Account Receivables	176,477	953,940	1,130,417
Internal Balances	563,229	(579,588)	(16,359)
Prepaid Items	146,429	87,979	234,408
<b>Restricted Assets</b>			
Cash and cash equivalents	4,020,133	79,649	4,099,782
Investments	-	2,647,830	2,647,830
<b>Capital Assets</b>			
Nondepreciable capital assets	18,510,178	6,958,273	25,468,451
Depreciable capital assets, net	13,595,790	40,020,248	53,616,038
<b>Other Assets</b>			
Bond issuance costs, net	1,394,746	427,879	1,822,625
Total Assets	<u>38,793,705</u>	<u>50,763,410</u>	<u>89,557,115</u>
<b>Current Liabilities</b>			
Accounts payable	41,704	146,358	188,062
Accrued expenses	318,841	-	318,841
Compensated absences	67,684	48,001	115,685
Accrued interest	-	761,216	761,216
Revenue bonds, current	462,888	405,195	868,083
Notes payable, current	-	2,392,518	2,392,518
Total Current Liabilities	<u>891,117</u>	<u>3,753,288</u>	<u>4,644,405</u>
<b>Long-term Liabilities</b>			
Revenue bonds, net of unamortized premiums and discounts	8,440,298	26,208,274	34,648,572
Notes payable, net of current portion	-	4,910,746	4,910,746
Deposits	27,000	417,271	444,271
Total Long-term Liabilities	<u>8,467,298</u>	<u>31,536,291</u>	<u>40,003,589</u>
Total Liabilities	<u>9,358,415</u>	<u>35,289,579</u>	<u>44,647,994</u>
<b>Net Assets</b>			
Investment in capital assets, net of debt	23,202,782	13,061,788	36,264,570
Restricted for:			
Capital projects	-	79,649	79,649
Debt Service	-	2,647,830	2,647,830
Program purposes	4,097,748	-	4,097,748
Unrestricted	2,134,760	(315,436)	1,819,324
Total Net Assets	<u>\$ 29,435,290</u>	<u>\$ 15,473,831</u>	<u>\$ 44,909,121</u>

Accompanying notes to financial statements are an integral part of this statement

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF ACTIVITIES**

June 30, 2012

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
General government	\$ 818,359	\$ 169,916	-	-	\$ (648,443)	\$ -	\$ (648,443)
Court costs	115,213	440,897	-	-	325,684	-	325,684
Police department	1,023,871	901,409	-	-	(122,462)	-	(122,462)
Street department	180,625	41,565	968,592	-	829,532	-	(462,888)
Parks and Tennis Center	11,528	975	-	-	(10,553)	-	(10,553)
Library	211,206	7,337	-	10,581	(193,288)	-	486,498
Planning and development	376,073	120,159	-	-	(255,914)	-	(255,914)
Economic development	114,530	8,700	-	-	(105,830)	-	(105,830)
Tourism department	341,199	8,447	-	16,280	(316,472)	-	(316,472)
Debt service	7,038	-	-	-	(7,038)	-	(7,038)
<b>Total Governmental Activities</b>	<b>3,199,642</b>	<b>1,699,405</b>	<b>968,592</b>	<b>26,861</b>	<b>(504,784)</b>	<b>-</b>	<b>(1,117,418)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water and Sewer	6,237,338	4,975,683	-	-	-	(1,261,655)	(1,261,655)
<b>Total Primary Government</b>	<b>\$ 9,436,980</b>	<b>\$ 6,675,088</b>	<b>\$ 968,592</b>	<b>\$ 52,188</b>	<b>\$ (504,784)</b>	<b>\$ (1,261,655)</b>	<b>\$ (2,379,073)</b>

**GENERAL REVENUES**

Rental income	66,300	-	-	-	66,300
Sales taxes	591,143	-	-	-	591,143
Occupational taxes	86,789	-	-	-	86,789
Franchise taxes	658,216	-	-	-	658,216
Insurance premium taxes	365,247	-	-	-	365,247
Hotel/Motel taxes	621,641	-	-	-	621,641
Alcohol beverage taxes	346,359	-	-	-	346,359
Investment earnings	21,913	-	-	25,327	47,240
Miscellaneous	7,988	-	-	-	7,988
<b>Total general revenues</b>	<b>2,765,596</b>	<b>-</b>	<b>-</b>	<b>25,327</b>	<b>2,790,923</b>
<b>Change in net assets</b>	<b>2,260,812</b>	<b>(1,236,328)</b>	<b>-</b>	<b>-</b>	<b>411,850</b>
<b>NET ASSETS, Beginning</b>	<b>27,174,478</b>	<b>16,710,159</b>	<b>-</b>	<b>-</b>	<b>43,884,637</b>
<b>NET ASSETS, Ending</b>	<b>\$ 29,435,290</b>	<b>\$ 15,473,831</b>	<b>\$ -</b>	<b>\$ 44,296,487</b>	<b>\$ 44,296,487</b>

Accompanying notes to financial statements are an integral part of this statement



## TOWN OF BRASELTON, GEORGIA

## BALANCE SHEET

## GOVERNMENTAL FUNDS

June 30, 2012

	General Fund	Special Revenue	Capital Projects SPLOST	Downtown Development Authority	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 315,126	\$ 18,915	\$ -	\$ 38,854	\$ 372,895
Rent receivable	13,828	-	-	-	13,828
Accounts receivable	65,721	45,651	65,105	-	176,477
Interfund receivable	652,274	-	-	-	652,274
Prepaid items	146,429	-	-	-	146,429
Restricted cash	2,617,659	-	1,402,474	-	4,020,133
<b>TOTAL ASSETS</b>	<b>\$ 3,811,037</b>	<b>\$ 64,566</b>	<b>\$ 1,467,579</b>	<b>\$ 38,854</b>	<b>\$ 5,382,036</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Accounts payable	\$ 39,839	\$ 1,865	\$ -	\$ -	\$ 41,704
Deposits payable	27,000	-	-	-	27,000
Accrued expenditures	338,774	-	-	-	338,774
Interfund payable	-	89,045	-	-	89,045
<b>TOTAL LIABILITIES</b>	<b>405,613</b>	<b>90,910</b>	<b>-</b>	<b>-</b>	<b>496,523</b>
<b>FUND BALANCE</b>					
Nonspendable	146,429	-	-	-	146,429
Restricted For:					
Program purposes	2,617,659	(26,344)	1,467,579	38,854	4,097,748
Unassigned					
Unassigned, reported in General Fund	641,336	-	-	-	641,336
<b>TOTAL FUND BALANCE</b>	<b>3,405,424</b>	<b>(26,344)</b>	<b>1,467,579</b>	<b>38,854</b>	<b>4,885,513</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 3,811,037</b>	<b>\$ 64,566</b>	<b>\$ 1,467,579</b>	<b>\$ 38,854</b>	<b>\$ 5,382,036</b>

The accompanying notes are an integral part of this statement

## TOWN OF BRASELTON, GEORGIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

June 30, 2012

<b>Total Fund Balance for Governmental Funds</b>		\$ 4,885,513
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds. However, in the statement of net assets the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.		
Cost of capital assets	35,200,854	
Less accumulated depreciation	<u>(3,094,886)</u>	32,105,968
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources or governmental funds. Neither transaction, however, has effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
		(7,508,440)
Compensated absence liabilities are not due and payable at year-end and therefore are not reported in the funds.		
		(67,684)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
		<u>19,933</u>
<b>Total net assets of governmental activities</b>		<u>\$ 29,435,290</u>

