

TOWN OF BRASELTON, GEORGIA.

FINANCIAL STATEMENTS

JUNE 30, 2014

BROWN, *NELMS* & Co., CPAs

CERTIFIED PUBLIC ACCOUNTANTS

300 Finance Avenue

Peachtree City, Georgia 30269

# TOWN OF BRASELTON, GEORGIA

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# BROWN, *NELMS* & Co., P.C.

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### **INDEPENDENT AUDITORS' REPORT**

December 17, 2014

To the Honorable Mayor, Town Council and Manager  
Town of Braselton, Georgia

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Town of Braselton, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Town of Braselton, Georgia, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in note 26 to the financial statements, in 2014 the Town adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to the mater.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 13 and 47 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Braselton's basic financial statements. The balance sheet and statement of revenues, expenditures and changes in fund balance for general fund, special revenue fund, and capital projects are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying schedule of expenditures of special purpose local option sales tax proceeds is presented for purpose of additional analysis as required by the Official Code of Georgia 48-8-21, and is not a required part of the basic financial statements.

The balance sheet and statement of revenues, expenditures and changes in fund balance for general fund, special revenue fund, and capital projects and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the balance sheet and statement of revenues, expenditures and changes in fund balance for general fund, special revenue fund, and capital projects is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2014, on our consideration of the Town of Braselton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Braselton, Georgia's internal control over financial reporting and compliance.

*Brown, Nelms & Co., P.C.*

Brown, Nelms & Co., P.C.  
Certified Public Accountants  
Peachtree City, Georgia

# **Town of Braselton, Georgia**

## **Management's Discussion and Analysis**

**June 30, 2014**

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, 2014. 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 \$45,799,146 (net position) for the fiscal year reported. The Town's net position increased slightly by \$567,514.

The Town's investment in capital assets, net, increased by \$247,970 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 General Revenues increased \$801,611 over the previous year. This is mainly due to the increase in economic activity resulting in increased tax revenues.

Governmental Activities expenses increased by \$1,090,033. This increase was primarily due to increase in interest costs, as the Town completed major projects involving roads and Downtown redevelopment. There was also substantial capital expenditures for the Braselton Brother's Store Renovations.

Business-type activities revenues increased by \$1,088,867 or approximately 20% from FYE 2013, due to increased sales and fees along with increase in usage.

Business-type expenses increased by \$359,711 or about 6 %. This is mostly due to increase in water purchased due to increase in usage. The Town is working to increase its well water production which should decrease the Town's cost of water substantially in the future.

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, 2014

### 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 Position*. 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 position*. 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.



# **Town of Braselton, Georgia**

## **Management's Discussion and Analysis**

**June 30, 2014**

### **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.

## Town of Braselton, Georgia

### Management's Discussion and Analysis

June 30, 2014

#### 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 position at fiscal year-end is \$45,799,146. The following table provides a summary of the Town's net position:

	Governmental Activities		Business-Type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Cash and Investments	\$ 3,398,328	\$ 3,651,471	\$ 2,805,134	\$ 2,981,534	\$ 6,203,462	\$ 6,633,005
Other Current Assets	1,048,684	1,115,073	508,366	330,615	1,557,050	1,445,688
Capital Assets	34,481,816	33,717,620	45,343,177	45,859,403	79,824,993	79,577,023
Deferred outflows	-	81,197	945,329	1,584,612	945,329	1,665,809
<b>Total Assets</b>	<b>38,928,828</b>	<b>38,565,361</b>	<b>49,602,006</b>	<b>50,756,164</b>	<b>88,530,834</b>	<b>89,321,525</b>
<b>Liabilities</b>						
Current Liabilities	1,042,690	1,146,779	2,272,916	1,789,091	3,315,606	\$ 2,935,870
Long- Term Liabilities	6,970,901	7,480,321	32,445,181	33,673,702	39,416,082	41,154,023
<b>Total Liabilities</b>	<b>8,013,591</b>	<b>8,627,100</b>	<b>34,718,097</b>	<b>35,462,793</b>	<b>42,731,688</b>	<b>44,089,893</b>
<b>Net Position:</b>						
Invested in Capital Assets, Net of Debt	27,028,496	25,784,473	12,062,163	11,412,919	39,090,659	37,197,392
Restricted	3,333,158	3,482,876	2,634,494	2,887,645	5,967,652	6,370,521
Unrestricted	553,583	670,912	187,252	992,807	740,835	1,663,719
<b>Total Net Position</b>	<b>\$ 30,915,237</b>	<b>\$ 29,938,261</b>	<b>\$ 14,883,909</b>	<b>\$ 15,293,371</b>	<b>\$ 45,799,146</b>	<b>\$ 45,231,632</b>
<b>Net Increase (decrease) from Prior Year</b>	<b>\$ 976,976</b>		<b>\$ (409,462)</b>		<b>\$ 567,514</b>	

The Town's Net Assets remain adequate to meet the Town's needs, growing by \$567,514 for the fiscal year.

**Town of Braselton, Georgia**

**Management's Discussion and Analysis**

**June 30, 2014**

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

<b>Revenues</b>	Governmental Activities		Business-Type Activities		Total Government	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Program Revenues						
Charges for Services	\$ 1,866,017	\$ 1,549,814	\$ 6,241,166	\$ 5,152,098	\$ 8,107,183	\$ 6,701,912
Operating Grants/Interest	500,000	480,609	-	-	500,000	480,609
Capital Grants/Contributions	602,846	735,315	-	-	602,846	735,315
General						
Taxes	3,319,911	2,715,546	-	-	3,319,911	2,715,546
Miscellaneous	35,913	41,792	15,012	16,342	50,925	58,134
<b>Total Revenues</b>	<b>6,324,687</b>	<b>5,523,076</b>	<b>6,256,178</b>	<b>5,168,440</b>	<b>12,580,865</b>	<b>10,691,516</b>
Program Expenses						
General Government	903,130	883,877	-	-	903,130	883,877
Police/Courts	1,803,472	1,819,524	-	-	1,803,472	1,819,524
Streets/Transportation	603,607	133,283	-	-	603,607	133,283
Parks and Recreation	6,080	3,720	-	-	6,080	3,720
Library	195,754	183,634	-	-	195,754	183,634
Planning and Development	377,511	398,707	-	-	377,511	398,707
Economic Development	715,905	118,405	-	-	715,905	118,405
Tourism/Special Events	336,004	311,829	-	-	336,004	311,829
Interest	325,051	323,502	-	-	325,051	323,502
Water and Sewer	-	-	6,155,736	5,796,025	6,155,736	5,796,025
<b>Total Expenses</b>	<b>5,266,514</b>	<b>4,176,481</b>	<b>6,155,736</b>	<b>5,796,025</b>	<b>11,422,250</b>	<b>9,972,506</b>
<b>Change in Net Position</b>	<b>\$ 1,058,173</b>	<b>\$ 1,346,595</b>	<b>\$ 100,442</b>	<b>\$ (627,585)</b>	<b>\$ 1,158,615</b>	<b>\$ 719,010</b>
Beginning Net Position	29,938,261	28,591,666	15,293,371	15,920,956	45,231,632	44,512,622
PY Bond Issuance Cost adj	(81,197)	-	(509,904)	-	(591,101)	-
<b>Ending Net Position</b>	<b>\$ 30,915,237</b>	<b>\$ 29,938,261</b>	<b>\$ 14,883,909</b>	<b>\$ 15,293,371</b>	<b>\$ 45,799,146</b>	<b>\$ 45,231,632</b>

\* See Note 26

# **Town of Braselton, Georgia**

## **Management's Discussion and Analysis**

**June 30, 2014**

### **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. Primary Government revenues including charges for services, fees, taxes and all other revenues, (including grants and contributed capital for 2013 were \$5,523,076 as compared to \$6,324,687 in 2014 for an increase of \$801,611.

### **Business-type Activities**

The major proprietary fund is the Town's water and sewer utility fund. The operating revenues for this fund increased from \$5,157,598 in 2013 to \$6,246,466 or approximately 20 % in 2014. In contrast, operating costs increased by only 8%. 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 \$2,246,442 at the end of 2014 as compared to a balance of \$2,371,035 at the end of 2013, representing an decrease of \$124,593 or approximately 5% decrease. This was due to the Town's investment in capital projects including road improvements and economic development. As the next paragraph shows, this number changes dramatically when capital expenditures are capitalized and reconciled to GASB 34 standards.

Assets of the Capital Projects Fund (SPLOST) increased from \$1,891,979 in 2013 to \$1,994,002 in 2014, for an increase of 5%. The total, for all Governmental Funds, (including the General Fund, the Special Projects Fund, The Special Revenue Fund (Hotel/Motel Tax) and the Downtown Development Fund (a non major fund)), balance decreased by only \$187,139 and when capital expenditures were capitalized and reconciled to GASB 34 standards, the change in net position for all Governmental Funds was actually an increase of \$1,058,173. This occurred because although there were large expenditures, the expenditures consisted of capital outlay investments in infrastructure and did not represent excessive operating expenses.

