

# TOWN OF BRASELTON, GEORGIA



## ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
JUNE 30, 2017

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ANNUAL FINANCIAL REPORT

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TOWN OF BRASELTON, GEORGIA  
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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Braselton, Georgia (the "Town") as of and for the fiscal year ended June 30, 2017, 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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, the discretely presented component unit, and each major fund of the Town of Braselton, Georgia, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and Major Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 10 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 opinions on the financial statements that collectively comprise the Town of Braselton, Georgia's basic financial statements. The schedule of project expenditures with special sales tax proceeds and the Downtown Development Authority statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of project expenditures with special sales tax proceeds and the Downtown Development Authority statements are the responsibility of management and were 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 schedule of project expenditures with special sales tax proceeds, and the Downtown Development Authority statements are 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 January 11, 2018 on our consideration of the Town of Braselton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Braselton, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Braselton, Georgia's internal control over financial reporting and compliance.

Macon, Georgia  
January 11, 2018

*Clepton, Lippford, Hardison & Parker LLC*

## **MANAGEMENT'S DISCUSSION & ANALYSIS**



TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

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, 2017. 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 and deferred outflows of resources exceeded its liabilities as of June 30, 2017 by \$55,139,581 (net position). The Town's net position had an increase of \$2,091,485 compared to June 30, 2016.
- The Town's investment in capital assets, net of related debt increased by \$1,844,459 as the Town continues to meet its obligations to its citizens and provide infrastructure to accommodate its continuing growth. The majority of this increase is credited to the completion of Phase II of the Town Green area including the amphitheater.
- Governmental activities general revenues increased by \$549,097 over the previous year. This is mainly due to the increase in economic activity resulting in increased tax revenues.
- Governmental activities expenses increased by \$1,628,473. This increase was primarily due to increase in public safety costs and completion of major capital projects.
- Business-type activities operating revenues had a slight decrease of \$261,262 or 3% compared to fiscal year ending June 30, 2016, due to a decrease of large quantity sewer tap fees.
- Business-type activities expenses increased by \$905,103 or 15%. This is mostly due to increase in repair and maintenance along with supplies needed for said repairs. The Town is working to increase and update its infrastructure which should decrease the Town's cost of repairs moving forward.

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 discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 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, 2017

(CONTINUED)

**Government-wide Financial Statements**

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

The statement of net position presents information on all of the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from others functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety and public works. The business-type activities of the Town include a water and sewer fund.

The government-wide financial statements can be found on pages 11 and 14 of this report.

**Fund Financial Statements**

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

*Governmental Funds*

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

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

The Town maintains four individual governmental funds: the general fund, hotel / motel fund, SPLOST fund, and the URA fund.

TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

(CONTINUED)

The Town adopts an annual appropriated budget for the general fund and the hotel / motel fund. A budgetary comparison statement has been provided to demonstrate compliance with these budgets.

The basic governmental funds financial statements can be found on pages 15 through 22 of this report.

*Proprietary Funds*

The Town maintains one type of proprietary funds. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for the activities of the water and sewer fund.

Proprietary funds provide the same type of information as the government-wide financial statements, on in more detail.

The basic proprietary fund financial statements can be found on pages 23 through 27 of this report.

**Notes to Financial Statements**

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

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities by \$55,139,581 at the close of the most recent year.

A portion of the Town's net position reflects its investment in capital assets, less any related debt outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. As of June 30, 2017 the investment consists of \$112,756,960 in assets, with accumulated depreciation of \$24,556,240 and outstanding debt of \$43,909,442.

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the Town's ongoing obligations.

TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2017  
 (CONTINUED)

The following table is a condensed version of the government-wide statement of net position:

	Summary of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and other assets	\$ 15,324,973	\$ 5,993,186	\$ 7,988,347	\$ 8,739,451	\$ 23,313,320	\$ 14,732,637
Capital assets	39,136,106	38,189,160	49,064,614	48,902,736	88,200,720	87,091,896
<b>Total assets</b>	<b>54,461,079</b>	<b>44,182,346</b>	<b>57,052,961</b>	<b>57,642,187</b>	<b>111,514,040</b>	<b>101,824,533</b>
<b>Deferred outflows of resources</b>						
Deferred charges on refunding	16,568	-	720,026	793,010	736,594	793,010
<b>Total deferred outflows of resources</b>	<b>16,568</b>	<b>-</b>	<b>720,026</b>	<b>793,010</b>	<b>736,594</b>	<b>793,010</b>
<b>Liabilities</b>						
Current and other liabilities	1,242,741	1,628,738	2,307,072	2,271,393	3,549,813	3,900,131
Long-term liabilities	14,833,269	5,931,032	38,727,971	39,738,284	53,561,240	45,669,316
<b>Total liabilities</b>	<b>16,076,010</b>	<b>7,559,770</b>	<b>41,035,043</b>	<b>42,009,677</b>	<b>57,111,053</b>	<b>49,569,447</b>
<b>Net position</b>						
Net investment in capital assets	32,790,845	31,836,360	11,500,433	10,610,459	44,291,278	42,446,819
Restricted	11,678,958	2,833,011	3,717,730	3,625,497	15,396,688	6,458,508
Unrestricted	(6,068,166)	1,953,205	1,519,781	2,189,564	(4,548,385)	4,142,769
<b>Total net position</b>	<b>\$ 38,401,637</b>	<b>\$ 36,622,576</b>	<b>\$ 16,737,944</b>	<b>\$ 16,425,520</b>	<b>\$ 55,139,581</b>	<b>\$ 53,048,096</b>

TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2017  
 (CONTINUED)

The following table is a condensed version of the government-wide statement of activities and summarizes changes for the year ended June 30, 2017 and 2016 in net position:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	\$ 2,401,822	\$ 1,596,585	\$ 7,548,649	\$ 7,663,586	\$ 9,950,471	\$ 9,260,171
Operating grants and contributions	319,257	17,241	6,684	-	325,941	17,241
Capital grants and contributions	1,057,372	993,284	-	285,816	1,057,372	1,279,100
General revenues						
Taxes	4,079,926	3,666,310	-	-	4,079,926	3,666,310
Investment revenues	14,637	3,399	8,938	3,611	23,575	7,010
Miscellaneous	314,469	190,225	17,383	163,708	331,852	353,933
Gain on sale of capital asset	-	-	8,050	-	8,050	-
Total Revenues	8,187,483	6,467,044	7,589,704	8,116,721	15,777,187	14,583,765
Expenses						
General government	1,523,961	846,944	-	-	1,523,961	846,944
Public safety	1,742,359	1,610,991	-	-	1,742,359	1,610,991
Public works	513,273	341,818	-	-	513,273	341,818
Other	2,552,630	1,903,996	-	-	2,552,630	1,903,996
Water and Sewer	-	-	7,353,479	9,729,324	7,353,479	9,729,324
Total Expenses	6,332,223	4,703,749	7,353,479	9,729,324	13,685,702	14,433,073
Increase (decrease) in net position before transfers	1,855,260	1,763,295	236,225	(1,612,603)	2,091,485	150,692
Transfers	(76,199)	-	76,199	-	-	-
Increase (decrease) in net position	1,779,061	1,763,295	312,424	(1,612,603)	2,091,485	150,692
Net position - beginning of year	36,622,576	34,859,281	16,425,520	18,038,123	53,048,096	52,897,404
Net position - end of year	\$ 38,401,637	\$ 36,622,576	\$ 16,737,944	\$ 16,425,520	\$ 55,139,581	\$ 53,048,096