The accompanying notes are an integral part of this statement

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2012

	<b>General Fund</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Downtown Development Authority</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ 2,047,754	\$ 621,641	\$ -	\$ -	\$ 2,669,395
License and permits	286,474	-	-	-	286,474
Fines and forfeitures	1,342,306	-	-	-	1,342,306
Investment earnings	21,249	262	389	13	21,913
Rental	67,275	-	-	-	67,275
Intergovernmental revenues	529,839	16,280	444,909	-	991,028
Miscellaneous	64,528	8,447	-	8,700	81,675
<b>TOTAL REVENUES</b>	<b>4,359,425</b>	<b>646,630</b>	<b>445,298</b>	<b>8,713</b>	<b>5,460,066</b>
<b>EXPENDITURES</b>					
Current:					
General Government	408,242	-	-	-	408,242
Court costs	115,213	-	-	-	115,213
Police department	1,331,184	-	-	-	1,331,184
Street department	65,968	-	286,472	-	352,440
Parks and tennis center	4,362	-	7,166	-	11,528
Library	218,765	-	-	-	218,765
Planning and development	372,666	-	-	-	372,666
Economic development	102,323	-	-	12,207	114,530
Tourism department	-	341,199	-	-	341,199
Interest and paying agent fees	367,358	-	-	-	367,358
<b>TOTAL EXPENDITURES</b>	<b>2,986,081</b>	<b>341,199</b>	<b>293,638</b>	<b>12,207</b>	<b>3,633,125</b>
<b>REVENUES OVER (EXPENDITURES)</b>	<b>1,373,344</b>	<b>305,431</b>	<b>151,660</b>	<b>(3,494)</b>	<b>1,826,941</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	374,515	-	-	10,000	384,515
Transfers Out	(10,000)	(374,515)	-	-	(384,515)
Bond proceeds and other financing sources	(1,988,024)	-	-	-	(1,988,024)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,623,509)</b>	<b>(374,515)</b>	<b>-</b>	<b>10,000</b>	<b>(1,988,024)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(250,165)</b>	<b>(69,084)</b>	<b>151,660</b>	<b>6,506</b>	<b>(161,083)</b>
<b>FUND BALANCE, Beginning</b>	<b>3,655,589</b>	<b>42,740</b>	<b>1,315,919</b>	<b>32,348</b>	<b>5,046,596</b>
<b>FUND BALANCE, Ending</b>	<b>\$ 3,405,424</b>	<b>\$ (26,344)</b>	<b>\$ 1,467,579</b>	<b>\$ 38,854</b>	<b>\$ 4,885,513</b>

The accompanying notes are an integral part of this statement

## TOWN OF BRASELTON, GEORGIA

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

For the Year Ended June 30, 2012

**NET CHANGE IN FUND BALANCE** \$ (161,083)

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

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

Capital Outlay	\$ 715,011	
Depreciation Expense	<u>(581,569)</u>	133,442

Net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to decrease net assets.		(62,081)
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Governmental funds report debt service payments as expenditures. However, in the statement of activities, only the interest expense is reported. The remainder reduces the liability in the statement of net assets.

Total debt service payments	367,358	
Other bond costs	<u>(3,025)</u>	364,333

The issuance of long-term debt and capital leases is an other financing source for governmental funds, but it is an increase in long-term liabilities in the statement of net assets and has no impact on the statement of activities.

Other bond costs		1,984,011
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

		<u>2,190</u>
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**Change in net assets of governmental activities**

		<u><u>\$ 2,260,812</u></u>
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The accompanying notes are an integral part of this statement

## TOWN OF BRASELTON, GEORGIA

## STATEMENT OF NET ASSETS

## PROPRIETARY FUND

June 30, 2012

	<u>Water and Sewer Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 167,200
Receivables, net of allowance for uncollectibles	953,940
Prepaid Items	<u>87,979</u>
Current restricted assets	
Cash	79,649
Investments	<u>2,647,830</u>
Total current assets	<u>3,936,598</u>
Noncurrent Assets:	
Capital assets:	
Nondepreciable capital assets	6,958,273
Depreciable capital assets, net	<u>40,020,248</u>
	46,978,521
Bond issuance costs, net	<u>427,879</u>
Total noncurrent assets	<u>47,406,400</u>
Total assets	<u>\$ 51,342,998</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accrued liabilities	146,358
Compensated absences payable	48,001
Accrued interest	761,216
Revenue bonds, current	405,195
Notes payable, current	2,392,518
Interfund payable	579,588
Total current liabilities	<u>4,332,876</u>
Long-term liabilities	
Revenue bonds, net of current portion and unamortized premiums and discounts	26,208,274
Notes payable, net of current portion	4,910,746
Deposits	417,271
Total long-term liabilities	<u>31,536,291</u>
<b>NET ASSETS</b>	
Invested in capital assets, less related debt	13,061,788
Restricted for:	
Capital projects	79,649
Debt service	2,647,830
Unrestricted	<u>(315,436)</u>
Total net assets	<u>\$ 15,473,831</u>

Accompanying notes to financial statements are an integral part of this statement

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

**PROPRIETARY FUND**

**For the Year Ended June 30, 2012**

	<u><b>Water and Sewer Fund</b></u>
<b>OPERATING REVENUES</b>	
Charges for service	\$ 4,216,069
Tap and meter fees	585,191
Service charges and other	137,983
Intergovernmental revenues	<u>36,440</u>
<b>TOTAL OPERATING REVENUES</b>	<u>4,975,683</u>
<b>OPERATING EXPENSES</b>	
Cost of sales	
Water purchases	837,770
Depreciation and amortization	1,428,273
Salaries and employee benefits	1,103,078
Supplies	116,999
Repairs and maintenance	135,644
Bad debt	(20,028)
Operational	<u>820,476</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>4,422,212</u>
<b>OPERATING INCOME</b>	<u>553,471</u>
<b>NON-OPERATING REVENUE</b>	
Interest revenue	25,327
Interest expense	<u>(1,815,126)</u>
<b>NET NON-OPERATING REVENUES (EXPENSES)</b>	<u>(1,789,799)</u>
<b>CHANGE IN NET ASSETS</b>	(1,236,328)
<b>TOTAL NET ASSETS, Beginning of Year</b>	<u>16,710,159</u>
<b>TOTAL NET ASSETS, End of Year</b>	<u><u>\$ 15,473,831</u></u>

Accompanying notes to financial statements are an integral part of this statement

## TOWN OF BRASELTON, GEORGIA

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUND

For the Year Ended June 30, 2012

	<b>Business-type Activities Water and Sewer Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 4,978,234
Cash payments for personnel services and benefits	(1,091,642)
Cash payments for goods and services	<u>(1,672,870)</u>
Net cash provided by operating activities	<u>2,213,722</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from borrowings in excess of payments	219,278
Interest paid on borrowings under loan obligations or agreements	(91,278)
Increase in accrued interest	(167,349)
Principal paid on revenue bonds	107,701
Interest paid on revenue bonds	(1,629,256)
Payments for capital acquisitions	<u>(1,012,482)</u>
Net cash used by capital and related financing activities	<u>(2,573,386)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of investment securities	(935,352)
Proceeds from sales and maturities of investment securities	1,347,771
Interest earned on investments	<u>25,327</u>
Net cash used in investing activities	<u>437,746</u>
Net Decrease in Cash and Cash Equivalents	78,083
CASH, Beginning of Year	168,766
CASH, End of Year	<u><u>\$ 246,849</u></u>

Accompanying notes to financial statements are an integral part of this statement