The Government Fund 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 up slightly from 2013. Year 2013 revenues were \$648,690 whereas 2014 revenues were \$754,026. Revenues from this fund come primarily from hotel/motel tax.

## Town of Braselton, Georgia

### Management's Discussion and Analysis

June 30, 2014

#### *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 50% more revenues than estimated in original budget. For the total general fund budget, expenditures exceeded original appropriations by approximately 50%, 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 and an increase in the economy. 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 in the audit document.

**Town of Braselton, Georgia**

**Management's Discussion and Analysis**

**June 30, 2014**

**Capital Assets**

The Town's investment in capital assets, net of accumulated depreciation, for all activities as of June 30, 2014 was \$79,824,993 which is an increase from the prior year's \$79,577,023. The Town did take advantage of below market contractor pricing to invest in water and sewer infrastructure. See the Notes section 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	
	2014	2013	2014	2013	2014	2013
Non-depreciable Assets						
Land	\$ 16,107,660	\$ 16,107,660	\$ 1,630,810	\$ 1,569,488	\$ 17,738,470	\$ 17,677,148
Construction In Progress	959,807	1,150,928	2,107,144	1,440,465	3,066,951	2,591,392
Total Non-depreciable Assets	<u>17,067,467</u>	<u>17,258,588</u>	<u>3,737,954</u>	<u>3,009,953</u>	<u>20,805,421</u>	<u>20,268,540</u>
Depreciable Assets						
Buildings	11,136,485	10,934,274	1,649,919	1,638,179	12,786,404	12,572,453
Infrastructure	8,855,457	7,486,908	-	-	8,855,457	7,486,908
Vehicles	697,663	697,663	-	-	697,663	697,663
Machinery/Equipment	1,027,108	988,972	956,238	885,288	1,983,346	1,874,261
Plant	-	-	52,885,072	52,781,880	52,885,072	52,781,880
Total Depreciable Assets	<u>21,716,713</u>	<u>20,107,817</u>	<u>55,491,229</u>	<u>55,305,347</u>	<u>77,207,942</u>	<u>75,413,165</u>
Less Accumulated Depreciation	<u>(4,302,364)</u>	<u>(3,648,785)</u>	<u>(13,886,006)</u>	<u>(12,455,897)</u>	<u>(18,188,370)</u>	<u>(16,104,682)</u>
Book Value - Depreciable Assets	<u>\$ 34,481,816</u>	<u>\$ 33,717,620</u>	<u>\$ 45,343,177</u>	<u>\$ 45,859,403</u>	<u>\$ 79,824,993</u>	<u>\$ 79,577,023</u>

**Town of Braselton, Georgia**  
**Management's Discussion and Analysis**

**June 30, 2014**

**Capital Assets (Continued)**

The following table reconciles the change in capital assets:

	Governmental Activities	Business-Type Activities	Total Government
Beginning Balance	\$ 33,717,620	\$ 45,859,403	\$ 79,577,023
Additions	1,608,896	913,883	2,522,779
Retirement	(191,121)	-	(191,121)
Depreciation Expense	(653,579)	(1,430,109)	(2,083,688)
Ending Balance	<u>\$ 34,481,816</u>	<u>\$ 45,343,177</u>	<u>\$ 79,824,993</u>

**Long-term Debt**

At the end of the fiscal year, the Town had \$40,858,199 in outstanding debt as compared to \$42,500,988 in FY 2013. This included \$1,880,642 due in one year. Approximately 82% of the debt is attributable to business-type activities for water/sewer infrastructure.

	Outstanding June 30, 2013	Additions	Reductions	Outstanding June 30, 2014	Amount Due in One Year
<b>Governmental</b>					
Bonds	\$ 7,933,146	-	\$ (479,826)	\$ 7,453,320	\$ 488,919
Compensated Absences	70,404	-	(6,067)	64,337	64,337
<b>Total Government</b>	<u>8,003,550</u>	<u>-</u>	<u>(485,893)</u>	<u>7,517,657</u>	<u>553,256</u>
<b>Business-type</b>					
Revenue Bonds	26,334,435	-	(762,368)	25,572,067	850,000
Notes Payable	8,112,049	-	(403,102)	7,708,947	417,858
Compensated Absences	50,954	8,574	-	59,528	59,528
<b>Total Business-type</b>	<u>34,497,438</u>	<u>8,574</u>	<u>(1,165,470)</u>	<u>33,340,542</u>	<u>1,327,386</u>
<b>Total</b>	<u>\$ 42,500,988</u>	<u>\$ 8,574</u>	<u>\$ (1,651,363)</u>	<u>\$ 40,858,199</u>	<u>\$ 1,880,642</u>

Please see note 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.

## **Town of Braselton, Georgia**

### **Management's Discussion and Analysis**

**June 30, 2014**

#### **Economic Conditions Affecting the Town**

The Town of Braselton remains in an adequate financial position in an improving 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 experiencing some commercial growth and residential growth is rebounding. The Town's tax digest, after declining somewhat in recent years showed a slight increase this year and 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 2015 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 POSITION**

**JUNE 30, 2014**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 285,564	\$ 170,640	\$ 456,204
Receivables, net of allowance for uncollectibles			
Accounts receivable, net	442,853	923,303	1,366,156
Internal balances	492,223	(492,223)	-
Prepaid items	113,608	77,286	190,894
<b>Restricted assets</b>			
Cash and cash equivalents	3,112,764	143,669	3,256,433
Investments	-	2,490,825	2,490,825
<b>Capital assets</b>			
Nondepreciable capital assets	17,067,467	3,737,954	20,805,421
Depreciable capital assets, net	<u>17,414,349</u>	<u>41,605,223</u>	<u>59,019,572</u>
<b>Total assets</b>	<u>38,928,828</u>	<u>48,656,677</u>	<u>87,585,505</u>
<b>Deferred outflows of resources</b>			
Deferred charges on refunding	<u>-</u>	<u>945,329</u>	<u>945,329</u>
<b>Current liabilities</b>			
Accounts payable	116,944	495,347	612,291
Accrued expenditures	372,490	-	372,490
Compensated absences	64,337	59,528	123,865
Accrued interest	-	450,183	450,183
Revenue bonds, current	488,919	850,000	1,338,919
Notes payable, current	<u>-</u>	<u>417,858</u>	<u>417,858</u>
<b>Total current liabilities</b>	<u>1,042,690</u>	<u>2,272,916</u>	<u>3,315,606</u>
<b>Long-term liabilities</b>			
Revenue bonds, net of current	6,964,401	24,722,067	31,686,468
Notes payable, net of current portion	-	7,291,089	7,291,089
Deposits payable	<u>6,500</u>	<u>432,025</u>	<u>438,525</u>
	<u>6,970,901</u>	<u>32,445,181</u>	<u>39,416,082</u>
<b>Total liabilities</b>	<u>8,013,591</u>	<u>34,718,097</u>	<u>42,731,688</u>
<b>Net position</b>			
Net investment in capital assets	27,028,496	12,062,163	39,090,659
Restricted for			
Transportation and public works	2,171,754	143,669	2,315,423
Debt service	-	2,490,825	2,490,825
Community redevelopment	185,140	-	185,140
Law enforcement	966,746	-	966,746
Other purposes	9,518	-	9,518
Unrestricted	<u>553,583</u>	<u>187,252</u>	<u>740,835</u>
<b>Total net position</b>	<u>\$ 30,915,237</u>	<u>\$ 14,883,909</u>	<u>\$ 45,799,146</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>FUNCTIONS/PROGRAMS</b>	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>PRIMARY GOVERNMENT:</b>							
<i>GOVERNMENTAL ACTIVITIES</i>							
General government	\$ 903,130	\$ 171,010	\$ -	\$ -	\$ (732,120)	\$ -	\$ (732,120)
Court costs	123,549	484,698	-	-	361,149	-	361,149
Police department	1,679,923	685,803	-	-	(994,120)	-	(994,120)
Street department	603,607	60,802	495,387	500,000	452,582	-	452,582
Parks and tennis courts	6,080	3,350	107,459	-	104,729	-	104,729
Library	195,754	8,700	-	-	(187,054)	-	(187,054)
Planning and development	377,511	418,776	-	-	41,265	-	41,265
Economic development	715,905	23,545	-	-	(692,360)	-	(692,360)
Tourism fund	336,004	9,333	-	-	(326,671)	-	(326,671)
Interest expense	325,051	-	-	-	(325,051)	-	(325,051)
Total Governmental Activities	<u>5,266,514</u>	<u>1,866,017</u>	<u>602,846</u>	<u>500,000</u>	<u>(2,297,651)</u>	<u>-</u>	<u>(2,297,651)</u>
<i>BUSINESS-TYPE ACTIVITIES</i>							
Water and Sewer Fund	6,155,736	6,241,166	-	-	-	85,430	85,430
Total Primary Government	<u>\$ 11,422,250</u>	<u>\$ 8,107,183</u>	<u>\$ 602,846</u>	<u>\$ 500,000</u>	<u>(2,297,651)</u>	<u>85,430</u>	<u>(2,212,221)</u>
GENERAL REVENUES							
					93,325	5,300	98,625
					643,849	-	643,849
					166,837	-	166,837
					725,717	-	725,717
					157,129	-	157,129
					2,654	-	2,654
					403,860	-	403,860
					744,590	-	744,590
					381,950	-	381,950
					1,372	6,012	7,384
					-	3,700	3,700
					34,541	-	34,541
					<u>3,355,824</u>	<u>15,012</u>	<u>3,370,836</u>
					1,058,173	100,442	1,158,615
					<u>29,857,064</u>	<u>14,783,467</u>	<u>44,640,531</u>
					<u>\$ 30,915,237</u>	<u>\$ 14,883,909</u>	<u>\$ 45,799,146</u>