*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 2016 were over \$6,467,004, as compared to \$8,187,483 in 2017 for an increase of \$1,720,439.

*Business-type Activities*

The major proprietary fund is the Town's water and sewer utility fund. The operating revenues for this fund decreased from \$8,116,721 in 2016 to \$7,589,704 or approximately 3% in 2017. In comparison, operating costs increased by 15%. The Town continues to be proactive in upgrading its water and sewer

TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

(CONTINUED)

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**

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds*

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of June 30, 2017 the Town's governmental funds reported combined ending fund balances of \$14,655,304. The unassigned fund balance reflects a balance of \$2,879,566. A total of \$11,678,958 is restricted or assigned to indicate that it is not available for new spending because it has already been committed for restricted purposes. A total of \$96,780 is nonspendable because it is not in a spendable form.

The fund balance of the Town's governmental funds increased by \$9,627,622 during the current year, mainly due to the issuance of the 2016 URA Revenue Bonds.

*Proprietary Funds*

The Town's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The water and sewer system fund provides services to the Town's residential and commercial customers. The Town strives to maintain competitive rates to its customers while providing safe drinking water and sewerage treatment. Unrestricted net position of the water and sewerage operations at the end of the year amounted to \$1,519,781.

**General Fund Budgetary Highlights**

In total, the Town realized approximately 25% more revenues than estimated in original budget. For the total general fund budget, expenditures exceeded original appropriations by less than 5%. The large variation in revenues projected vs actually received is due to an increase in licenses and permits from the increase in the economy and large forfeitures received as a result of law enforcement activities. These forfeitures cannot be legally budgeted until received by the Town. The small variation in expenditures is due primarily to General Government and Public Safety increase.

A detailed comparison of the general fund budget to actual amounts can be found on pages 20 through 21 of this report.

TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2017  
 (CONTINUED)

**Capital Assets and Debt Administration**

*Capital Assets*

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2017 totals \$88,200,720 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment, and vehicles. The total increase in the Town's investment in capital assets for the current year was \$1,108,824. Detailed information regarding the capital asset activity for 2017 can be found in Note 5 of this report.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 16,282,567	\$ 16,112,790	\$ 1,612,957	\$ 1,612,957	\$ 17,895,524	\$ 17,725,747
Construction in progress	644,967	1,019,572	488,319	4,554,197	1,133,286	5,573,769
Buildings and improvements	9,699,682	9,979,476	2,198,835	1,517,940	11,898,517	11,497,416
Infrastructure	11,840,536	10,422,183	44,520,687	41,129,833	56,361,223	51,552,016
Vehicles	459,120	490,145	-	-	459,120	490,145
Machinery and equipment	209,234	164,994	243,816	87,809	453,050	252,803
Total	<u>\$ 39,136,106</u>	<u>\$ 38,189,160</u>	<u>\$ 49,064,614</u>	<u>\$ 48,902,736</u>	<u>\$ 88,200,720</u>	<u>\$ 87,091,896</u>

*Long-Term Debt*

At the end of the fiscal year, the Town had \$55,476,458 in outstanding debt as compared to \$47,494,422 in fiscal year 2016. This included \$1,915,218 due in one year. The majority of this increase is associated with the 2016 Bond for the Town's parking deck. Approximately 72% of all debt is attributed to business-type activities for water & sewer infrastructure.

Detailed information regarding the long-term debt activity for 2017 can be found in Note 6.

**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 growing economy. Tourism, has reached pre-recession levels and substantial commercial growth is planned. Braselton is experiencing some commercial growth and residential growth is continuing to rebound. The Town is proactively managing its growth; infrastructure costs are fairly apportioned in order to minimize the impact on the citizens of Braselton.

**Request for Information**

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. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Town Manager, P.O. Box 306, Braselton, Georgia 30517.

## **FINANCIAL STATEMENTS**



TOWN OF BRASELTON, GEORGIA

STATEMENT OF NET POSITION  
JUNE 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 5,273,320	\$ 2,017,240	\$ 7,290,560	\$ 114,147
Receivables, net of allowance				
Taxes	84,178	-	84,178	-
Accounts	157,044	887,421	1,044,465	-
Due from other governments	239,739	-	239,739	-
Due from component unit	171,841	-	171,841	-
Internal balances	419,605	(419,605)	-	-
Prepays	96,780	75,765	172,545	-
Noncurrent Assets:				
Restricted investments	8,882,466	5,427,526	14,309,992	-
Non depreciable	16,927,534	2,101,276	19,028,810	-
Depreciable, net	22,208,572	46,963,338	69,171,910	148,000
Total Assets	54,461,079	57,052,961	111,514,040	262,147
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charges on refunding	16,568	720,026	736,594	-
Total deferred outflows of resources	16,568	720,026	736,594	-

The notes to the financial statements are an integral part of the basic financial statements.

TOWN OF BRASELTON, GEORGIA

STATEMENT OF NET POSITION

JUNE 30, 2017

(CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<b>LIABILITIES</b>				
Accounts payable	619,069	109,987	729,056	499
Retainage payable	-	14,083	14,083	-
Accrued interest	21,514	581,384	602,898	-
Customer deposits payable	-	167,966	167,966	-
Unearned revenue	50,600	69,992	120,592	-
Due to primary government	-	-	-	171,841
Noncurrent liabilities				
Due within one year				
Notes payable	-	431,032	431,032	3,227
Bonds payable	411,026	835,000	1,246,026	-
Compensated absences	140,532	97,628	238,160	-
Due in more than one year				
Notes payable	-	7,611,562	7,611,562	70,079
Bonds payable	14,833,269	31,116,409	45,949,678	-
Total Liabilities	16,076,010	41,035,043	57,111,053	245,646
<b>NET POSITION</b>				
Net investment in capital assets	32,790,845	11,500,433	44,291,278	74,694
Restricted for				
Capital outlay	11,345,919	-	11,345,919	-
Debt service	-	3,717,730	3,717,730	-
Law enforcement	333,039	-	333,039	-
Unrestricted (Deficit)	(6,068,166)	1,519,781	(4,548,385)	(58,193)
Total Net Position	\$ 38,401,637	\$ 16,737,944	\$ 55,139,581	\$ 16,501

The notes to the financial statements are an integral part of the basic financial statements.