## TOWN OF BRASELTON, GEORGIA

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUND

For the Year Ended June 30, 2012

	<b>Business-type Activities Water and Sewer Fund</b>
	<u>                    </u>
<b>BY OPERATING ACTIVITIES:</b>	
Operating Income	\$ 553,471
Adjustments to Reconcile Operating Loss to Net	
Depreciation	1,428,273
Changes in assets and liabilities	
Increase in accounts receivable	(67,838)
Increase in prepaid items	(1,694)
Decrease in accounts payable	(175,923)
Increase in customer deposits	90,423
Increase in compensated absences payable	11,436
Increase in interfund payable	375,574
Net cash provided by operating activities	<u>\$ 2,213,722</u>
Cash reconciliation	
Cash and cash equivalents	\$ 167,200
Cash and cash equivalents, restricted	79,649
Total cash and cash equivalents	<u>\$ 246,849</u>

Accompanying notes to financial statements are an integral part of this statement



**Notes to Financial Statements**

June 30, 2012

**Note 1 - Summary of Significant Accounting Policies**

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

**A. The Reporting Entity**

The Town operates under a council/manager form of government and provides the following services in addition to general administrative responsibilities: public safety (police), public works, (highways and streets), planning and zoning, public improvements, community development, and water and sewerage.

As required by GASB 14, "The Financial Reporting Entity", the accompanying financial statements present the primary government, any organization for which the primary government is financially accountable and any other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB 14 defines the foundation of a primary government as its separately elected governing body-one that is elected by the citizens in a general popular election. The primary government consists of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are, for financial reporting purposes, part of the primary government. The Downtown Development Authority is presented as a blended component unit and no separate financial statements are required.

GASB 14 sets forth several circumstances that indicate the primary government's financial accountability for a legally separate organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization, or, (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government also may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. Imposition of will relates to the ability of the primary government to significantly influence the activities of the organization.

At June 30, 2012, the Town of Braselton, Georgia, had no relationships with legally separate organizations that are required to be included in the reporting entity for financial statement purposes.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**Notes to Financial Statements**

June 30, 2012

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 properly included among 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.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

Sales and use taxes, franchise taxes, licenses, interest and federal and state grants 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.

The government reports the following major governmental funds:

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

*Special Revenue Fund* - The Town collects a 5% hotel motel tax, of which 2% is required to be used for marketing, advertising, and special events to increase the tourism traffic in the Town and the balance is transferred to the general fund to fund general expenditures of the Town. The hotels and motels remitting the tax are encouraged to participate in the determination of how the funds are spent. Chateau Elan participates in this determination.

**Notes to Financial Statements**

June 30, 2012

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

Capital Projects Fund - The capital project fund accounts for the receipt and use of Special Purpose Local Option Sales Tax (SPLOST) proceeds.

The government reports the following nonmajor governmental fund:

Downtown Development Authority

The government reports the following major proprietary fund:

*Water and Sewer Fund* - The Water and Sewer Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the cost (expenses, including depreciation) of providing water and sewer services to the general public on a continuing basis is financed through user charges

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. If there is a conflict with GASB pronouncements, then GASB prevails.

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

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. Likewise, general revenues include all taxes.

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

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

**1. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this State and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC.

Investments are recorded at cost as of the balance sheet date.

## Notes to Financial Statements

June 30, 2012

**Note 1 - Summary of Significant Accounting Policies (Continued)****D. Assets, Liabilities and Net Assets or Equity****2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are 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."

All trade and property tax receivables are shown net of an allowance of uncollectibles where applicable. Water and sewer charges are accrued as receivables and revenue as of June 30, 2012. As of June 30, 2012, the allowances for uncollectibles was \$74,023.

**3. Inventories and Prepaid Items**

Inventories, consisting of expendable supplies, not held for resale were considered immaterial and thus no accounting was made as of June 30, 2012. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, culverts, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost greater than \$5,000 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not known. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Parks (excluding land)	15-125
Plant	10-40
Machinery and equipment	5-25
Infrastructure	50
Trucks and autos	5-10

**Notes to Financial Statements**

June 30, 2012

**Note 1 - Summary of Significant Accounting Policies (Continued)****5. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the Town's past experience of making termination payments. All compensated absence liabilities include salary-related payments, where applicable. The total compensated absence liability is reported on the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only "when due."

**6. Deferred Revenue**

Deferred revenues at the fund level arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arise in both the fund level and government-wide level when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

**7. Accrued Liabilities and Long-term Liabilities**

In the government-wide financial statements and in the proprietary fund type fund financial statements, all payables, accrued liabilities and long-term liabilities are reported as liabilities in the applicable governmental fund activities, or proprietary fund type statement of net assets.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds.

**8. Bond Premiums, Discounts and Issuance Costs**

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts, and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as expenditures.

## Notes to Financial Statements

June 30, 2012

**Note 1 - Summary of Significant Accounting Policies (Continued)****9. Fund Equity**

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

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

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

Restricted - Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Assigned - Fund balances are reported as assigned when amounts 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's finance committee or the Town's finance director to assign fund balances.

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

Flow Assumptions - When both restricted and unrestricted amounts of fund 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

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the Town has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted as described in the fund balance section above. All other net assets are reported as unrestricted.

**Notes to Financial Statements**

June 30, 2012

**Note 1 - Summary of Significant Accounting Policies (Continued)****10. Interfund Activity**

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

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

**11. Management Estimates**

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

**Note 2 - Stewardship, Compliance and Accountability****(A) Budgetary Information**

Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. An annual operating budget is prepared for the proprietary fund for planning, control, cost allocation and evaluation purposes. Budgetary amounts are formally integrated into proprietary fund's general ledger.

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

The Town's annual budget is prepared on anticipated revenues and appropriated expenditures. After the Town Manager prepares an estimated budget, a public hearing is advertised and held. After public hearings, the final budget is presented to the Mayor and Town Council for passage.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level.

Budgets for governmental funds are adopted on the same modified accrual basis used to reflect actual revenues and expenditures. Reported budgeted amounts are as originally adopted by the Town Council. Unencumbered appropriations lapse at year end. There were no supplemental appropriations.

**(B) Excess of Expenditures Over Appropriation (General Fund)**

There were no departments that overspent the final FY 2012 annual budget:

Excesses are considered to be material if they are both greater than \$2,000 and over 5% of the department level (the legal level of control).

## Notes to Financial Statements

June 30, 2012

**Note 3- Custodial Credit Risk - Deposits and Investments**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. State statutes requires 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 or public authorities, counties or municipalities. As of June 30, 2012, all of the deposits of the Town were fully collateralized in accordance with the state statutes.

As of June 30, 2012, the Town had the following deposits:

Collateral held by pledging bank's trust department in the Town's name	<u>\$ 4,639,877</u>
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As of June 30, 2012, the Town had the following investments:

Investments	Maturities	Fair Value
Federated U.S. Treasury Cash Services Shares	1 year or less	<u>\$ 3,042,523</u>

**Interest Rate Risk** - The Town does not have a formal investment policy that limits investment maturities as a means of managing exposure to losses arising from increased interest rates.

**Credit Risk** - State statutes authorize the Town to invest in obligations of the State of Georgia 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 bankers' acceptances, the Georgia Fund 1 established by State law, repurchase agreements and obligations of other political subdivisions of the State of Georgia. The Town has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk** - The Town Council places a 35% limit on the amount the Town may invest in any one type of investment of financial institution for those investments controlled by the Town. More than 35% of the Town's investments are in Federated U.S. Treasury Cash Service Shares. These investments are controlled by the bondholders, per the bond agreement, and make up 100% of the total investments.