\* see Note 26

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**TOWN OF BRASELTON, GEORGIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2014**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects SPLOST</u>	<u>Downtown Development Authority</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 241,234	\$ -	\$ -	\$ 48,795	\$ 290,029
Accounts receivable, net of allowances	282,227	55,695	104,931	-	442,853
Interfund receivables	895,883	-	-	-	895,883
Prepaid items	113,608	-	-	-	113,608
Cash and cash equivalents	<u>1,164,157</u>	<u>-</u>	<u>1,948,607</u>	<u>-</u>	<u>3,112,764</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,697,109</u></b>	<b>\$ <u>55,695</u></b>	<b>\$ <u>2,053,538</u></b>	<b>\$ <u>48,795</u></b>	<b>\$ <u>4,855,137</u></b>
<b>LIABILITIES AND FUND BALANCE</b>					
Bank over draft	\$ -	\$ 4,465	\$ -	\$ -	\$ 4,465
Accounts payable	57,182	25	59,536	201	116,944
Deposits payable	6,500	-	-	-	6,500
Accrued expenditures	372,490	-	-	-	372,490
Compensated absences	14,495	-	-	-	14,495
Interfund payable	<u>-</u>	<u>213,659</u>	<u>-</u>	<u>190,001</u>	<u>403,660</u>
<b>TOTAL LIABILITIES</b>	<b><u>450,667</u></b>	<b><u>218,149</u></b>	<b><u>59,536</u></b>	<b><u>190,202</u></b>	<b><u>918,554</u></b>
<b>FUND BALANCE</b>					
Nonspendable					
Prepaid items	113,608	-	-	-	113,608
Restricted for					
Transportation and public works	177,753	-	1,537,573	-	1,715,326
Parks and recreation	-	-	456,429	-	456,429
Community redevelopment	185,140	-	-	-	185,140
Law enforcement	966,746	-	-	-	966,746
Other purposes	9,518	-	-	-	9,518
Unassigned	<u>793,677</u>	<u>(162,454)</u>	<u>-</u>	<u>(141,407)</u>	<u>489,816</u>
<b>TOTAL FUND BALANCE</b>	<b><u>2,246,442</u></b>	<b><u>(162,454)</u></b>	<b><u>1,994,002</u></b>	<b><u>(141,407)</u></b>	<b><u>3,936,583</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ <u>2,697,109</u></b>	<b>\$ <u>55,695</u></b>	<b>\$ <u>2,053,538</u></b>	<b>\$ <u>48,795</u></b>	<b>\$ <u>4,855,137</u></b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**TOWN OF BRASELTON, GEORGIA**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

Total Fund Balance for Governmental Funds \$ 3,936,583

Amounts reported for governmental activities in the statement of net position 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 position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.

Cost of capital assets	38,784,182	
Less accumulated depreciation	<u>(4,302,366)</u>	<u>34,481,816</u>

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 of governmental funds. Neither transaction, however, has effect on net position. Also, governmental funds report the effect of 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. (7,453,320)

Compensated absence liabilities are not due and payable at year-end and therefore are not reported in the funds. (49,842)

Total net position of governmental activities \$ 30,915,237

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue	Capital projects	Downtown Development Authority	
<b>REVENUES</b>					
Taxes	\$ 2,481,996	\$ 744,590	\$ -	\$ -	\$ 3,226,586
Licenses and permits	589,786	-	-	-	589,786
Fines and forfeitures	1,170,501	-	-	-	1,170,501
Investment earnings	1,260	103	360	8	1,731
Rental	96,675	-	-	-	96,675
Grants	500,000	-	-	-	500,000
Intergovernmental revenue	10,111	-	592,375	-	602,486
Miscellaneous	104,042	9,333	-	23,545	136,920
<b>TOTAL REVENUES</b>	<u>4,954,371</u>	<u>754,026</u>	<u>592,735</u>	<u>23,553</u>	<u>6,324,685</u>
<b>EXPENDITURES</b>					
Current					
General government	527,920	-	-	-	527,920
Court costs	123,456	-	-	-	123,456
Police department	1,544,168	-	-	-	1,544,168
Street department	1,186,677	-	490,644	-	1,677,321
Parks and tennis courts	6,012	-	68	-	6,080
Library	195,686	-	-	-	195,686
Planning and development	377,714	-	-	-	377,714
Economic development	725,798	-	-	192,801	918,599
Tourism department	-	336,004	-	-	336,004
Debt service	804,876	-	-	-	804,876
	<u>5,492,307</u>	<u>336,004</u>	<u>490,712</u>	<u>192,801</u>	<u>6,511,824</u>
<b>(EXPENDITURES) OVER REVENUES/ REVENUES OVER EXPENDITURES</b>	<u>(537,936)</u>	<u>418,022</u>	<u>102,023</u>	<u>(169,248)</u>	<u>(187,139)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	413,343	-	-	-	413,343
Transfers Out	-	(413,343)	-	-	(413,343)
<b>TOTAL OTHER FINANCING SOURCES(USES)</b>	<u>413,343</u>	<u>(413,343)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(124,593)	4,679	102,023	(169,248)	(187,139)
<b>FUND BALANCE, Beginning</b>	<u>2,371,035</u>	<u>(167,133)</u>	<u>1,891,979</u>	<u>27,841</u>	<u>4,123,722</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 2,246,442</u>	<u>\$ (162,454)</u>	<u>\$ 1,994,002</u>	<u>\$ (141,407)</u>	<u>\$ 3,936,583</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**TOWN OF BRASELTON, GEORGIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

NET CHANGE IN FUND BALANCE \$ (187,139)

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	1,417,775	
Depreciation expense	<u>(653,579)</u>	<u>764,196</u>

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	479,825
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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>1,291</u>
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Change in net position of governmental activities	\$ <u><u>1,058,173</u></u>
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**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**JUNE 30, 2014**

	Water and Sewer Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 170,640
Accounts receivable, net	923,303
Prepaid items	77,286
Current restricted assets	
Restricted cash	143,669
Investments	<u>2,490,825</u>
Total current assets	<u>3,805,723</u>
Noncurrent Assets:	
Capital assets:	
Nondepreciable capital assets	3,737,954
Buildings - cost	54,534,991
Machinery and equipment under construction - cost	956,238
Buildings - accumulated depreciation	<u>(13,886,006)</u>
Total noncurrent assets	<u>45,343,177</u>
<b>Total assets</b>	<u>49,148,900</u>
<b>Deferred Outflows of Resources</b>	
Deferred charges on refunding	<u>945,329</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	495,347
Compensated absences payable	59,528
Accrued interest	450,183
Revenue bonds, current	850,000
Notes payable, current	417,858
Internal payable	<u>492,223</u>
Total current liabilities	<u>2,765,139</u>
Long-term liabilities	
Revenue bonds, net of current	24,722,067
Notes payable, net of current portion	7,291,089
Customer deposits	<u>432,025</u>
Total long-term liabilities	<u>32,445,181</u>
<b>Total liabilities</b>	<u>35,210,320</u>
<b>NET POSITION</b>	
Net investment in capital assets	12,062,163
Restricted for:	
Capital projects	143,669
Debt service	2,490,825
Unrestricted	<u>187,252</u>
<b>Total net position</b>	<u>\$ 14,883,909</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND**  
**NET POSITION - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Water and Sewer Fund
<b>OPERATING REVENUES</b>	
Charges for services	\$ 4,236,125
Tap and meter fees	1,791,953
Miscellaneous charges	165,411
Rental	5,300
Intergovernmental revenues	<u>47,676</u>
<b>TOTAL OPERATING REVENUES</b>	<u><b>6,246,465</b></u>
 <b>OPERATING EXPENSES</b>	
Cost of sales	
Water purchases	1,005,203
Depreciation and amortization	1,430,109
Salaries and employee benefits	1,241,276
Supplies	117,177
Repairs and maintenance	162,119
Bad debt	4,902
Operational	<u>936,578</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><b>4,897,364</b></u>
 <b>OPERATING INCOME</b>	 <u><b>1,349,101</b></u>
 <b>NON-OPERATING REVENUE (EXPENSES)</b>	
Investment earnings	6,012
Interest expense	(1,258,371)
Gain on disposal	<u>3,700</u>
<b>NET NON-OPERATING REVENUES (EXPENSES)</b>	<u><b>(1,248,659)</b></u>
 <b>CHANGE IN NET POSITION</b>	 <b>100,442</b>
 TOTAL NET POSITION, Beginning of Year	 <u><b>14,783,467</b></u>
 <b>TOTAL NET POSITION, End of year</b>	 <u><b>\$ 14,883,909</b></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS



**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Business-type Activities Water and Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers and users	\$ 6,065,443
Cash payments for personal services and benefits	(1,232,702)
Cash payments for goods and services	<u>(1,666,955)</u>
Net cash provided by operating activities	<u>3,165,786</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on notes payable	(403,103)
Interest paid on notes payable	(275,655)
Decrease in accrued interest	(12,842)
Principal paid on revenue bonds	(760,000)
Interest paid on revenue bonds	(982,716)
Payments for capital acquisitions	<u>(913,883)</u>
Net cash used by capital and related financing activities	<u>(3,348,199)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of investment securities	(1,569,423)
Proceeds from sales and maturities of investment securities	1,628,278
Interest earned in investments	<u>6,012</u>
Net cash provided by investing activities	<u>64,867</u>
<b>Net Decrease in Cash and Cash equivalents</b>	(117,546)
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>431,855</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 314,309</u>
<b>Cash and cash equivalents reconciliation to the statement of net position</b>	
Cash and cash equivalents	\$ 170,640
Restricted cash	<u>143,669</u>
Total	<u>\$ 314,309</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**TOWN OF BRASELTON, GEORGIA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Business-type Activities Water and Sewer Fund</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating Income	\$ 1,349,101
Adjustments to Reconcile Operating Income to Net cash provided by operating activities	
Depreciation	1,430,109
Gain on disposal of capital asset	(3,700)
Changes in assets and liabilities	
Increase in accounts receivable	(181,022)
Decrease in prepaid items	7,307
Increase in accounts payable	383,401
Increase in customer deposits	41,641
Increase in compensated absences payable	8,574
Decrease in interfund	<u>(4,036)</u>
Net cash provided by operating activities	<u>\$ 3,031,375</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

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

**1(A) THE REPORTING ENTITY**

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.

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 accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Town (the primary government) and its component unit. The component unit discussed below is included in the Town's reporting entity because of the significance of its operational or financial relationship with the Town.

Blended component units, although also legally separate entities, are in substance, part of the Town's operations, and data from these units are combined with the data of the Town of Braselton. The Downtown Development Authority of the Town of Braselton was established as a legally separate entity on. The seven (7) members of the Downtown Development Authority are appointed by the Town Council and they may also be removed by the Town Council. Although it is legally separate from the Town, the Downtown Development Authority is reported as if it were a part of the primary government because its sole purpose is to advise Town Council on issues related to economic growth and development in Downtown Braselton.

At June 30, 2014, 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.

**1(B) GOVERNMENTWIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. (For the most part, the effect of interfund activity has been removed from these statements.) Government-wide financial statements do not provide information by fund, but distinguish between the Town's governmental activities and business-type activities. 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. The statement of net position will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the Town's capital assets.

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**1(B) GOVERNMENTWIDE AND FUND FINANCIAL STATEMENTS - 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.

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.

*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 Braselton Downtown Development Authority is composed of a seven (7) member Board of Directors, appointed by the Braselton Town Council, to serve as advocates and advisors to the Council on issues related to economic growth and development in Downtown Braselton. The DDA works to attract business to the Downtown area and provides technical support to assure that existing businesses achieve their potential. The DDA actively markets the Town of Braselton and works to strengthen the small town character of the community. The DDA works with its partners at Braselton Town Hall and within the Braselton business community to provide a bridge between the business and residential communities for the benefit of the entire Town of Braselton.

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- CONTINUED**

**1(B) GOVERNMENTWIDE AND FUND FINANCIAL STATEMENTS - CONTINUED**

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.

**1(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PREPARATION**

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.

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) capital grants and contributions, and 3) operating grants and contributions. Internally dedicated resources are reported as program revenues rather than as general revenues. Taxes and other items that are not included among program revenues are reported as general revenues.

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**1(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PREPARATION - CONTINUED**

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(D) ASSETS, LIABILITIES AND NET POSITION**

Deposits

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 (cash equivalents) are recorded at fair value as of the balance sheet date.

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 taxes 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, 2014. As of June 30, 2014, the allowance for uncollectibles was approximately \$134,000.

Inventories

Inventories, consisting of expendable supplies not held for resale were considered immaterial and thus not included as an asset as of June 30, 2014. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**1(D) ASSETS, LIABILITIES AND NET POSITION - CONTINUED**

Prepaid Items

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.

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.

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 Automobiles	5 - 10

Deferred Outflows/Inflows of Resources

GASB Statements No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, establishes accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in the statement of net position.

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**1(D) ASSETS, LIABILITIES AND NET POSITION - CONTINUED**

Deferred Outflows/Inflows of Resources - Continued

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. Deferred charge on refunding - is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

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

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."

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.

Bond Premiums and Discounts

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. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts 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.



**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**1(D) ASSETS, LIABILITIES AND NET POSITION - CONTINUED**

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 position."

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 Position - Net position represent the difference between assets and liabilities. Net position 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 position is reported as restricted as described in the fund balance section above. All other net position are reported as unrestricted.

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**1(D) ASSETS, LIABILITIES AND NET POSITION - CONTINUED**

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.

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**

**2(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 the 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.

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**2(B) EXCESS OF EXPENDITURES OVER APPROPRIATION (GENERAL FUND)**

There were no departments that overspent the final FY 2014 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).

**NOTE 3 - CUSTODIAL CREDIT RISK - DEPOSITS**

Custodial risk, that is the risk associated with uninsured deposits, uninsured securities, or securities not registered in the Town's name, is managed in accordance with the Town's policy through a safekeeping agreement with external parties. State Statutes and Town policy require all deposits and investments (other than Federal or State instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. All deposits as of June 30, 2014 were properly collateralized.

**NOTE 4 - RECEIVABLES**

As of June 30, 2014, 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.

**NOTE 5 - CONSTRUCTION COMMITMENTS**

The government has active construction projects as of June 30, 2014. The projects include improvements to existing lift station replacement, groundwater development, waste water interceptor, NE GA Medical Center, Hwy 53 in the Water Fund and Town Green, and BB Store Renovations in the General Fund.

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Governmental activities:		
Town Green	\$ 186,306	\$ 1,113,694
BB Store renovations	<u>1,268,277</u>	<u>131,723</u>
	<u>\$ 1,454,583</u>	<u>\$ 1,245,417</u>
Business type activities:		
Groundwater development	\$ 37,290	\$ 1,039,510
Waste Water Interceptor Projects	358,322	6,147,679
NE GA Medical Center	695,649	1,593,351
Hwy 53 North Sewer	<u>89,965</u>	<u>1,288,035</u>
	<u>\$ 1,181,226</u>	<u>\$ 10,068,575</u>