TOWN OF BRASELTON, GEORGIA

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities				
General government	\$ 1,523,961	\$ 1,130,079	\$ -	\$ 409
Judicial	128,853	-	-	-
Public safety	1,742,359	710,828	-	-
Public works	513,273	560,915	319,257	896,114
Tourism	389,129	-	-	-
Planning and development	408,126	-	-	-
Economic and community development	444,331	-	-	-
Parks and recreation	99,867	-	-	160,849
Libraries	189,993	-	-	-
Interest expense	892,331	-	-	-
Total governmental activities	6,332,223	2,401,822	319,257	1,057,372
Business-Type Activities				
Water and Sewer	7,353,479	7,548,649	6,684	-
Total business-type activities	7,353,479	7,548,649	6,684	-
Total Primary Government	\$ 13,685,702	\$ 9,950,471	\$ 325,941	\$ 1,057,372
<b>Component Unit:</b>				
Downtown Development Authority	\$ 34,811	\$ -	\$ -	\$ -
Total Component Unit	\$ 34,811	\$ -	\$ -	\$ -

General Revenues

Sales tax  
Franchise tax  
Insurance premium tax  
Hotel / Motel occupancy tax  
Other tax  
Investment earnings  
Miscellaneous  
Gain on sale of capital asset

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

The notes to the financial statements are an integral part of the basic financial statements.

TOWN OF BRASELTON, GEORGIA

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position				
Primary Government				Component Unit
Governmental Activities	Business-Type Activities	Total		Downtown Development Authority
\$ (393,473)	\$ -	\$ (393,473)	\$	-
(128,853)	-	(128,853)		-
(1,031,531)	-	(1,031,531)		-
1,263,013	-	1,263,013		-
(389,129)	-	(389,129)		-
(408,126)	-	(408,126)		-
(444,331)	-	(444,331)		-
60,982	-	60,982		-
(189,993)	-	(189,993)		-
(892,331)	-	(892,331)		-
<u>(2,553,772)</u>	<u>-</u>	<u>(2,553,772)</u>		<u>-</u>
-	201,854	201,854		-
-	201,854	201,854		-
<u>(2,553,772)</u>	<u>201,854</u>	<u>(2,351,918)</u>		<u>-</u>
				(34,811)
				<u>(34,811)</u>
904,939	-	904,939		-
892,574	-	892,574		-
469,417	-	469,417		-
1,002,590	-	1,002,590		-
810,406	-	810,406		-
14,637	8,938	23,575		32
314,469	17,383	331,852		45,417
-	8,050	8,050		-
<u>4,409,032</u>	<u>34,371</u>	<u>4,443,403</u>		<u>45,449</u>
(76,199)	76,199	-		-
<u>4,332,833</u>	<u>110,570</u>	<u>4,443,403</u>		<u>45,449</u>
1,779,061	312,424	2,091,485		10,638
<u>36,622,576</u>	<u>16,425,520</u>	<u>53,048,096</u>		<u>5,863</u>
<u>\$ 38,401,637</u>	<u>\$ 16,737,944</u>	<u>\$ 55,139,581</u>	<u>\$</u>	<u>16,501</u>

The notes to the financial statements are an integral part of the basic financial statements.

## TOWN OF BRASELTON, GEORGIA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

<u>ASSETS</u>	General Fund	Hotel Motel Fund	SPLOST Fund	URA Fund	Total Governmental Funds
Cash and cash equivalent	\$ 1,992,037	\$ 115,473	\$ 2,966,825	\$ 198,985	\$ 5,273,320
Investments	-	-	-	8,882,466	8,882,466
Receivables, net of allowance					
Taxes	-	84,178	-	-	84,178
Accounts	144,308	-	-	12,736	157,044
Due from other governments	64,441	-	175,298	-	239,739
Due from component unit	171,500	341	-	-	171,841
Due from other funds	1,709,987	-	-	36,711	1,746,698
Prepays	96,780	-	-	-	96,780
<b>Total Assets</b>	<b>\$ 4,179,053</b>	<b>\$ 199,992</b>	<b>\$ 3,142,123</b>	<b>\$ 9,130,898</b>	<b>\$ 16,652,066</b>
<u>LIABILITIES</u>					
Accounts payable	\$ 584,670	\$ 34	\$ -	\$ 34,365	\$ 619,069
Unearned revenues	50,600	-	-	-	50,600
Due to other funds	36,711	344,825	-	945,557	1,327,093
<b>Total Liabilities</b>	<b>671,981</b>	<b>344,859</b>	<b>-</b>	<b>979,922</b>	<b>1,996,762</b>
<u>FUND BALANCES</u>					
Nonspendable	96,780	-	-	-	96,780
Restricted	385,859	-	3,142,123	8,150,976	11,678,958
Unassigned (Deficit)	3,024,433	(144,867)	-	-	2,879,566
<b>Total Fund Balances</b>	<b>3,507,072</b>	<b>(144,867)</b>	<b>3,142,123</b>	<b>8,150,976</b>	<b>14,655,304</b>
<b>Total Liabilities, Deferred inflows of Resources, and Fund Balances</b>	<b>\$ 4,179,053</b>	<b>\$ 199,992</b>	<b>\$ 3,142,123</b>	<b>\$ 9,130,898</b>	<b>\$ 16,652,066</b>

The notes to the financial statements are an integral part of the basic financial statements.

TOWN OF BRASELTON, GEORGIA

RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2017

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

Total fund balances - governmental funds	\$ 14,655,304
<b>Capital Assets</b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	45,419,389
Accumulated depreciation	(6,283,283)
<b>Long-term Liabilities</b>	
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:	
Compensated absences	(140,532)
Accrued interest	(21,514)
Loss on refunding	16,568
Bonds payable	<u>(15,244,295)</u>
Net Position of Governmental Activities	<u><u>\$ 38,401,637</u></u>

The notes to the financial statements are an integral part of the basic financial statements.