**Note 4 - Receivables**

As of June 30, 2012, receivables consisted of taxes, interfund receivables and accounts (billings for user charges, including unbilled utility receivables).

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



## Notes to Financial Statements

June 30, 2012

**Note 5 - Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Primary government</b>				
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	\$ 16,107,660	\$ -	\$ -	\$ 16,107,660
Construction in progress	1,355,541	1,046,977	-	2,402,518
Total nondepreciable capital assets	<u>17,463,201</u>	<u>1,046,977</u>	<u>-</u>	<u>18,510,178</u>
Depreciable capital assets				
Buildings	10,450,758	-	-	10,450,758
Infrastructure	4,445,534	171,815	-	4,617,349
Vehicles	589,608	347,921	288,855	648,674
Equipment	915,956	195,275	137,336	973,895
Total depreciable capital assets	<u>16,401,856</u>	<u>715,011</u>	<u>426,191</u>	<u>16,690,676</u>
Total capital assets	<u>33,865,057</u>	<u>1,761,988</u>	<u>426,191</u>	<u>35,200,854</u>
Accumulated depreciation:				
Buildings	(1,404,392)	(271,428)	-	(1,675,820)
Infrastructure	(392,611)	(102,983)	-	(495,594)
Vehicles	(385,609)	(104,783)	239,286	(251,106)
Equipment	(695,812)	(102,375)	125,821	(672,366)
Total accumulated depreciation	<u>(2,878,424)</u>	<u>(581,569)</u>	<u>365,107</u>	<u>(3,094,886)</u>
Total depreciable capital assets, net	<u>13,523,432</u>	<u>133,442</u>	<u>61,084</u>	<u>13,595,790</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 30,986,633</u>	<u>\$ 1,180,419</u>	<u>\$ 61,084</u>	<u>\$ 32,105,968</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated				
Land	\$ 1,537,108	\$ 9,800	\$ -	\$ 1,546,908
Construction in progress	4,408,683	1,002,682	-	5,411,365
Total nondepreciable capital assets	<u>5,945,791</u>	<u>1,012,482</u>	<u>-</u>	<u>6,958,273</u>
Depreciable capital assets:				
Buildings	1,638,179	-	-	1,638,179
Plant	48,557,692	-	-	48,557,692
Machinery and Equipment	790,854	-	-	790,854
Total depreciable capital assets	<u>50,986,725</u>	<u>-</u>	<u>-</u>	<u>50,986,725</u>
Total capital assets	<u>56,932,516</u>	<u>1,012,482</u>	<u>-</u>	<u>57,944,998</u>
Accumulated depreciation:				
Plant	(8,734,514)	(1,329,222)	-	(10,063,736)
Machinery and Equipment	(653,484)	(57,947)	-	(711,431)
Building	(150,205)	(41,105)	-	(191,310)
Total accumulated depreciation	<u>(9,538,203)</u>	<u>(1,428,274)</u>	<u>-</u>	<u>(10,966,477)</u>
Total depreciable capital assets, net	<u>41,448,522</u>	<u>(1,428,274)</u>	<u>-</u>	<u>40,020,248</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 47,394,313</u>	<u>\$ (415,792)</u>	<u>\$ -</u>	<u>\$ 46,978,521</u>

## Notes to Financial Statements

June 30, 2012

**Note 5 - Capital Assets (Continued)**

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

**Governmental activities:**

General Government	\$ 410,694
Police	169,698
Planning and development	<u>1,177</u>

Total depreciation expense-governmental activities	<u>\$ 581,569</u>
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**Business-type activities:**

Water and Sewer Fund	<u>\$ 1,428,274</u>
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**Note 6 - Construction Commitments**

The government has active construction projects as of June 30, 2012. The projects include improvements to existing lift station replacement, pumping station renovation, groundwater development and waste water interceptor projects.

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Groundwater Development	\$ 908,883	\$ 167,917
Pumping Station Renovation	430,823	259,177
Waste Water Interceptor Projects	<u>649,325</u>	<u>5,856,675</u>
	<u>\$ 1,989,031</u>	<u>\$ 6,283,769</u>

**Note 7 - Interfund Balances**

As of June 30, 2012, interfund balances consisted of the following:

<u>Receivable Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
General Fund	\$ (89,075)	\$ (579,588)	\$ (668,663)
Elimination	<u>89,075</u>	<u>579,588</u>	<u>668,663</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

## Notes to Financial Statements

June 30, 2012

**Note 8 - Interfund Transfers In/Out**

	General Fund	Special Revenue Fund	SPLOST	Nonmajor Fund	Total
Transfers in	\$ 374,515	\$ -	\$ -	\$ 10,000	\$ 384,515
Transfers out	(10,000)	(374,515)	-	-	(384,515)
Total	\$ 364,515	\$ (374,515)	\$ -	\$ 10,000	\$ -

All interfund transfers in/out is the result of excess goods or services provided, net of expenditures, for transactions recorded in the accounting period in the Special Revenue and Capital Projects funds and transferred to the General Fund for its specific purpose. Transactions recorded in the accounting period in the General Fund and Proprietary Fund were transferred to the Capital Projects funds for its specific purpose.

**Note 9 - Long-term Liabilities****Georgia Environmental Facilities Authority Note Agreements**

The Water and Sewer Fund entered into various note agreements with Georgia Environmental Facilities Authority ("GEFA") for various water and sewer projects. As of June 30, 2012, these notes were as follows:

Agreement	Interest Rate	Debt Service	Maturity Date	Original Amount	Outstanding Balance
98-L73-WS	4.10%	\$9,434/QTR	2022	\$ 513,323	\$ 289,279
99-L10-WQ	4.24%	\$4,656/Month	2024	690,218	524,941
2000-L50-WS	3.98%	\$37,123/QTR	2023	2,041,151	1,341,337
2007-L22-WS*	3.40%	\$20,958/Month	2030	4,355,000	4,567,510
2009-L16-WQ*	2.81%	\$325/Month	2028	273,436	295,965
2012 Revenue Bond	2.00%	\$14,583/Month	2027	15,880,000	15,772,299
2009-L18-WQ*	2.81%	\$1,652/Month	2035	331,253	931,210
					<u>\$ 23,722,541</u>

As of June 30, 2012, the Town's total debt service requirements to maturity under these agreements were estimated as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	2,392,518	602,542	2,995,060
2014	1,165,298	2,359,659	3,524,957
2015	1,252,240	547,520	1,799,760
2016	1,351,388	489,871	1,841,259
2017-2021	7,205,553	1,968,953	9,174,506
2022-2026	8,216,611	1,030,936	9,247,547
2027-2031	1,942,509	139,129	2,081,638
2032-2035	196,424	25,281	221,705
Total	<u>\$ 23,722,541</u>	<u>\$ 7,163,891</u>	<u>\$ 30,886,432</u>

## Notes to Financial Statements

June 30, 2012

**Note 10 - Series 2003 Revenue Bonds**

On December 30, 2003 and January 6, 2004, the Town issued Water and Sewerage System Revenue Bonds as follows:

Series	Interest Rate	Maturity Date	Original Amount	Outstanding Balance
2003A	3.70% to 4.30%	2019	\$ 7,915,000	\$ 6,660,000
2003B	4.70% to 4.75%	2027	9,540,000	9,540,000
				<u>\$ 16,200,000</u>

The Series 2003 Bonds were issued by the Town for the purpose of: (1) refunding the 1991, 1997 and 2001A revenue bonds and GEFA note; (2) financing certain improvements (the "Project") to the Town's water and sewerage system (the "System"); and (3) paying budgeted cost of issuing the Series 2003 Bonds.