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 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	<u>1,150,928</u>	<u>-</u>	<u>(191,121)</u>	<u>959,807</u>
Total nondepreciable capital assets	<u>17,258,588</u>	<u>-</u>	<u>(191,121)</u>	<u>17,067,467</u>
Depreciable capital assets				
Buildings	10,934,274	202,211	-	11,136,485
Infrastructure	7,486,908	1,368,549	-	8,855,457
Vehicles	697,663	-	-	697,663
Equipment	<u>988,972</u>	<u>38,136</u>	<u>-</u>	<u>1,027,108</u>
Total depreciable capital assets	<u>20,107,817</u>	<u>1,608,896</u>	<u>-</u>	<u>21,716,713</u>
Total capital assets	<u>37,366,405</u>	<u>1,608,896</u>	<u>(191,121)</u>	<u>38,784,180</u>
Accumulated depreciation:				
Buildings	(1,928,999)	(286,676)	-	(2,215,675)
Infrastructure	(652,353)	(179,018)	-	(831,371)
Vehicles	(316,957)	(108,609)	-	(425,566)
Equipment	<u>(750,476)</u>	<u>(79,276)</u>	<u>-</u>	<u>(829,752)</u>
Total accumulated depreciation	<u>(3,648,785)</u>	<u>(653,579)</u>	<u>-</u>	<u>(4,302,364)</u>
Total depreciable capital assets, net	<u>16,459,032</u>	<u>955,317</u>	<u>-</u>	<u>17,414,349</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 33,717,620</u>	<u>\$ 955,317</u>	<u>\$ (191,121)</u>	<u>\$ 34,481,816</u>
<b>Business-type activities:</b>				
Capital asset not being depreciated				
Land	\$ 1,569,488	\$ 61,322	\$ -	\$ 1,630,810
Construction in progress	<u>1,440,465</u>	<u>666,679</u>	<u>-</u>	<u>2,107,144</u>
Total nondepreciable capital assets	<u>3,009,953</u>	<u>728,001</u>	<u>-</u>	<u>3,737,954</u>
Depreciable capital assets:				
Buildings	1,638,179	11,740	-	1,649,919
Plant	52,781,880	103,192	-	52,885,072
Machinery and equipment	<u>885,288</u>	<u>70,950</u>	<u>-</u>	<u>956,238</u>
Total depreciable capital assets	<u>55,305,347</u>	<u>185,882</u>	<u>-</u>	<u>55,491,229</u>
Total capital assets	<u>58,315,300</u>	<u>913,883</u>	<u>-</u>	<u>59,229,183</u>
Accumulated depreciation:				
Building	(273,911)	(41,169)	-	(315,080)
Plant and infrastructure	(11,393,655)	(1,349,690)	-	(12,743,345)
Machinery and equipment	<u>(788,331)</u>	<u>(39,250)</u>	<u>-</u>	<u>(827,581)</u>
Total accumulated depreciation	<u>(12,455,897)</u>	<u>(1,430,109)</u>	<u>-</u>	<u>(13,886,006)</u>
Total depreciable capital assets, net	<u>42,849,450</u>	<u>(1,244,227)</u>	<u>-</u>	<u>41,605,223</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 45,859,403</u>	<u>\$ (516,226)</u>	<u>\$ -</u>	<u>\$ 45,343,177</u>

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 6 - CAPITAL ASSETS - CONTINUED**

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

Governmental activities:	
General government	\$ 479,011
Police	173,891
Planning and development	<u>677</u>
Total depreciation expense - governmental activities	<u>\$ 653,579</u>
Business type activities:	
Water and sewer fund	<u>\$ 1,430,109</u>

**NOTE 7 - INTERFUND BALANCES**

As of June 30, 2014, interfund balances consisted of the following:

<u>Receivable Fund</u>	Special Revenue Fund	Nonmajor Fund	Proprietary Fund	<u>Total</u>
General Fund	\$ (213,659)	\$ (190,001)	\$ (492,223)	\$ (895,883)
Elimination	<u>213,659</u>	<u>190,001</u>	<u>492,223</u>	<u>895,883</u>
Total	<u>\$ -</u>	<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.

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 8 - INTERFUND TRANSFERS IN/OUT**

	General Fund	Special Revenue Fund	Nonmajor Fund	Total
Transfers in	\$ 413,343	\$ -	\$ -	\$ 413,343
Transfers out	<u>-</u>	<u>(413,343)</u>	<u>-</u>	<u>(413,343)</u>
Total	<u>\$ 413,343</u>	<u>\$ (413,343)</u>	<u>\$ -</u>	<u>\$ -</u>

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 transferred to the General Fund for its specific purpose. Transactions recorded in the accounting period in the General Fund were transferred to the Downtown Development Authority 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, 2014, these notes were as follows

Agreement	Interest Rate	Debt Service	Maturity Date	Original Amount	Outstanding Balance
98-L73-WS	4.10%	\$9,434/QTR	2021	\$ 513,323	\$ 235,621
99-L10-WQ	4.24%	\$4,270/Month	2024	690,218	457,640
2000-L50-WS	3.98%	\$37,123/QTR	2023	1,846,725	1,144,167
2007-L22-WS	3.40%	\$29,238/Month	2032	5,086,326	4,750,249
2009-L16-WQ	2.81%	\$2,044/Month	2027	300,000	262,643
2009-L18-WQ	2.81%	\$5,124/Month	2032	940,000	<u>858,627</u>
					<u>\$ 7,708,947</u>

As of June 30, 2014, the Town's total debt service requirements to maturity under these agreements were estimated as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 417,858	\$ 261,123	\$ 678,981
2016	433,093	245,889	678,982
2017	448,892	230,090	678,982
2018	465,276	213,706	678,982
2019	482,266	196,715	678,981
2020-2024	2,470,074	712,424	3,182,498
2025-2029	1,777,027	352,172	2,129,199
2030-2034	<u>1,214,461</u>	<u>34,875</u>	<u>1,249,336</u>
Total	<u>\$ 7,708,947</u>	<u>\$ 2,246,994</u>	<u>\$ 9,955,941</u>

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**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:

<u>Series</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>
2003A	3.70%	2013	\$7,915,000	\$ -

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, 2014, the basis of the Series 2003 Bonds was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Series 2003A Bond principal	\$ <u>585,000</u>	\$ <u>-</u>	\$ <u>(585,000)</u>	\$ <u>-</u>

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**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, 2014, the outstanding principal balance was approximately \$3,124,000.

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 289,474	\$ 111,104	\$ 400,578
2016	289,474	100,492	389,966
2017	289,474	89,856	379,330
2018	289,474	79,345	368,819
2019	289,474	68,811	358,285
2020-2024	1,447,369	183,666	1,631,035
2025-2025	<u>228,781</u>	<u>4,596</u>	<u>233,377</u>
	<u>\$3,123,520</u>	<u>\$ 637,870</u>	<u>\$3,761,390</u>

During the year ended June 30, 2014, the basis of the Series 2005 Bonds was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Series 2005				
Bond principal	\$3,412,994	\$ -	\$ (289,474)	\$3,123,520
Bond discount	<u>(36,048)</u>	<u>-</u>	<u>3,025</u>	<u>(33,023)</u>
	<u>\$3,376,946</u>	<u>\$ -</u>	<u>\$ (286,449)</u>	<u>\$3,090,497</u>

The Series 2005 Bond agreements contain various covenants with which the Town is in compliance.

**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 amphitheater 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, 2014, the outstanding principal balance was approximately \$4,330,000.



**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 12 - SERIES 2009 REVENUE BONDS - DOWNTOWN PROJECT - CONTINUED**

As of June 30, 2014, 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	Total
2015	\$ 199,446	\$ 197,700	\$ 397,146
2016	208,974	188,868	397,842
2017	218,475	178,507	396,982
2018	229,396	168,171	397,567
2019	240,356	157,319	397,675
2020-2024	1,384,987	604,814	1,989,801
2025-2025	<u>1,848,166</u>	<u>21,475</u>	<u>1,869,641</u>
	<u>\$ 4,329,800</u>	<u>\$ 1,516,854</u>	<u>\$ 5,846,654</u>

During the year ended June 30, 2014, the basis of the Series 2009 Bonds was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Series 2009 Bond principal	\$ 4,520,152	\$ -	\$ (190,352)	\$ 4,329,800

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 and 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, 2014, the outstanding principal balance was \$10,285,000.

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 13 - SERIES 2009 REVENUE BONDS - WATER AND SEWERAGE SYSTEM - CONTINUED**

As of June 30, 2014, the Town's total debt service requirements to maturity under there Series 2009 Revenue Bonds were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 477,375	\$ 477,375
2016	-	477,375	477,375
2017	-	477,375	477,375
2018	-	477,375	477,375
2019	-	477,375	477,375
2020-2024	-	2,386,875	2,386,875
2025-2029	2,410,000	2,322,165	4,732,165
2030-2034	6,405,000	1,296,663	7,701,663
2035-2036	<u>1,470,000</u>	<u>71,663</u>	<u>1,541,663</u>
Total	<u>\$ 10,285,000</u>	<u>\$ 8,464,241</u>	<u>\$ 18,749,241</u>

During the year ended June 30, 2014, 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 discount	<u>(307,377)</u>	<u>-</u>	<u>-</u>	<u>(307,377)</u>
	<u>\$ 9,977,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,977,623</u>

**NOTE 14 - SERIES 2012 REVENUE BONDS - WATER AND SEWERAGE SYSTEM**

On April 10, 2012, the Town issued Water and Sewerage System Revenue Bonds as follows:

Series	Interest Rate	Maturity Date	Original Amount	Outstanding Balance
2012A	1.75% to 3.00%	2027	\$ 10,000,000	\$ 10,000,000
2012B	2.00% to 2.50%	2019	5,880,000	<u>5,705,000</u>
				<u>\$ 15,705,000</u>

The Series 2012 Bonds were issued by the Town for the purpose of: (1) refunding the 2003 revenue bonds and (2) paying budgeted cost of issuing the Series 2012 Bonds.

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 14 - SERIES 2012 REVENUE BONDS - WATER AND SEWERAGE SYSTEM - CONTINUED**

The Series 2012 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 2012 Bonds. The Series 2012 Bonds are limited obligations of the Town are payable solely from the net revenues. The Series 2012 Bonds do not constitute a charge, lien or encumbrance on any other property of the Town.