TOWN OF BRASELTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Hotel Motel Fund	SPLOST Fund	URA Fund	Total Governmental Funds
<u>Revenues</u>					
Taxes	\$ 3,077,336	\$ 1,002,590	\$ -	\$ -	\$ 4,079,926
License and permits	1,021,300	-	-	-	1,021,300
Intergovernmental	319,257	-	1,056,963	-	1,376,220
Fines and forfeitures	719,672	-	-	-	719,672
Charges for Services	660,850	-	-	-	660,850
Investment earnings	1,105	381	409	13,151	15,046
Other revenues	153,392	8,825	-	152,252	314,469
<b>Total Revenues</b>	<b>5,952,912</b>	<b>1,011,796</b>	<b>1,057,372</b>	<b>165,403</b>	<b>8,187,483</b>
<u>Expenditures</u>					
Current:					
General government	1,060,930	-	-	-	1,060,930
Judicial	128,853	-	-	-	128,853
Public safety	1,761,660	-	-	-	1,761,660
Streets and sanitation	436,188	-	-	-	436,188
Tourism	-	389,129	-	-	389,129
Planning and development	408,126	-	-	-	408,126
Economic and community development	415,652	-	-	28,679	444,331
Parks and recreation	55,224	-	-	-	55,224
Libraries	189,993	-	-	-	189,993
Capital outlay	-	-	194,529	1,302,252	1,496,781
Debt service					
Principal	-	-	-	532,071	532,071
Interest	-	-	-	486,452	486,452
Issuance cost	-	-	-	428,286	428,286
<b>Total Expenditures</b>	<b>4,456,626</b>	<b>389,129</b>	<b>194,529</b>	<b>2,777,740</b>	<b>7,818,024</b>

The notes to the financial statements are an integral part of the basic financial statements.

TOWN OF BRASELTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (CONTINUED)

	General Fund	Hotel Motel Fund	SPLOST Fund	URA Fund	Total Governmental Funds
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,496,286	622,667	862,843	(2,612,337)	369,459
<u>Other Financing Sources (Uses)</u>					
Transfers from other funds	630,411	-	-	1,576,949	2,207,360
Transfers to other funds	(1,576,949)	(551,048)	(76,199)	(79,363)	(2,283,559)
Bond proceeds	-	-	-	11,720,000	11,720,000
Premium on bonds	-	-	-	1,027,892	1,027,892
Payment to refunded bond escrow agent	-	-	-	(3,413,530)	(3,413,530)
Total other financing sources (uses)	(946,538)	(551,048)	(76,199)	10,831,948	9,258,163
Net change in fund balances	549,748	71,619	786,644	8,219,611	9,627,622
Fund Balance, beginning of year - (Deficit)	2,957,324	(216,486)	2,355,479	(68,635)	5,027,682
Fund Balance, end of year - (Deficit)	\$ 3,507,072	\$ (144,867)	\$ 3,142,123	\$ 8,150,976	\$ 14,655,304

The notes to the financial statements are an integral part of the basic financial statements.



TOWN OF BRASELTON, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Net Change in Fund Balances - total governmental funds \$ 9,627,622

Capital Assets

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

Total capital outlays 1,826,154  
Total depreciation (853,537)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. (25,671)

Long-Term Debt

The issuance of long-term debt (e.g., bonds, leases) 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 any effect on net position. Also, governmental funds report the effect of premiums, discounts, and simimliar 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.

Debt issued or incurred (11,720,000)  
Bond premium (1,027,892)  
Loss on refunding 16,568

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

Bonds payable 532,071  
Payment to refunded bond escrow agent 3,413,530  
Compensated absences (15,623)  
Accrued interest on bonds payable 8,863  
Amortization on bond discount (3,024)

Change in Net Position of Governmental Activities \$ 1,779,061

The notes to the financial statements are an integral part of the basic financial statements.

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TOWN OF BRASELTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues:</u>				
Taxes:				
Sales taxes	\$ 1,248,000	\$ 1,248,000	\$ 904,939	\$ (343,061)
Franchise taxes	822,200	822,200	892,574	70,374
Insurance premium taxes	450,000	450,000	469,417	19,417
Business taxes	550,000	550,000	701,965	151,965
Other taxes	96,100	96,100	108,441	12,341
Licenses and permits	645,500	645,500	1,021,300	375,800
Intergovernmental	-	-	319,257	319,257
Fines and forfeitures	508,500	508,500	719,672	211,172
Charges for services	393,700	393,700	660,850	267,150
Interest income	2,750	2,750	1,105	(1,645)
Miscellaneous	56,000	56,000	153,392	97,392
Total Revenue	4,772,750	4,772,750	5,952,912	1,180,162
<u>Expenditures:</u>				
Current:				
General government	1,143,983	1,143,983	1,060,930	83,053
Judicial	142,395	142,395	128,853	13,542
Public safety	1,535,717	1,535,717	1,761,660	(225,943)
Streets and sanitation	449,407	449,407	436,188	13,219
Planning and development	474,808	474,808	408,126	66,682
Economic and community development	396,805	396,805	415,652	(18,847)
Parks and recreation	7,816	7,816	55,224	(47,408)
Libraries	183,935	183,935	189,993	(6,058)
Debt Service:				
Principal	500,000	500,000	-	500,000
Interest	320,000	320,000	-	320,000
Total Expenditures	5,154,866	5,154,866	4,456,626	698,240
Excess Revenue Over (Under) Expenditures	(382,116)	(382,116)	1,496,286	1,878,402

The notes to the financial statements are an integral part of the basic financial statements.

TOWN OF BRASELTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Other Financing Sources (Uses):</u>				
Transfer from other funds	-	-	630,411	630,411
Transfer to other funds	-	-	(1,576,949)	(1,576,949)
Total Other Financing Sources (Uses)	-	-	(946,538)	(946,538)
Net change in fund balance	(382,116)	(382,116)	549,748	931,864
Fund balance, beginning of year	2,957,324	2,957,324	2,957,324	-
Fund balance, end of year	\$ 2,575,208	\$ 2,575,208	\$ 3,507,072	\$ 931,864

The notes to the financial statements are an integral part of the basic financial statements.

TOWN OF BRASELTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 MAJOR SPECIAL REVENUE FUND - HOTEL MOTEL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (CONTINUED)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<u>Revenues:</u>				
Hotel / Motel occupancy taxes	\$ 300,000	\$ 300,000	\$ 1,002,590	\$ 702,590
Interest income	100	100	381	281
Miscellaneous	15,000	15,000	8,825	(6,175)
Total Revenue	315,100	315,100	1,011,796	696,696
<u>Expenditures:</u>				
<u>Current:</u>				
Tourism	315,100	315,100	389,129	(74,029)
Total Expenditures	315,100	315,100	389,129	(74,029)
Excess Revenue Over (Under) Expenditures	-	-	622,667	622,667
<u>Other Financing Sources (Uses):</u>				
Transfer to other funds	-	-	(551,048)	(551,048)
Total Other Financing Sources (Uses)	-	-	(551,048)	(551,048)
Net change in fund balance	-	-	71,619	71,619
Fund balance, beginning of year	(216,486)	(216,486)	(216,486)	-
Fund balance, end of year	\$ (216,486)	\$ (216,486)	\$ (144,867)	\$ 71,619

The notes to the financial statements are an integral part of the basic financial statements.