The Series 2003 Bonds and any parity bonds hereafter issued are secured by and are payable from a first pledge of and lien on the revenues derived from the operation of the System after the payment of the reasonable costs of operating and maintaining the System (the "Net Revenues"). Neither the general credit nor the taxing power of State of Georgia or any political subdivision thereof, including the Town, is pledged to the payment of the Series 2003 Bonds. The Series 2003 Bonds are limited obligations of the Town and are payable solely from the net revenues. The Series 2003 Bonds do not constitute a charge, lien or encumbrance of any other property of the Town.

The Series 2003 Bond agreements contain various covenants with which the Town is in compliance.

During the year ended June 30, 2012, the basis of the Series 2003 Bonds was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Series 2003A				
Bond principal	\$ 6,660,000	\$ -	\$ (340,000)	\$ 6,320,000
Bond premium	(115,847)	-	-	(115,847)
	<u>6,544,153</u>	<u>-</u>	<u>(340,000)</u>	<u>6,204,153</u>
Series 2003A				
Bond principal	<u>9,540,000</u>	<u>-</u>	<u>-</u>	<u>9,540,000</u>
Total	<u>\$ 16,084,153</u>	<u>\$ -</u>	<u>\$ (340,000)</u>	<u>\$ 15,744,153</u>

**TOWN OF BRASELTON, GEORGIA**

**Notes to Financial Statements**

**June 30, 2012**

As of June 30, 2012, the Town's total debt service requirements to maturity under these Series 2003 Revenue Bonds were as follows:

Fiscal Year Ending June 30,	Series 2003A Bonds		Series 2003B Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 420,000	\$ 263,668	\$ -	\$ 443,325	\$ 420,000	\$ 706,993
2013	505,000	249,493	-	443,325	505,000	692,818
2014	585,000	231,312	-	443,325	585,000	674,637
2015	670,000	209,668	-	443,325	670,000	652,993
2016	750,000	184,208	-	443,325	750,000	627,533
2017-2021	3,730,000	407,040	1,100,000	2,216,625	4,830,000	2,623,665
2022-2026	-	-	6,270,000	1,421,600	6,270,000	1,421,600
2027	-	-	2,170,000	141,313	2,170,000	141,313
<b>Total</b>	<b>\$ 6,660,000</b>	<b>\$ 1,545,389</b>	<b>\$ 9,540,000</b>	<b>\$ 5,996,163</b>	<b>\$ 16,200,000</b>	<b>\$ 7,541,552</b>

**Note 11 - Series 2005 Revenue Bonds**

The Town entered into a \$5,500,000 bond agreement dated June 15, 2005 through the Urban Development Agency of the Town of Braselton for the construction of a new law enforcement center and library. The bond agreement is repayable in monthly principal installments of \$24,123 plus accrued interest thereon at 3.67% through May 15, 2025. As of June 30, 2012, the outstanding principal balance was \$4,028,509.

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 289,474	\$ 142,976	\$ 432,450
2013	289,474	132,355	421,829
2014	289,474	121,728	411,202
2015	289,474	111,104	400,578
2016	289,474	100,492	389,966
2017-2021	1,447,370	343,368	1,790,738
2022-2025	1,133,769	82,905	1,216,674
	<b>\$ 4,028,509</b>	<b>\$ 1,034,928</b>	<b>\$ 5,063,437</b>

**Note 12 - Series 2009 Revenue Bonds - Downtown Project**

The Series 2009 Bonds were issued by the Town for the purpose of; financing the costs of acquiring, constructing, and installing urban redevelopment projects (the "URP") consisting of a town green and amphitheatre and streetscape, sidewalk, and parking improvements, and related costs and necessary expenses incidental to the projects.

The Series 2009 Bonds are secured by and are payable from a first pledge and first priority security interest in, all of its right, title and interest in the URP of the Town, as defined by the bond agreement, and all revenues, payments, receipts and moneys to be received from the URP.

The Town entered into a \$5,000,000 bond agreement dated August 19, 2009 through the Urban Development Agency of the Town of Braselton. The bond agreement is repayable in quarterly principal installments plus accrued interest thereon at 4.63% through maturity on August 1, 2024. As of June 30, 2012, the outstanding principal balance was \$4,874,677.

**TOWN OF BRASELTON, GEORGIA**

**Notes to Financial Statements**

**June 30, 2012**

**Note 12 - Series 2009 Revenue Bonds - Downtown Project (Continued)**

As of June 30, 2012, the Town's total debt service requirements to maturity under these Series 2009 Revenue Bonds were as follows:

Fiscal Year Ending June 30,	Principal	Interest
2012	\$ 173,414	\$ 223,608
2013	181,113	215,404
2014	190,353	206,837
2015	199,446	165,370
2016	208,974	220,699
2017-2021	1,203,577	783,977
2022-2025	2,717,800	346,313
	<u>\$ 4,874,677</u>	<u>\$ 2,162,208</u>

During the year ended June 30, 2012, the basis of the Series 2009 Bonds was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Series 2009 Bond principal	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000

The Series 2009 Bond agreements contain various covenants with which the Town is in compliance.

**Note 13 - Series 2009 Revenue Bonds- Water and Sewerage System**

The Series 2009 Bonds were issued by the Town for the purpose of; financing certain improvements (the "Project") to the Town's water and sewerage system (the "System"); and paying budgeted cost of issuing the Series 2009 Bonds.

The Series 2009 Bonds are secured by and are payable from a first pledge and lien on the revenues derived from the operation of the System after the payment of the reasonable costs of operating and maintaining the System (the "Net Revenues"). Neither the general credit nor the taxing power of State of Georgia or any political subdivision thereof, including the Town, is pledged to the payment of the Series 2009 Bonds. The Series 2009 Bonds are limited obligations of the Town are payable solely from the net revenues. The Series 2009 Bonds do not constitute a charge, lien or encumbrance on any other property of the Town.

The Town entered into a \$10,285,000 bond agreement dated December 30, 2009. The bond agreement is repayable in annual principal installments beginning July 1, 2027 plus accrued interest thereon at a variable rate of 4.46% to 5.03% through maturity on July 1, 2035. As of June 30, 2012, the outstanding principal balance was \$10,285,000.

As of June 30, 2012, the Town's total debt service requirements to maturity under there Series 2009 Revenue Bonds were as follows:

**TOWN OF BRASELTON, GEORGIA**

**Notes to Financial Statements**

**June 30, 2012**

**Note 13 - Series 2009 Revenue Bonds - Downtown Project (Continued)**

Fiscal Year Ending June 30,	Principal	Interest
2012	\$ -	\$ 477,375
2013	-	477,375
2014	-	477,375
2015	-	477,375
2016	-	477,375
2017-2021	-	2,386,875
2022-2026	-	2,386,875
2027-2031	4,800,000	2,057,995
2032-2036	5,485,000	677,745
Total	<u>\$ 10,285,000</u>	<u>\$ 9,896,365</u>

During the year ended June 30, 2012, the basis of the Series 2009 Bonds was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Series 2009				
Bond principal	\$ 10,285,000	\$ -	\$ -	\$ 10,285,000
Bond premium	(307,377)	-	-	(307,377)
	<u>\$ 9,977,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,977,623</u>

The Series 2009 Bond agreements contain various covenants with which the Town is in compliance.