The advanced refunding of the Series 2003 Revenue Bonds created a deferred amount of refunding of approximately \$1,205,000, that will be amortized over the life of the Series 2012 bond.

As of June 30, 2014, the Town's total debt service requirements to maturity under the Series 2012 Revenue Bonds were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 850,000	\$ 361,330	\$ 1,211,330
2016	925,000	342,832	1,267,832
2017	985,000	323,130	1,308,130
2018	1,050,000	302,130	1,352,130
2019	1,895,000	277,268	2,172,268
2020-2024	5,320,000	978,374	6,298,374
2025-2028	<u>4,680,000</u>	<u>179,281</u>	<u>4,859,281</u>
Total	<u>\$ 15,705,000</u>	<u>\$ 2,764,345</u>	<u>\$ 18,469,345</u>

During the year ended June 30, 2014, the basis of the Series 2012 Bonds was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Series 2012				
Bond principal	\$ 15,880,000	\$ -	\$ (175,000)	\$ 15,705,000
Bond discount	(108,188)	-	(2,368)	(110,556)
Advanced refunding	<u>(1,074,708)</u>	<u>-</u>	<u>129,378</u>	<u>(945,330)</u>
	<u>\$ 14,697,104</u>	<u>\$ -</u>	<u>\$ (47,990)</u>	<u>\$ 14,649,114</u>

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 15 - CHANGES IN LONG-TERM LIABILITIES**

Changes in the Town's long-term liabilities consisted of the following for the year ended June 30, 2014 :

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due In One Year</u>
Revenue Bonds	\$ 7,933,146	\$ -	\$ (479,826)	\$ 7,453,320	\$ 488,919
Compensated Absences	<u>70,404</u>	<u>-</u>	<u>(6,067)</u>	<u>64,337</u>	<u>64,337</u>
Total governmental	<u>8,003,550</u>	<u>-</u>	<u>(485,893)</u>	<u>7,517,657</u>	<u>553,256</u>
Business-type Activities					
Revenue Bonds	25,259,727	-	(632,990)	24,626,737	850,000
Notes Payable	8,112,049	-	(403,102)	7,708,947	417,858
Compensated Absences	<u>50,954</u>	<u>8,574</u>	<u>-</u>	<u>59,528</u>	<u>59,528</u>
Total business-type	<u>33,422,730</u>	<u>8,574</u>	<u>(1,036,092)</u>	<u>32,395,212</u>	<u>1,327,386</u>
Total	<u>\$41,426,280</u>	<u>\$ 8,574</u>	<u>\$ (1,521,985)</u>	<u>\$39,912,869</u>	<u>\$ 1,880,642</u>

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

**NOTE 16 - 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 an indirect expense. For the year ended June 30, 2014, the interest expense charged as an indirect expense in the business-type activities was approximately \$1,258,000.

**NOTE 17 - 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. For the year ended June 30, 2014, no interest was capitalized.

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 18 - NET POSITION**

As of June 30, 2014, net assets on the government-wide statements of net assets were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Investments in capital assets, net of related debt			
Cost of capital assets	\$ 38,784,180	\$ 59,229,183	\$ 98,013,363
Less accumulated depreciation	(4,302,364)	(13,886,006)	(18,188,370)
Less notes payable	-	(7,708,947)	(7,708,947)
Less revenue bonds	(7,453,320)	(24,626,737)	(32,080,057)
Add bond discounts	<u>-</u>	<u>417,933</u>	<u>417,933</u>
Investments in capital assets, net of related debt	<u>\$ 27,028,496</u>	<u>\$ 13,425,426</u>	<u>\$ 40,453,922</u>

As of June 30, 2014, restricted cash were as follows:

	<u>Total Government Activities</u>
Restricted for:	
Forfeitures	\$ 580,194
Jail	339,019
Traffic Court	47,533
Program purpose	195,161
Payroll	<u>2,250</u>
Total	<u>\$ 1,164,157</u>

**NOTE 19 - RETIREMENT 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 Nationwide Retirement Solutions. The Plan covers all permanent employees. Employees are eligible to start contributing when they are hired. Employees are eligible to receive the Town's match once an employee has completed three years of service. The Town matches 50% of employee contributions up to 3%. Contributions made during the year ended June 30, 2014 were approximately \$40,000 by employees and approximately \$18,000 by the Town.

**NOTE 20 - 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.

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 20 - RISK MANAGEMENT - CONTINUED**

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, 2014, 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, 2014, 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 THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 21 - 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 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 22 - 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, 2009, 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.

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 22 - SPECIAL PURPOSE LOCAL OPTION SALES TAXES - CONTINUED**

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.

In November 2009, 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.

In March 2009, Hall County approved a special county one percent sales and use tax for the purpose of: (1) capital outlay projects in local infrastructure including road, street, and bridge purposes, including sidewalks. 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. The Town will share in 0.0133% of the proceeds of the special one percent sales and use tax.

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% of the proceeds of the special one percent sales and use tax.

On March 15, 2011, Barrow County approved a special county one percent sales and use tax starting on July 1, 2012 for 6 years for the purpose of: (1) capital outlay projects for water and sewer; (2) capital outlay projects for parks and recreation facilities; (3) 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 3.64 percent of 40.0 percent of the proceeds of the special one percent sales and use tax.



**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING JUNE 30, 2014**

**NOTE 23 - 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, 2014, one operator accounted for approximately 85% of the total hotel/motel tax revenue.

**NOTE 24 - WATER AND SEWER FUND INFORMATION**

As of June 30, 2014, the Water and Sewer Fund had 4,265 water users and 2,580 sewer users. As a general rule, the Town adjusts water and sewer rate schedules at the beginning of each fiscal year.

**NOTE 25 - 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.

**NOTE 26 - CHANGES IN ACCOUNTING PRINCIPLE**

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities, The Town is required to change its account treatment of debt issuance costs. The new standard requires that debt issuance costs be recognized as an expense in the period incurred rather than capitalized and recognized as an expenses (amortized) in a systematic and rational manner over the duration of the related debt as was the required treatment in prior reporting periods.

Therefore, in conjunction with the implementation of Statement No. 65, the following restatements were required to the beginning net positions of Governmental Activities and Business-Type activities to properly recognize debt issuance cost as expenses in the periods in which they were incurred:

Net position Governmental Activities, previously reported	\$ 29,938,261
Recognition of issuance cost incurred in prior periods	<u>(81,197)</u>
Beginning net position, Governmental Activities, restated	<u>\$ 29,857,064</u>
Net position Water and Sewer fund, previously reported	\$ 15,293,371
Recognition of issuance cost incurred in prior periods	<u>(509,904)</u>
Beginning net position, Water and Sewer fund, restated	<u>\$ 14,783,467</u>