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TOWN OF BRASELTON, GEORGIA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2017

<u>ASSETS</u>	Water and Sewer Fund
Current assets:	
Cash and cash equivalents	\$ 2,017,240
Accounts receivable, net	887,421
Due from other funds	35,000
Prepaid items	75,765
	<hr/>
Total current assets	3,015,426
	<hr/>
Noncurrent assets:	
Restricted investments	5,427,526
Capital assets:	
Non depreciable	2,101,276
Depreciable, net	46,963,338
	<hr/>
Total noncurrent assets	54,492,140
	<hr/>
Total Assets	57,507,566
	<hr/>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charges on refunding	720,026
	<hr/>
Total Deferred outflows of resources	720,026
	<hr/>

The notes to the financial statements are an integral part of the basic financial statements.

TOWN OF BRASELTON, GEORGIA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2017  
 (CONTINUED)

LIABILITIES

Current liabilities:

Accounts payable	109,987
Retainage payable	14,083
Due to other funds	454,605
Accrued interest	581,384
Unearned revenue	69,992
Compensated absences payable	97,628
Customer deposits payable	167,966
Notes payable, current	431,032
Bonds payable, current	835,000

Total current liabilities	<u>2,761,677</u>
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Noncurrent liabilities:

Notes payable	7,611,562
Bonds payable	31,116,409

Total noncurrent liabilities	<u>38,727,971</u>
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Total Liabilities	<u>41,489,648</u>
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NET POSITION

Net Investment in Capital Assets	11,500,433
Restricted for Debt Service	3,717,730
Unrestricted	1,519,781

Total Net Position	<u>\$ 16,737,944</u>
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The notes to the financial statements are an integral part of the basic financial statements.



TOWN OF BRASELTON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Water and Sewer Fund
<u>Operating revenues:</u>	
Charges and fees	\$ 7,548,649
Miscellaneous revenue	17,383
	<hr/>
Total operating revenues	7,566,032
	<hr/>
<u>Operating expenses:</u>	
Personal services and benefits	1,333,497
Purchased and contracted services	1,524,961
Supplies and equipment	794,822
Depreciation	1,550,363
Miscellaneous	749,333
	<hr/>
Total operating expenses	5,952,976
	<hr/>
Operating income (loss)	1,613,056
	<hr/>
<u>Nonoperating revenues (expenses):</u>	
Investment earnings	8,938
Intergovernmental revenue	6,684
Gain on sale of property	8,050
Interest expense	(1,400,503)
	<hr/>
Total nonoperating revenues (expenses)	(1,376,831)
	<hr/>
Net income (loss) before transfers	236,225
	<hr/>
Transfer from other funds	76,199
	<hr/>
Change in net position	312,424
	<hr/>
Total Net Position - Beginning of Year	16,425,520
	<hr/>
Total Net Position - Ending of Year	\$ 16,737,944
	<hr/> <hr/>

The notes to the financial statements are an integral part of the basic financial statements.

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TOWN OF BRASELTON, GEORGIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Water and Sewer Fund
<u>Cash Flows from Operating Activities:</u>	
Cash received from customers	\$ 8,059,756
Cash paid to employees	(1,318,776)
Cash paid to suppliers for goods and services	(3,354,419)
	<hr/>
Net Cash Flows Provided by (Used for) Operating Activities	3,386,561
	<hr/>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Proceeds on sale of assets	8,050
Proceeds on notes payable	290,000
Purchases of capital assets	(1,712,230)
Principal paid on notes payable	(397,467)
Interest paid on notes payable	(182,727)
Principal paid on bonds payable	(745,000)
Interest paid on bonds payable	(1,074,160)
	<hr/>
Net Cash Provided by (Used for) Capital and Related Financing Activities	(3,813,534)
	<hr/>
<u>Cash Flows from Investing Activities:</u>	
Sales on investments	162,477
Interest income	8,938
	<hr/>
Net Cash Flows Provided by (Used for) Investing Activities	171,415
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(255,558)
	<hr/>
Cash and Cash Equivalents, Beginning of Year	2,272,798
	<hr/>
Cash and Cash Equivalents, End of Year	\$ 2,017,240
	<hr/> <hr/>

The notes to the financial statements are an integral part of the basic financial statements.

TOWN OF BRASELTON, GEORGIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (CONTINUED)

	Water and Sewer Fund
<u>Cash Flows From Operating Activities:</u>	
Operating income	<u>\$ 1,613,056</u>
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	1,550,363
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	493,724
(Increase) decrease in due from other funds	(15,000)
(Increase) decrease in prepaid items	(4,685)
Increase (decrease) in accounts payable	(51,228)
Increase (decrease) in retainage payable	(188,064)
Increase (decrease) in due to other funds	(140,970)
Increase (decrease) in unearned revenue	69,992
Increase (decrease) in compensated absences	14,721
Increase (decrease) in customer deposits payable	<u>44,652</u>
Total Adjustments	<u>1,773,505</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ 3,386,561</u></u>

The notes to the financial statements are an integral part of the basic financial statements.

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## **NOTES TO THE FINANCIAL STATEMENTS**

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

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

**A. Reporting Entity**

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

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

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

The Town of Braselton Urban Redevelopment Authority (the “URA”) is a blended presented component unit of the Town. The three members of the Board of Directors of the URA are appointed by the Town Council. The Town also has the ability to impose its

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
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will on the URA as the Town Council can remove appointed members of the Board of Directors at will and has the ability to hire and dismiss the personnel responsible for the daily operations of the URA. The Urban Redevelopment Authority provides a means to issue revenue bonds for development within the Town. Although it is legally separate from the Town, the URA is reported as if it were a part of the primary government because all of the URA's debt is expected to be repaid by the Town. The URA's financial information is maintained by the Town's Finance Department. However, separate financial statements are not prepared.

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

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

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

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

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

**Government-Wide Financial Statements**

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-



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NOTES TO THE FINANCIAL STATEMENT  
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lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's public utilities and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

**Fund Financial Statements**

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *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 of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
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accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expense, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Town reports the following major governmental funds:

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

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

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

The **Urban Residential Authority (URA) Fund** accounts for the activity (predominately capital outlay in spending proceeds of URA bonds and debt service on those bonds which is paid by the Town) of the Town's blended component unit.