**Note 14 - Changes in Long-term Liabilities**

Changes in the Town's long-term liabilities consisted of the following for the year ended June 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Governmental Activities					
Revenue Bonds	\$ 8,903,186	\$ -	\$ -	\$ 8,903,186	\$ 462,888
Compensated absences	66,879	805	-	67,684	67,684
Total governmental	<u>8,970,065</u>	<u>805</u>	<u>-</u>	<u>8,970,870</u>	<u>530,572</u>
Business-type activities					
Revenue bonds	26,061,776	-	(340,000)	25,721,776	405,195
Notes payable	7,730,965	15,772,299	(16,200,000)	7,303,264	2,392,518
Compensated absences	36,565	-	11,436	48,001	48,001
Total business-type	<u>33,829,306</u>	<u>15,772,299</u>	<u>(16,528,564)</u>	<u>33,073,041</u>	<u>2,845,714</u>
Total	<u>\$ 42,799,371</u>	<u>\$ 15,773,104</u>	<u>\$ (16,528,564)</u>	<u>\$ 42,043,911</u>	<u>\$ 3,376,286</u>

The compensated absences liability will be paid from the fund from which the employees salaries are paid.

**TOWN OF BRASELTON, GEORGIA**

**Notes to Financial Statements**

**June 30, 2012**

**Note 15 - Interest expense**

In the government-wide statement of activities, interest expense in the governmental activities is treated as an indirect expense and is disclosed separately. In the businesses type activities, interest expense is considered a direct expense. For the year ended June 30, 2012, the interest expense charged as a direct expense in the business-type activities was \$1,306,029.

**Note 16 - Capitalized interest**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest costs incurred during the construction of facilities is capitalized as part of the cost of such facilities for business-type activities.

**Note 17 - Net Assets**

As of June 30, 2012, net assets on the government-wide statements of net assets were as follows:

	Governmental Activities	Business-type Activities	Total
Investments in capital assets, net of related debt			
Cost of capital assets	\$ 35,200,854	\$ 57,944,998	\$ 93,145,852
Less accumulated depreciation	(3,094,886)	(10,966,477)	(14,061,363)
Less notes payable	-	(7,303,264)	(7,303,264)
Less revenue bonds	(8,903,186)	(25,721,776)	(34,624,962)
Investments in capital assets, net of related debt	<u>\$ 23,202,782</u>	<u>\$ 13,953,481</u>	<u>\$ 37,156,263</u>

As of June 30, 2012, restricted cash were as follows:

	Total Government Activities
Restricted for	
Forfeitures	\$ 610,046
Jail	327,908
Traffic Court	349,814
Program purpose	5,528
Payroll	1,305
	<u>\$ 1,294,601</u>

**Note 18 - Deferred Compensation Plan**

The Town of Braselton Deferred Compensation Plan (the "Plan") was established in 1998 under a vote by the Town Council. The Plan is a defined contribution plan and is administered by PEBSO through Nationwide Mutual Insurance Company & Affiliated Companies. The Plan covers all permanent employees who have completed three years of service. The Town matches 50% of employee contributions up to 3%. Contributions made during the year ended June 30, 2012 were \$36,484 by employees and \$16,346 by the Town.



**TOWN OF BRASELTON, GEORGIA****Notes to Financial Statements****June 30, 2012****Note 19 - Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has joined the Georgia Interlocal Risk Management Agency ("GIRMA"). This membership allows the Town to share liability, crime, motor vehicle and property damage risks.

Chapter 85 Title 36 of the Official Code of Georgia Annotated ("OCGA") authorizes Georgia municipalities to form interlocal risk management agencies. The GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities. GIRMA establishes and administers one of more group self-insurance funds and a risk management service to prevent and lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA in accordance with the member government and related coverage descriptions, is to defend and protect any member of GIRMA against liability or loss.

The Town must participate at all times in at least one fund established by GIRMA. The Town retains the first \$1,000 of each risk of loss in the form of a deductible. The Town files all claims with GIRMA. GIRMA bills the Town for any risk of loss up to the \$1,000 deductible.

The basis for estimating the liabilities for unpaid claims that have been incurred but not reported is established by an actuary. As of June 30, 2011, the Town is not aware of any claims that the Town is liable. No provisions have been made in the financial statements for the year ended June 30, 2011 for any estimate of unpaid claims.

There were no significant reductions in insurance coverage from prior year and there have been no settlements that exceeded the Town's insurance coverage during the past three years.

The Town is a member of the Georgia Municipal Association Self-Insurance Workers' Compensation Fund (the "Fund"), a risk sharing public entity risk pool. The Fund was created to provide its members when an alternative method in which to finance their workers' compensation coverage. The Fund purchases excess insurance to protect the Fund from catastrophic losses and for any unexpected increase in frequency of smaller claims.

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

The Fund is to defend and protect its members against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The Fund is to pay all costs assessed 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.

**TOWN OF BRASELTON, GEORGIA****Notes to Financial Statements****June 30, 2012****Note 20 - Joint Venture**

Under Georgia law, the Town in conjunction with other municipalities and counties in the Northeast Georgia area, is a member of the Georgia Mountains Regional Development Center ("RDC") and is required to pay dues thereto, which Jackson County pays on behalf of the Town. Additionally, the Town, in conjunction with other municipalities around the Metropolitan Atlanta, Georgia area, is a member of the Atlanta Regional Commission ("ARC") and is required to pay annual dues thereto. Membership in these organizations is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for their organizational structure. The RDC and ARC Board memberships include the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the governments are liable for any debts or obligations of these organizations. Separate financial statements may be obtained from the Northeast Georgia RDC, 305 Research Drive, Athens, GA 30605-2795. Separate financial statements may be obtained from ARC, 40 Courtland Street NE, Atlanta, GA 30303.

**Note 21 - Special Purpose Local Option Sales Taxes**

On August 20, 1999, Jackson County approved a special county one percent sales and use tax for the purpose of: (1) capital outlay projects for water and sewer; (2) capital outlay projects for parks and recreation facilities; (3) public safety facilities for fire departments; and (4) road, street and bridge purposes, including sidewalks. The Jackson County Board of Commissioners will divide all monies with the appropriate and qualified municipalities of Jackson County and the Jackson County Water and Sewer Authority as allowed by OCGA Title 48, Chapter 8. The Town will share in 1.28% of the proceeds of the special one percent sales and use tax.

On March 15, 2006, Jackson County approved a special county one percent sales and use tax for the purpose of: (1) capital outlay projects for water and sewer; (2) capital outlay projects for parks and recreation facilities; (3) public safety facilities for fire departments; (4) a county jail; and (5) road, street and bridge purposes, including sidewalks. The Jackson County Board of Commissioners will divide all monies with the appropriate and qualified municipalities of Jackson County and the Jackson County Water and Sewer Authority as allowed by OCGA Title 48, Chapter 8.

On November 2, 2004, Gwinnett County approved a special county one percent sales and use tax for the purpose of: (1) new capital projects; (2) infrastructure improvements; and (3) park and recreational capital improvements. The Gwinnett County Board of Commissioners will divide all monies with the appropriate and qualified municipalities of Gwinnett County as allowed by OCGA Title 48, Chapter 8.

On March 2, 2004, Hall County approved a special county one percent sales and use tax for the purpose of: (1) road and street improvements; (2) county parks; (3) public safety facilities for new detention center and fire departments; (4) landfill improvements; and (5) municipal projects. The Hall County Board of Commissioners will divide all monies with the appropriate and qualified municipalities of Hall County as allowed by OCGA Title 48, Chapter 8.