**TOWN OF BRASELTON, GEORGIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Taxes	\$ 2,312,757	\$ 2,481,996	\$ 2,481,996	\$ -
Licenses and permits	403,500	589,786	589,786	-
Fines and forfeitures	425,000	1,170,501	1,170,501	-
Interest earnings	3,000	1,260	1,260	-
Rental	66,000	96,675	96,675	-
Grants	-	500,000	500,000	-
Intergovernmental revenue	30,000	10,111	10,111	-
Miscellaneous	73,000	104,042	104,042	-
<b>TOTAL REVENUES</b>	<b><u>3,313,257</u></b>	<b><u>4,954,371</u></b>	<b><u>4,954,371</u></b>	<b><u>-</u></b>
<b>EXPENDITURES</b>				
Current:				
General government	444,966	527,920	527,920	-
Court costs	115,878	123,456	123,456	-
Police department	1,310,657	1,544,168	1,544,168	-
Street department	94,694	1,186,677	1,186,677	-
Parks and tennis courts	651	6,012	6,012	-
Library	174,838	195,686	195,686	-
Planning and development	395,133	377,714	377,714	-
Economic development	258,027	725,798	725,798	-
Debt service	822,000	479,825	479,825	-
Interest expense	-	325,051	325,051	-
<b>TOTAL EXPENDITURES</b>	<b><u>3,616,844</u></b>	<b><u>5,492,307</u></b>	<b><u>5,492,307</u></b>	<b><u>-</u></b>
<b>EXPENDITURES OVER REVENUES</b>	<b>(303,587)</b>	<b>(537,936)</b>	<b>(537,936)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	360,700	413,343	413,343	-
Transfer Out	(20,000)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b><u>340,700</u></b>	<b><u>413,343</u></b>	<b><u>413,343</u></b>	<b><u>-</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ 37,113</u></b>	<b><u>\$ (124,593)</u></b>	<b>(124,593)</b>	<b><u>\$ -</u></b>
<b>FUND BALANCE, Beginning</b>			<b><u>2,371,035</u></b>	
<b>FUND BALANCE, Ending</b>			<b><u>\$ 2,246,442</u></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, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Hotel Tax	\$ 270,000	\$ 744,590	\$ 744,590	\$ -
Interest Income	50	103	103	-
Other	<u>6,000</u>	<u>9,333</u>	<u>9,333</u>	<u>-</u>
TOTAL REVENUES	<u>276,050</u>	<u>754,026</u>	<u>754,026</u>	<u>-</u>
EXPENDITURES				
Current:				
Tourism department	2,152	3,055	3,055	-
Public relations and special events	100,000	115,247	115,247	-
Festival and hardscape improvements	10,950	13,958	13,958	-
Transportation improvements	11,000	25,397	25,397	-
Utilities	1,850	5,361	5,361	-
Marketing	95,000	171,933	171,933	-
Supplies	500	353	353	-
Historical repairs and maintenance	<u>54,598</u>	<u>700</u>	<u>700</u>	<u>-</u>
TOTAL EXPENDITURES	<u>276,050</u>	<u>336,004</u>	<u>336,004</u>	<u>-</u>
REVENUES OVER EXPENDITURES	<u>-</u>	<u>418,022</u>	<u>418,022</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>-</u>	<u>(413,343)</u>	<u>(413,343)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	\$ <u>-</u>	\$ <u>4,679</u>	4,679	\$ <u>-</u>
FUND BALANCE, Beginning			<u>(167,133)</u>	
FUND BALANCE, Ending			<u>\$ (162,454)</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ -	\$ 592,375	\$ 592,375	\$ -
Interest income	<u>-</u>	<u>360</u>	<u>360</u>	<u>-</u>
TOTAL REVENUES	<u>-</u>	<u>592,735</u>	<u>592,735</u>	<u>-</u>
EXPENDITURES				
Current:				
Parks and tennis courts	-	68	68	-
Street department	<u>-</u>	<u>490,644</u>	<u>490,644</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>490,712</u>	<u>490,712</u>	<u>-</u>
REVENUES OVER EXPENDITURES	<u>-</u>	<u>102,023</u>	<u>102,023</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 102,023</u>	<u>102,023</u>	<u>\$ -</u>
FUND BALANCE, Beginning			<u>1,891,979</u>	
FUND BALANCE, Ending			<u>\$ 1,994,002</u>	

**TOWN OF BRASELTON, GEORGIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2014**

**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, 2014**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 241,234
Receivables	
Sales tax	282,227
Interfund receivables	895,883
Prepaid items	113,608
Cash and cash equivalents	<u>1,164,157</u>
<b>TOTAL ASSETS</b>	<b><u>2,697,109</u></b>
 <b>LIABILITIES</b>	
Accounts payable	57,182
Compensated absences	14,495
Deposits payable	6,500
Accrued expenditures	<u>372,490</u>
<b>TOTAL LIABILITIES</b>	<b><u>450,667</u></b>
 <b>FUND BALANCE</b>	
Restricted for:	
Program purposes	1,452,765
Unassigned	<u>793,677</u>
<b>TOTAL FUND BALANCE</b>	<b><u>2,246,442</u></b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ <u>2,697,109</u></b>

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, 2014**

**REVENUES**

Taxes	\$ 2,481,996
Licenses and permits	589,786
Fines and forfeitures	1,170,501
Interest earnings	1,260
Rental	96,675
Intergovernmental revenue	10,111
Grants	500,000
Miscellaneous	<u>104,042</u>
<b>TOTAL REVENUES</b>	<u><b>4,954,371</b></u>

**EXPENDITURES**

Current:	
General government	527,920
Court costs	123,456
Police department	1,544,168
Street department	1,186,677
Parks and tennis courts	6,012
Library	195,686
Planning and development	377,714
Economic development	725,798
Debt service	479,825
Interest expense	<u>325,051</u>
<b>TOTAL EXPENDITURES</b>	<u><b>5,492,307</b></u>

**EXPENDITURES OVER REVENUES** (537,936)

**OTHER FINANCING SOURCES (USES)**

  Transfers in 413,343

NET CHANGE IN FUND BALANCE (124,593)

FUND BALANCE, Beginning 2,371,035

**FUND BALANCE, Ending** **\$ 2,246,442**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

**TOWN OF BRASELTON, GEORGIA**  
**BALANCE SHEET - SPECIAL REVENUE FUND**  
**JUNE 30, 2014**

<b>ASSETS</b>	
Hotel/motel tax receivable	\$ <u>55,695</u>
<b>TOTAL ASSETS</b>	<u>55,695</u>
<b>LIABILITIES</b>	
Bank overdraft	4,465
Accounts payable	25
Interfund payable	<u>213,659</u>
<b>TOTAL LIABILITIES</b>	<u>218,149</u>
<b>FUND BALANCE</b>	
Unassigned	<u>(162,454)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 55,695</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, 2014**

<b>REVENUES</b>	
Hotel Tax	\$ 744,590
Interest Income	103
Other	<u>9,333</u>
<b>TOTAL REVENUES</b>	<u><u>754,026</u></u>
<b>EXPENDITURES</b>	
Current	
Tourism department	3,055
Public relations and special events	115,247
Festival and hardscape improvements	13,958
Transportation improvements	25,397
Utilities	5,361
Marketing	171,933
Supplies	353
Historical repairs and maintenance	<u>700</u>
<b>TOTAL EXPENDITURES</b>	<u><u>336,004</u></u>
<b>REVENUES OVER EXPENDITURES</b>	418,022
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers Out	<u>(413,343)</u>
NET CHANGE IN FUND BALANCE	4,679
FUND BALANCE, Beginning	<u>(167,133)</u>
<b>FUND BALANCE, Ending</b>	<u><u>\$ (162,454)</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

**TOWN OF BRASELTON, GEORGIA**  
**BALANCE SHEET - CAPITAL PROJECTS FUND**  
**JUNE 30, 2014**

<b>ASSETS</b>	
Sales tax receivable	\$ 104,931
Restricted cash	<u>1,948,607</u>
<b>TOTAL ASSETS</b>	<u>2,053,538</u>
<b>LIABILITIES</b>	
Accounts payable	59,536
<b>FUND BALANCE</b>	
Restricted for program purposes	<u>1,994,002</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 2,053,538</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, 2014**

<b>REVENUES</b>	
Intergovernmental revenue	\$ 592,375
Interest income	<u>360</u>
<b>TOTAL REVENUES</b>	<u>592,735</u>
 <b>EXPENDITURES</b>	
Current:	
Parks and tennis courts	68
Street department	<u>490,644</u>
<b>TOTAL EXPENDITURES</b>	<u>490,712</u>
 NET CHANGE IN FUND BALANCE	 102,023
 FUND BALANCE, Beginning	 <u>1,891,979</u>
 <b>FUND BALANCE, Ending</b>	 <u>\$ 1,994,002</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

# BROWN, *NELMS* & Co., P.C.

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## *Certified Public Accountants*

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**Independent Auditors' 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***

December 17, 2014

To the Honorable Mayor, Town Council and Manager  
Town of Braselton  
Braselton, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Braselton, Georgia, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise Town of Braselton, Georgia's basic financial statements and have issued our report thereon dated December 17, 2014.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses and questioned costs that we consider to be a significant deficiency and is identified as finding number 2014-1.

## **Compliance and Other Matters**

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

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

The Town of Braselton, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Braselton, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Brown, Nelms & Co., P.C.*

Brown, Nelms & Co., P.C.  
Certified Public Accountants  
Peachtree City, Georgia

December 17, 2014

# BROWN, *NELMS* & Co., P.C.

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### **Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by OMB Circular A-133**

December 17, 2014

To the Honorable Mayor, Town Council and Manager  
Town of Braselton, Georgia

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

We have audited the Town of Braselton, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Town of Braselton, Georgia's major federal programs for the year ended June 30, 2014. Town of Braselton, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town of Braselton, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Braselton, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Town of Braselton, Georgia's compliance.

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

In our opinion, Town of Braselton, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## **Report on Internal Control over Compliance**

Management of Town of Braselton, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Braselton, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Braselton, Georgia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Brown, Nelms & Co., P.C.*

Brown, Nelms & Co., P.C.  
Certified Public Accountants

Peachtree City, Georgia

**TOWN OF BRASELTON, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Identification Number</b>	<b>Expenditures</b>
<u>U.S Department of Transportation</u> (Passed through the Georgia Department of Transportation Federal Highway Administration - Highway Planning and Construction	20.205	E30680-13-000-0	\$500,000



**TOWN OF BRASELTON, GEORGIA**  
**SCHEDULE OF FINDINGS AND RESPONSES AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**Section I - Summary of Audit Results**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial report:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be a material weaknesses	Yes
Non Compliance material to the financial statements noted	No

**Federal Awards**

Internal Control over major programs	
Material weakness	No
Significant deficiency identified that are not considered to be a material weakness	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	Federal Highway Administration - Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B program: \$300,000

Auditee qualified as low-risk auditee	No
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**TOWN OF BRASELTON, GEORGIA**  
**SCHEDULE OF FINDINGS AND RESPONSES AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**Section II - Financial Statement findings**

**2014-1 FINANCIAL STATEMENT PREPARATION (GAAP)**

*Criteria:* The Town is responsible for preparing annual financial statements in accordance with generally accepted accounting principles (GAAP). Recording revenue bond principle and interest payments correctly will provide more meaningful financial reports for business type-activities.