The Town reports the following major proprietary funds:

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

**D. Budgets**

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

**E. Deposits and Investments**

Georgia statutes authorize the Town to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or

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NOTES TO THE FINANCIAL STATEMENT  
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deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. Investments are reported at fair value.

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

**F. Receivables and Payables**

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

**G. Prepaid Items**

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

**H. Capital Assets**

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

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

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

<u>Assets</u>	<u>Years</u>
Machinery and equipment	5 - 25
Vehicles	5-10
Utility plant and infrastructure	10 - 40
Infrastructure	20 - 50
Buildings and improvements	15-125

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
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**I. Compensated Absences**

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

**J. Long-Term Obligations**

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

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

**K. Net Position Flow Assumption**

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

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

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

**L. Fund Equity**

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

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council through adoption of a resolution. Only the Town Council may modify or rescind the commitment through a subsequent resolution.
- Assigned – amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Town Council has authorized the Town Manager to assign fund balances through a written memorandum, in addition to the Town Council being able to assign fund balance through a motion at a public meeting.
- Unassigned – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance.

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

- Committed
- Assigned
- Unassigned

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

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

The following is a summary of the fund balance classifications as of June 30, 2017:

	General Fund	Hotel / Motel Fund	SPLOST Fund	URA Fund	Total
Fund Balances:					
Nonspendable					
Prepays	\$ 96,780	\$ -	\$ -	\$ -	\$ 96,780
Restricted for:					
Capital outlay	50,000	-	3,142,123	8,150,976	11,343,099
Law enforcement	333,039	-	-	-	333,039
Road projects	2,820	-	-	-	2,820
Unassigned (Deficit)	3,024,433	(144,867)	-	-	2,879,566
Total fund balances	\$ 3,507,072	\$ (144,867)	\$ 3,142,123	\$ 8,150,976	\$ 14,655,304

**M. Deferred Outflows of Resources / Deferred Inflows of Resources**

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

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the Town does not have any items which meet this criteria.

**N. Management Estimates**

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

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
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**O. Fund Balance Deficits**

At June 30, 2017 the Hotel Motel fund had a fund balance deficit of \$144,867. The deficit will be funded with subsequent tax collections or budgeted financing or transfers from other funds, if necessary.

**NOTE 2 – LEGAL COMPLIANCE – BUDGETS**

**A. Budget Process**

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

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

Expenditures may not legally exceed budgeted appropriations at the departmental level in the General Fund.

**B. Excess of Expenditures over Appropriations**

The following General Fund departments and the Hotel Motel Fund had excess of expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2017.

General Fund:	
Public Safety	\$ 225,943
Economic and Community Development	18,847
Parks and Recreation	47,408
Libraries	6,058
Transfer to Other Funds	1,576,949
Special Revenue Fund:	
Hotel Motel Fund	74,029

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

NOTE 3 – DEPOSITS AND INVESTMENTS

A. **Custodial Credit Risk — Deposits**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and Town policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2017, the Town had no bank balances that were exposed to custodial credit risk.

B. **Investments**

As of June 30, 2017, The Town had amounts in money market mutual funds with U.S. Bank, to pay future debt obligations and to be used for construction projects. The Town classifies these amounts as investments.

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

**Credit Risk** – Georgia Law and the Town’s Investment Policy allow investments in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime banker’s acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2017, the Town’s investment in each of the money market mutual funds listed below were rated AAAM.

Investments	WAM	Fair Value
First American Treasury Obligation Mutual Fund	26 Days	\$ 128,831
Fidelity Money Mkt Treasury Mutual Fund - Class II	26 Days	8,882,466
Fidelity Money Mkt Treasury Mutual Fund - Class III	26 Days	238,782
Fidelity Money Mkt Treasury Select Mutual Fund	26 Days	5,059,913
		\$ 14,309,992

**Fair Value Measurements** – The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounts principles. The hierarchy is based on the valuation inputs used to measure the fair values of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. The Town has the following recurring fair value measurements as of June 30, 2017:



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NOTES TO THE FINANCIAL STATEMENT  
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(CONTINUED)

Investments	Level 1	Level 2	Level 3	Fair Value
First American Treasury Obligation Mutual Fund	\$ 128,831	\$ -	\$ -	\$ 128,831
Fidelity Money Mkt Treasury Mutual Fund - Class II	8,882,466	-	-	8,882,466
Fidelity Money Mkt Treasury Mutual Fund - Class III	238,782	-	-	238,782
Fidelity Money Mkt Treasury Select Mutual Fund	5,059,913	-	-	5,059,913
	<u>\$ 14,309,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,309,992</u>

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

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

**NOTE 4 – RECEIVABLES**

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

Receivables at June 30, 2017, for the Town's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts (if any) are as follows:

	General Fund	Hotel / Motel Fund	URA Fund	SPLOST Fund	Water & Sewer Fund	Total
Receivables:						
Taxes	\$ -	\$ 84,178	\$ -	\$ -	\$ -	\$ 84,178
Accounts	144,308	-	12,736	-	1,181,031	1,338,075
Intergovernmental	64,441	-	-	175,298	-	239,739
Gross total receivables	<u>208,749</u>	<u>84,178</u>	<u>12,736</u>	<u>175,298</u>	<u>1,181,031</u>	<u>1,661,992</u>
Less allowance for uncollectible	-	-	-	-	(293,610)	(293,610)
Net total receivables	<u>\$ 208,749</u>	<u>\$ 84,178</u>	<u>\$ 12,736</u>	<u>\$ 175,298</u>	<u>\$ 887,421</u>	<u>\$ 1,368,382</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