On March 15, 2006, Barrow County approved a special county one percent sales and use tax for the purpose of: (1) capital outlay projects for water and sewer; (2) capital outlay projects for parks and recreation facilities; (3) capital outlay for libraries, and for (4) road, street and bridge purposes, including sidewalks. The Barrow County Board of Commissioners will divide all monies with the appropriate and qualified municipalities of Barrow County as allowed by OCGA Title 48, Chapter 8. The Town will share in 3.83 percent of the proceeds of the special one percent sales and use tax.

**TOWN OF BRASELTON, GEORGIA****Notes to Financial Statements****June 30, 2012****Note 22 - Hotel/Motel Taxes**

The Town levies a 5% lodging tax. OCGA 48-13-51 requires all lodging taxes levied in excess of 3% be expended or obligated contractually for the promotion of tourism, conventions or trade shows. Accordingly, 2% has been expended or held in the special revenue fund and the balance was transferred to the General Fund to fund general expenditures of the Town. For the year ended June 30, 2012, one operator accounted for approximately 83% of the total hotel/motel tax revenue.

**Note 23 - Water and Sewer Fund Information**

As of June 30, 2012, the Water and Sewer Fund had 4,004 water users and 2,420 sewer users. As a general rule, the Town adjusts water and sewer rate schedules at the beginning of each fiscal year.

**Note 24 - Contingencies**

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 arising in the course of Town operations. In the opinion of Town management, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

## TOWN OF BRASELTON, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2012

REVENUES	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Taxes	1,878,500	2,047,754	\$ 2,047,754	\$ -
Licenses and permits	412,400	286,474	286,474	-
Fines and forfeitures	350,000	1,342,306	1,342,306	-
Investment earnings	45,000	21,249	21,249	-
Rental	92,000	67,275	67,275	-
Intergovernmental revenues	-	529,839	529,839	-
Miscellaneous	56,000	64,528	64,528	-
<b>TOTAL REVENUES</b>	<b>2,833,900</b>	<b>4,359,425</b>	<b>4,359,425</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current:				
General government	443,352	408,242	408,242	-
Court costs	109,629	115,213	115,213	-
Police department	1,132,779	1,331,184	1,331,184	-
Street department	88,104	65,968	65,968	-
Parks and tennis center	3,904	4,362	4,362	-
Library	178,650	218,765	218,765	-
Planning and development	388,408	372,666	372,666	-
Debt service	-	367,358	367,358	-
Economic development	199,321	102,323	102,323	-
<b>TOTAL EXPENDITURES</b>	<b>2,544,147</b>	<b>2,986,081</b>	<b>2,986,081</b>	<b>-</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>289,753</b>	<b>1,373,344</b>	<b>1,373,344</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	374,515	374,515	-
Transfers Out	(10,000)	(10,000)	(10,000)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(10,000)</b>	<b>364,515</b>	<b>364,515</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 279,753</b>	<b>\$1,737,859</b>	<b>1,737,859</b>	<b>\$ -</b>
FUND BALANCE, Beginning			\$ 3,655,589	
<b>FUND BALANCE, Ending</b>			<b>\$ 5,393,448</b>	

## TOWN OF BRASELTON, GEORGIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - SPECIAL REVENUE FUND

For the Year Ended June 30, 2012

REVENUES	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Hotel tax	\$ 290,000	\$ 621,641	\$ 621,641	\$ -
Interest income	2,500	262	262	-
Intergovernmental	35,000	16,280	16,280	-
Other	10,000	8,447	8,447	-
<b>TOTAL REVENUES</b>	<u>337,500</u>	<u>646,630</u>	<u>646,630</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Tourism department	646	5,771	5,771	-
Public relations and special events	150,000	127,676	127,676	-
Festival and hardscape improvements	25,000	16,514	16,514	-
Transportation improvements	40,000	38,349	38,349	-
Utilities	5,500	2,358	2,358	-
Marketing	89,354	147,100	147,100	-
Supplies	1,500	621	621	-
Historical repairs and maintenance	25,500	2,810	2,810	-
<b>TOTAL EXPENDITURES</b>	<u>337,500</u>	<u>341,199</u>	<u>341,199</u>	<u>-</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>305,431</u>	<u>305,431</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In		-	-	-
Transfers Out	-	(374,515)	(374,515)	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>(374,515)</u>	<u>(374,515)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (69,084)</u>	<u>(69,084)</u>	<u>\$ -</u>
FUND BALANCE, Beginning			<u>42,740</u>	
<b>FUND BALANCE, Ending</b>			<u>\$ (26,344)</u>	

## TOWN OF BRASELTON, GEORGIA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND**

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	-	444,909	\$ 444,909	\$ -
Interest income	-	389	389	-
<b>TOTAL REVENUES</b>	-	445,298	445,298	-
<b>EXPENDITURES</b>				
Current:				
Parks and recreation	-	7,166	7,166	-
Roads and bridges	-	286,472	286,472	-
<b>TOTAL EXPENDITURES</b>	-	293,638	293,638	-
<b>EXPENDITURES OVER REVENUES</b>	-	151,660	151,660	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out		(3,443)	-	3,443
<b>TOTAL OTHER FINANCING SOURCES</b>	-	(3,443)	-	3,443
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ 148,217	151,660	\$ 3,443
FUND BALANCE, Beginning			1,315,919	
<b>FUND BALANCE, Ending</b>			\$ 1,467,579	

**TOWN OF BRASELTON, GEORGIA****Notes to Required Supplementary Information****June 30, 2012****Note 1 Budgetary Information**

The Town adopts an annual operating budget for all funds. The budget resolution reflects the total of each department's appropriation in each fund. The governmental fund budgets are adopted on a GAAP basis. Revenues and expenditures are reported on a GAAP basis.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each function within each individual fund. Any change in total to a fund or departmental appropriation within a fund requires approval of the Town Council.

The Town Manager may approve budget transfers within departments, limited to \$5,000. Any transfers within the department in excess of \$5,000 require approval of the Town Council.

All unexpended, unencumbered annual appropriations lapse at year-end.

**TOWN OF BRASELTON, GEORGIA**  
**BALANCE SHEET - GENERAL FUND**

June 30, 2012

<b>ASSETS</b>	
Cash and cash equivalents	\$ 315,126
Receivables	
Account	13,828
Sales taxes	65,721
Interfund receivable	652,274
Prepaid items	146,429
Restricted cash	<u>2,617,659</u>
 TOTAL ASSETS	 <u><u>\$ 3,811,037</u></u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 39,839
Deposits payable	27,000
Accrued expenditures	338,774
 TOTAL LIABILITIES	 <u>405,613</u>
 <b>FUND BALANCE</b>	
Restricted For:	
Prepaid items	146,429
Program purposes	2,617,659
Unassigned	<u>641,336</u>
 TOTAL FUND BALANCE	 <u>3,405,424</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 3,811,037</u></u>

The accompanying notes are an integral part of this statement



**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GENERAL FUND**

**For the Year Ended June 30, 2012**

<b>REVENUES</b>	
Taxes	\$ 2,047,754
License and permits	286,474
Fines and forfeitures	1,342,306
Investment earnings	21,249
Rental	67,275
Intergovernmental revenues	529,839
Miscellaneous	<u>64,528</u>
<b>TOTAL REVENUES</b>	<u><b>4,359,425</b></u>
<b>EXPENDITURES</b>	
Current:	
General Government	408,242
Court costs	115,213
Police department	1,331,184
Street department	65,968
Parks and Tennis Center	4,362
Library	218,765
Planning and development	372,666
Debt Service	367,358
Economic Development	<u>102,323</u>
<b>TOTAL EXPENDITURES</b>	<u><b>2,986,081</b></u>
<b>EXPENDITURES OVER REVENUES</b>	<u><b>1,373,344</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers In	374,515
Transfers Out	(10,000)
Bond proceeds and other financing sources	<u>(1,988,024)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u><b>(1,623,509)</b></u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(250,165)</b>
<b>FUND BALANCE, Beginning</b>	<u><b>3,655,589</b></u>
<b>FUND BALANCE, Ending</b>	<u><u><b>\$ 3,405,424</b></u></u>