*Context/Condition:* Although the year-end financial statements are prepared on the appropriate accrual basis (or the modified accrual basis, where applicable), the Town relied on the external auditors for financial statement preparation. Revenue bond principle and interest payments were not recorded correctly for business type-activities causing net income to be understated..

*Effect:* Preparation of the financial statements by the external auditor could affect independence of the external auditors. Additionally, improper entries of revenue bond principle payments will not provide correct financial statement information in relation to how much is owed on the bond or interest expensed through out the current fiscal year.

*Recommendation:* We suggest that the Town train the accounting staff on Generally Accepted Accounting Principles (GAAP) and standards issued by the Governmental Accounting Standards Board (GASB) so the Town can assist in preparing financial statements when prepared by the external auditors. In addition, we suggest accounting personnel should use amortization schedules when recording revenue bond payments so interest is expensed and reduction in bond principle is properly reflected. The payments should be posted to these accounts based on the amortization schedules.

*Response and Planned Corrective Action:* The Town now has an accurate amortization schedule of business type-activity bonds that will help in recording financial statements.

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

No matters were reported.

**TOWN OF BRASELTON, GEORGIA**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

2013-1 ACCOUNTING RECORDS MAINTENANCE AND FINANCIAL STATEMENT PREPARATION

*Criteria:* The Town is responsible for preparing annual financial statements in accordance with generally accepted accounting principles (GAAP). Accurately recording transactions on an accrual basis (or the modified accrual basis, where applicable) is in accordance with GAAP and provides meaningful financial information. For business-type entities, proper recording of long-term liability repayments requires expensing interest and applying principal payments to note balances. Periodic reconciliation of accounts to the general ledger is also necessary to ensure the proper entry of transactions and the overall integrity of accounting records.

*Context/Condition:* Although the year-end financial statements are prepared on the appropriate accrual basis (or the modified accrual basis, where applicable), the Town maintains its general ledger on a cash basis throughout the year. The Town relied on the external auditors to provide the information for certain accrual entries, including taxes receivable, intergovernmental receivables, accounts receivable, accounts payable, and accrued expenses. Additionally, the Town relied on the external auditors for financial statement preparation. During the course of the audit, we noted that certain reconciliations did not agree to the general ledger. In addition, principal repayments on business-type activities debt are being expensed rather than applied to the outstanding balance.

*Effect:* The failure to record accruals for revenues and expenditures (expenses) and properly account for note repayments distorts the financial information that is provided to management and the Town Council, and may lead to financial decisions based on erroneous data. Failure to reconcile accounts to the general ledger permits recording errors to remain undetected and uncorrected until the year-end audit.

*Recommendation:* We suggest that the Town implement a procedure for a soft month-end close and a hard quarterly close. During these closing processes, cash reconciliations, accounts receivable ledgers, and receivables schedules are reconciled and tied to the trial balance. Fixed assets schedules are reviewed, adjusted properly, and tied to the trial balance. Accounts payable ledgers and accruals are adjusted and tied to the trial balance. Notes payable and Bonds payable amortization schedules are adjusted to tie to the trial balance. We also recommend continual professional training of all accounting personnel to develop financial statement preparation skills.

*Response and Planned Corrective Action:* We agree with the assessment and note that the situation is due to insufficient staffing. We hired a part-time accountant in July 2013 to assist with accounting record maintenance and financial statement preparation.

**TOWN OF BRASELTON, GEORGIA**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

2013-2 TIMELY RECONCILIATION OF BANK ACCOUNTS

*Criteria:* Reconciling cash accounts to bank statements ensures that errors are identified and corrected on a timely basis, as well as permitting the timely write-off of stale outstanding items.

*Context/Condition:* At the time of our audit, certain cash accounts had not been reconciled to the bank statement for the last month in the fiscal year.

*Effect:* Certain cash accounts contained errors that were undetected because the reconciliations were not timely performed. Additionally, certain accounts have numerous stale outstanding items that distort the account balance.

*Recommendation:* We suggest reconciling each bank account within two weeks of receipt of the bank statement. In addition, we recommend that stale items be researched to determine if they are going to clear the bank. When it is determined that stale items are not going to be processed, they should be removed and accounted for appropriately.

*Response and Planned Corrective Action:* We agree with the assessment and note that the situation is due to insufficient staffing. We hired a part-time accountant in July 2013 to assist with bank reconciliations and other accounting tasks.

# BROWN, *NELMS* & Co., P.C.

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

December 17, 2014

To to Honorable Mayor, Town Council and Manager  
Town of Braselton  
Braselton, Georgia

We have audited the accompanying Schedules of Special Purpose Local Option Sales Tax for the Town of Braselton, Georgia for the year ended June 30, 2014 . The schedule is the responsibility of the Town of Braselton, Georgia's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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. We believe that our audit provides a reasonable basis for our 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, 48-8-21 on the modified accrual basis of accounting and is not intended to be a complete presentation of the Town of Braselton's revenues and expenditures.

In our 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, 2014 , in conformity with accounting principles generally accepted in the United States of America.

*Brown, Nelms & Co., P.C.*

Brown, Nelms & Co., P.C.  
Certified Public Accountants

Peachtree City, Georgia

**TOWN OF BRASELTON, GEORGIA**  
**SCHEDULE OF SPECIAL PURPOSE LOCAL OPTION SALES TAX**  
**FOR THE YEAR ENDED JUNE 30, 2014**

PROJECT	ORIGINAL ESTIMATED COST	CURRENT ESTIMATED COST	EXPENDITURES		
			PRIOR YEAR	CURRENT YEAR	TOTAL
<b>Jackson County (1999)</b>					
Water and sewer capital outlays	403,200	540,766	464,567	-	464,567
Roads, streets and bridges	132,480	172,960	172,960	-	172,960
Recreation	<u>31,680</u>	<u>36,376</u>	<u>36,376</u>	<u>-</u>	<u>36,376</u>
	<u>567,360</u>	<u>750,102</u>	<u>673,903</u>	<u>-</u>	<u>673,903</u>
<b>Jackson County (2004)</b>					
Roads, streets and bridges	<u>678,512</u>	<u>777,883</u>	<u>777,883</u>	<u>-</u>	<u>777,883</u>
<b>Jackson County (2009) (1)</b>					
Roads, streets and bridges	563,345	563,345	22,000	176,267	198,267
Park and recreation	<u>563,345</u>	<u>563,345</u>	<u>74,428</u>	<u>-</u>	<u>74,428</u>
	<u>1,126,690</u>	<u>1,126,690</u>	<u>96,428</u>	<u>176,267</u>	<u>272,695</u>
<b>Gwinnett County (2009)</b>					
Roads, streets and bridges	<u>230,899</u>	<u>286,558</u>	<u>57</u>	<u>286,501</u>	<u>286,558</u>
<b>Gwinnett County (2004)</b>					
Roads, streets and bridges	<u>305,867</u>	<u>305,867</u>	<u>253,148</u>	<u>-</u>	<u>253,148</u>
<b>Hall County (2004)</b>					
Roads, streets and bridges	<u>6,046</u>	<u>6,046</u>	<u>1,824</u>	<u>-</u>	<u>1,824</u>
<b>Hall County (2009)</b>					
Streetscapes	<u>32,000</u>	<u>32,000</u>	<u>2,500</u>	<u>9,070</u>	<u>11,570</u>
<b>Barrow County (2006)</b>					
Sewer capital outlay	263,766	263,766	-	18,738	18,738
Roads, streets and bridges	263,766	263,766	-	-	-
Recreation	<u>351,688</u>	<u>351,688</u>	<u>5,693</u>	<u>-</u>	<u>5,693</u>
	<u>879,220</u>	<u>879,220</u>	<u>5,693</u>	<u>18,738</u>	<u>24,431</u>
<b>Barrow County (2012)</b>					
Park & recreation	233,688	233,688	-	68	68
Roads, street and bridges	<u>233,688</u>	<u>233,688</u>	<u>-</u>	<u>68</u>	<u>68</u>
	<u>467,376</u>	<u>467,376</u>	<u>-</u>	<u>136</u>	<u>136</u>
<b>Total</b>	<b>\$ <u>4,293,970</u></b>	<b>\$ <u>4,631,742</u></b>	<b>\$ <u>1,811,436</u></b>	<b>\$ <u>490,712</u></b>	<b>\$ <u>2,302,148</u></b>

(1) - Jackson County (2009) SPLOST was inadvertently omitted from the prior financial statements