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

**NOTE 5 – CAPITAL ASSETS**

**Primary Government**

Capital asset activity for the year ended June 30, 2017, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land and improvements	\$ 16,112,790	\$ 169,777	\$ -	\$ -	\$ 16,282,567
Construction in Progress	1,019,572	644,967	-	(1,019,572)	644,967
Total	17,132,362	814,744	-	(1,019,572)	16,927,534
Capital assets, being depreciated:					
Buildings and improvements	12,801,053	92,976	-	-	12,894,029
Infrastructure and improvements	11,723,801	664,892	-	1,019,572	13,408,265
Vehicles	900,348	128,289	(61,375)	-	967,262
Machinery and equipment	1,097,046	125,253	-	-	1,222,299
Total	26,522,248	1,011,410	(61,375)	1,019,572	28,491,855
Less accumulated depreciation for:					
Buildings and improvements	(2,821,577)	(372,770)	-	-	(3,194,347)
Infrastructure and improvements	(1,301,618)	(275,411)	-	9,300	(1,567,729)
Vehicles	(410,203)	(133,643)	35,704	-	(508,142)
Machinery and equipment	(932,052)	(71,713)	-	(9,300)	(1,013,065)
Total	(5,465,450)	(853,537)	35,704	-	(6,283,283)
Total capital assets, being depreciated, net	21,056,798	157,873	(25,671)	1,019,572	22,208,572
Governmental activities capital assets, net	\$ 38,189,160	\$ 972,617	\$ (25,671)	\$ -	39,136,106
					Less related long-term debt outstanding (18,657,825)
					Unspent bond proceeds 12,295,996
					Deferred amounts from refundings 16,568
					<u>\$ 32,790,845</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land and improvements	\$ 1,612,957	\$ -	\$ -	\$ -	\$ 1,612,957
Construction in Progress	4,554,197	194,742	-	(4,260,620)	488,319
Total	6,167,154	194,742	-	(4,260,620)	2,101,276
Capital assets, being depreciated:					
Buildings and improvements	1,934,963	747,967	-	-	2,682,930
Plant and infrastructure	56,620,140	552,285	-	4,260,620	61,433,045
Machinery and equipment	980,115	217,247	(77,042)	-	1,120,320
Total	59,535,218	1,517,499	(77,042)	4,260,620	65,236,295
Less accumulated depreciation for:					
Buildings and improvements	(417,023)	(67,072)	-	-	(484,095)
Plant and infrastructure	(15,490,307)	(1,422,051)	-	-	(16,912,358)
Machinery and equipment	(892,306)	(61,240)	77,042	-	(876,504)
Total	(16,799,636)	(1,550,363)	77,042	-	(18,272,957)
Total capital assets, being depreciated, net	42,735,582	(32,864)	-	4,260,620	46,963,338
Business-type activities capital assets, net	\$ 48,902,736	\$ 161,878	\$ -	\$ -	49,064,614
				Less related long-term debt outstanding	(39,994,003)
				Unspent bond proceeds	1,709,796
				Deferred amounts from refundings	720,026
					<u>\$ 11,500,433</u>

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

Governmental activities:	
General government	\$ 385,626
Public safety	187,415
Public works	235,852
Culture and recreation	44,644
Total depreciation expense - governmental activities	<u>\$ 853,537</u>
Business-type activities:	
Water and Sewer	\$ 1,550,363
Total depreciation expense - business-type activities	<u>\$ 1,550,363</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

**Downtown Development Authority**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 160,000	\$ -	\$ -	\$ 160,000
Total	<u>160,000</u>	<u>-</u>	<u>-</u>	<u>160,000</u>
Less accumulated depreciation for:				
Buildings	(8,000)	(4,000)	-	(12,000)
Total	<u>(8,000)</u>	<u>(4,000)</u>	<u>-</u>	<u>(12,000)</u>
Total capital assets, being depreciated, net	<u>152,000</u>	<u>(4,000)</u>	<u>-</u>	<u>148,000</u>
Downtown Development Authority capital assets, net	<u>\$ 152,000</u>	<u>\$ (4,000)</u>	<u>\$ -</u>	<u>\$ 148,000</u>

**NOTE 6 – LONG-TERM DEBT**

**Primary Government**

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balances	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds					
2005 Bonds	\$ 2,544,572	\$ -	\$ (313,597)	\$ 2,230,975	\$ 289,474
2005 Discount on Bonds	(26,973)	-	3,025	(23,948)	-
2009 Bonds	3,921,381	-	(3,632,005)	289,376	121,552
2016 Bonds	-	8,440,000	-	8,440,000	-
2016 Premium on Bonds	-	668,561	-	668,561	-
2017 Bonds	-	3,280,000	-	3,280,000	-
2017 Premium on Bonds	-	359,331	-	359,331	-
Compensated absences	<u>124,909</u>	<u>93,143</u>	<u>(77,520)</u>	<u>140,532</u>	<u>140,532</u>
Governmental activity Long-term liabilities	<u>\$ 6,563,889</u>	<u>\$ 12,841,035</u>	<u>\$ (4,020,097)</u>	<u>\$ 15,384,827</u>	<u>\$ 551,558</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

	Beginning Balances	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Revenue bonds					
2009 Bonds	\$ 10,285,000	\$ -	\$ -	\$ 10,285,000	\$ -
2009 Discount on Bonds	(181,457)	-	9,073	(172,384)	-
2012 Bonds	10,000,000	-	-	10,000,000	-
2012 Discount on Bonds	(79,350)	-	10,587	(68,763)	-
2015 Bonds	12,215,000	-	(745,000)	11,470,000	835,000
2015 Premium on Bonds	458,392	-	(20,836)	437,556	-
Notes payable	8,150,061	290,000	(397,467)	8,042,594	431,032
Compensated absences	82,907	61,787	(47,066)	97,628	97,628
Business-type activity Long-term liabilities	\$ 40,930,553	\$ 351,787	\$ (1,190,709)	\$ 40,091,631	\$ 1,363,660

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

**Governmental Activities**

**Series 2005 Revenue Bonds**

The Town, on June 15, 2005, issued \$5,500,000 in revenue bonds through the Urban Development Agency (URA) of the Town of Braselton to finance the cost of a new law enforcement center and library. The bonds, maturing in June 2025, have an interest rate of 3.67% and the amount of revenue bonds outstanding at June 30, 2017 is \$2,230,975.

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

Year Ending June 30,	Principal	Interest	Total
2018	\$ 289,474	\$ 79,345	\$ 368,819
2019	289,474	68,811	358,285
2020	289,474	57,982	347,456
2021	289,474	47,374	336,848
2022	289,474	36,700	326,174
2023-2025	783,605	46,206	829,811
Total	\$ 2,230,975	\$ 336,418	\$ 2,567,393

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

**Series 2009 Revenue Bonds**

The Town, on August 19, 2009, issued \$5,000,000 in revenue bonds through the Urban Development Agency of the Town of Braselton to finance the cost of a new Town green, amphitheater, streetscape, sidewalk, and parking improvements. Interest rate on the 2009 bonds is 4.63% with annual maturities through fiscal year 2025. The Series 2009 bonds were partially refunded during fiscal year 2017 with the issuance of the Series 2017 Refunding Revenue Bonds as discussed below. The remaining amount of Series 2009 Revenue Bonds outstanding at June 30, 2017 is \$289,376.