The accompanying notes are an integral part of this statement

**TOWN OF BRASELTON, GEORGIA**  
**BALANCE SHEET - SPECIAL REVENUE FUND**

June 30, 2012

<b>ASSETS</b>	
Cash	\$ 18,915
Taxes receivable	<u>45,651</u>
TOTAL ASSETS	<u>\$ 64,566</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,865
Interfund payable	<u>89,045</u>
TOTAL LIABILITIES	<u>90,910</u>
<b>FUND BALANCE</b>	
Reserved for program purposes	<u>(26,344)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 64,566</u>

The accompanying notes are an integral part of this statement

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - SPECIAL REVENUE FUND**

**For the Year Ended June 30, 2012**

<b>REVENUES</b>	
Hotel tax	\$ 621,641
Interest income	262
Intergovernmental	16,280
Other	<u>8,447</u>
<b>TOTAL REVENUES</b>	<u><u>646,630</u></u>
<b>EXPENDITURES</b>	
Current:	
Tourism department	5,771
Public relations and special events	127,676
Festival and hardscape improvements	16,514
Transportation improvements	38,349
Utilities	2,358
Marketing	147,100
Supplies	621
Historical repairs and maintenance	2,810
<b>TOTAL EXPENDITURES</b>	<u><u>341,199</u></u>
<b>REVENUES OVER EXPENDITURES</b>	305,431
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers In	-
Transfers Out	<u>(374,515)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(69,084)
<b>FUND BALANCE, Beginning</b>	<u>42,740</u>
<b>FUND BALANCE, Ending</b>	<u><u>\$ (26,344)</u></u>

The accompanying notes are an integral part of this statement

**TOWN OF BRASELTON, GEORGIA**  
**BALANCE SHEET - CAPITAL PROJECTS FUND**

June 30, 2012

<b>ASSETS</b>	
SPLOST receivable	\$ 65,105
Restricted Assets- Cash	<u>1,402,474</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,467,579</u></u>
<b>LIABILITIES</b>	
<b>TOTAL LIABILITIES</b>	<u>-</u>
<b>FUND BALANCE</b>	
Reserved for program purposes	<u>1,467,579</u>
<b>TOTAL FUND BALANCE</b>	<u><u>1,467,579</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 1,467,579</u></u>

The accompanying notes are an integral part of this statement

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - CAPITAL PROJECTS FUND**

**For the Year Ended June 30, 2012**

<b>REVENUES</b>	
Intergovernmental revenues	\$ 444,909
Interest income	389
<b>TOTAL REVENUES</b>	<u>445,298</u>
<b>EXPENDITURES</b>	
Current:	
Parks and recreation	7,166
Roads and bridges	286,472
<b>TOTAL EXPENDITURES</b>	<u>293,638</u>
<b>NET CHANGE IN FUND BALANCE</b>	151,660
<b>FUND BALANCE, Beginning</b>	<u>1,315,919</u>
<b>FUND BALANCE, Ending</b>	<u><u>\$ 1,467,579</u></u>

The accompanying notes are an integral part of this statement

**WAYNE IVEY BOWEN**  
CERTIFIED PUBLIC ACCOUNTANT  
529 GREEN STREET - P.O. BOX 2335  
GAINESVILLE, GEORGIA 30503

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**February 27, 2013**

**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 Town Council  
Town of Braselton  
Braselton, Georgia**

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and nonmajor fund information of the Town of Braselton, Georgia as of and for the year ended June 30, 2012, which collectively comprises the Town of Braselton, Georgia's basic financial statements and have issued my report thereon dated February 27, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered the Town of Braselton, Georgia's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Braselton, Georgia's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

This report is intended solely for the information and use of the audit committee, management, others within the organization and the Town Council of the Town of Braselton, Georgia, and pass-thru entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Wayne Howen", is centered above a horizontal line.

**Certified Public Accountant**

**WAYNE IVEY BOWEN**  
CERTIFIED PUBLIC ACCOUNTANT  
529 GREEN STREET - P.O. BOX 2335  
GAINESVILLE, GEORGIA 30503

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**February 27, 2013**

**INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULES OF  
SPECIAL PURPOSE LOCAL OPTION SALES TAX**

**Honorable Mayor and Town Council  
Town of Braselton  
Braselton, Georgia**

I have audited the accompanying Schedules of Special Purpose Local Option Sales Tax for the Town of Braselton, Georgia for the year ended June 30, 2012. The schedule is the responsibility of the Town of Braselton, Georgia's management. My responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Schedule of Special Purpose Local Option Sales Tax is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. I believe that my audit provides a reasonable basis for my opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting and are not intended to be a complete presentation of the Town of Braselton's revenues and expenditures.

In my opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, and the current and prior year expenditures for each project of the Town of Braselton, Georgia's resolution or ordinance calling for the tax for the year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.



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**Certified Public Accountant**



## TOWN OF BRASELTON, GEORGIA

## Schedule of Special Purpose Local Option Sales Tax

For the year ended June 30, 2012

Project	Original Estimated Cost	Current Estimated Cost	Expenditures		
			Prior Year	Current Year	Total
Jackson County (1999)					
Water and sewer capital outlays	\$ 403,200	\$ 403,200	\$ 464,567	\$ -	\$ 464,567
Roads, streets and bridges	132,480	172,960	172,960	-	172,960
Recreation	31,680	36,311	36,311	65	36,376
	<u>567,360</u>	<u>612,471</u>	<u>673,838</u>	<u>65</u>	<u>673,903</u>
Jackson County (2004)					
Roads, streets and bridges	<u>678,512</u>	<u>678,512</u>	<u>664,989</u>	<u>109,744</u>	<u>774,733</u>
Gwinnett County (2009)					
Roads, streets and bridges	<u>230,899</u>	<u>230,899</u>	<u>57</u>	<u>-</u>	<u>57</u>
Gwinnett County (2004)					
Roads, streets and bridges	<u>305,867</u>	<u>305,867</u>	<u>-</u>	<u>113,983</u>	<u>113,983</u>
Gwinnett County (2001)					
Roads, streets and bridges	184,571	238,426	130,649	60,302	190,951
Park and recreation	184,571	238,426	199,015	1,408	200,423
	<u>369,142</u>	<u>476,852</u>	<u>329,664</u>	<u>61,710</u>	<u>391,374</u>
Hall County (2004)					
Roads, streets and bridges	<u>6,046</u>	<u>6,046</u>	<u>1,824</u>	<u>-</u>	<u>1,824</u>
Hall County (2009)					
Streetscapes	<u>32,000</u>	<u>32,000</u>	<u>57</u>	<u>2,443</u>	<u>2,500</u>
Barrow County (2006)					
Sewer capital outlay	263,766	263,766	-	-	-
Roads, streets and bridges	263,766	263,766	-	-	-
Recreation	351,688	351,688	-	5,693	-
	<u>879,220</u>	<u>879,220</u>	<u>-</u>	<u>5,693</u>	<u>-</u>
	<u>\$ 3,069,046</u>	<u>\$ 3,221,867</u>	<u>\$ 1,670,429</u>	<u>\$ 293,638</u>	<u>\$ 1,958,374</u>