Annual debt service requirements to maturity for the 2009 revenue bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 121,552	\$ 128,727	\$ 250,279
2019	135,418	115,453	250,871
2020	32,406	38,056	70,462
Total	<u>\$ 289,376</u>	<u>\$ 282,236</u>	<u>\$ 571,612</u>

**Series 2016 Revenue Bonds**

The Town, on December 1, 2016, issued \$8,440,000 in revenue bonds through the Urban Development Agency of the Town of Braselton to finance the cost of the acquisition, construction, development and equipping of a public parking structure and related facilities. The bonds, maturing in July 1, 2027, have an interest rate of 4.00% and the amount of revenue bonds outstanding at June 30, 2017 is \$8,440,000

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 333,098	\$ 333,098
2019	-	332,175	332,175
2020	-	332,175	332,175
2021	30,000	331,838	361,838
2022	45,000	330,994	375,994
2023-2027	1,015,000	1,604,144	2,619,144
2028-2032	2,605,000	1,245,100	3,850,100
2033-2037	4,745,000	489,500	5,234,500
Total	<u>\$ 8,440,000</u>	<u>\$ 4,999,024</u>	<u>\$ 13,439,024</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

**Series 2017 Revenue Bonds**

On February 1, 2017, the Town issued Series 2017 Refunding Revenue Bonds in the amount of \$3,280,000. Interest rate on the 2017 bonds is 4.00% with annual maturities through fiscal year 2030. The bonds were issued for the purpose of partially refunding the Series 2009 Revenue bonds. The net proceeds from the 2017 Bonds were deposited in an irrevocable trust with an escrow agent to provide partial debt service payments of \$36,711 quarterly for Series 2009 Revenue Bonds. The final principal payment of \$3,186,631 will be made on August 1, 2019 to complete the refunding of the Series 2009 Revenue Bonds. The refunding is considered a partial net cash advance refunding, therefore only a portion of the 2009 refunded bonds and the 2017 refunding bonds will be reported in the Town's financial statements. The refunded portion of the Series 2009 Revenue Bonds that are considered defeased as of June 30, 2017 are \$3,413,529. The result of this transaction is a decrease in future debt service payments of \$280,601 and a present value savings, or economic gain, of \$220,044. As of June 30, 2017, the outstanding principal on the Series 2017 Revenue Bonds is \$3,280,000.

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

Year Ending June 30,	Principal	Interest	Total
2018	\$ -	\$ 111,884	\$ 111,884
2019	-	131,200	131,200
2020	215,000	126,900	341,900
2021	225,000	118,100	343,100
2022	235,000	108,900	343,900
2023-2027	1,330,000	392,400	1,722,400
2028-2031	1,275,000	104,700	1,379,700
Total	<u>\$ 3,280,000</u>	<u>\$ 1,094,084</u>	<u>\$ 4,374,084</u>

**Business-type Activities**

**Revenue Bonds Payable – Water and Sewer Fund**

On December 30, 2003 and January 6, 2004, the Town issued Series 2003A Water and Sewer Revenue bonds in the amount of \$7,915,000 and Series 2003B Water and Sewer Revenue bonds in the amount of \$7,370,000. Interest rates on the 2003A bonds range from 1.85% to 4.45% with annual maturities through fiscal year 2019. Interest rates on the 2003B bonds range from 4.55% to 4.90% with annual maturities through fiscal year 2025. The Series 2003A and 2003B bonds were refunded in fiscal year 2012 with the Series 2012A and 2012B bonds as discussed below.

On December 30, 2009, the Town issued Series 2009 Water and Sewer revenue bonds in the amount of \$10,285,000. The 2009 bonds were issued to finance certain improvements to the Town's water and sewerage system. Interest rates on these bonds range from 4.46% to 5.03% with annual maturities through fiscal year 2036. As of June 30, 2017, the outstanding principal on the bonds is \$10,285,000.

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

Remaining annual debt service requirements, as of June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 477,375	\$ 477,375
2019	-	477,375	477,375
2020	-	477,375	477,375
2021	-	477,375	477,375
2022	-	477,375	477,375
2023-2027	-	2,386,875	2,386,875
2028-2032	4,800,000	2,057,995	6,857,995
2033-2036	5,485,000	677,796	6,162,796
Total	<u>\$ 10,285,000</u>	<u>\$ 7,509,541</u>	<u>\$ 17,794,541</u>

On April 10, 2012, the Town issued Series 2012A Water and Sewer Revenue bonds in the amount of \$10,000,000 and Series 2012B Water and Sewer Revenue bonds in the amount of \$5,880,000. Interest rates on the 2012A bonds range from 1.75% to 3.00% with annual maturities through fiscal year 2027. Interest rates on the 2012B bonds range from 2.00% to 2.50% with annual maturities through fiscal year 2019. The bonds were issued for the purpose of refunding all outstanding Series 2003A and Series 2003B Water and Sewer Revenue bonds. The net proceeds from the Series 2012A and 2012B Bonds were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and thus the assets in the trust fund along with the outstanding Series 2003A and 2003B refunded bonds at June 30, 2017 are not reported in the Town's financial statements. Portions of the Series 2012B bonds were refunded in fiscal year 2015 with the Series 2015A and 2015B bonds as discussed below. The remaining 2012B bonds were paid in full during fiscal year 2016.

Annual debt service requirements, as of June 30, 2017, for the Series 2012A Bonds, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ 257,518	\$ 257,518
2019	365,000	257,518	622,518
2020	1,200,000	251,130	1,451,130
2021	1,230,000	227,130	1,457,130
2022	1,255,000	198,840	1,453,840
2023-2027	5,950,000	480,555	6,430,555
Total	<u>\$ 10,000,000</u>	<u>\$ 1,672,691</u>	<u>\$ 11,672,691</u>



TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

On June 4, 2015, the Town issued Series 2015A Water and Sewer Revenue bonds in the amount of \$9,515,000 and Series 2015B Water and Sewer Taxable Revenue bonds in the amount of \$2,700,000. Interest rates on the 2015A bonds range from 3.50% to 4.00% with annual maturities through fiscal year 2038. Interest rates on the 2015B bonds range from 1.00% to 2.00% with annual maturities through fiscal year 2020. The bonds were issued for the purpose of refunding \$3,930,000 in outstanding Series 2012B Water and Sewer Revenue bonds, refunding \$1,669,351 of principal and accrued interest outstanding on certain Georgia Environmental Finance Authority (GEFA) Loans, to finance certain improvements to the Town's water and sewerage system, and to fund the required debt service reserve fund.

Annual debt service requirements, as of June 30, 2017, for the Series 2015A and Series 2015B Bonds, are as follows:

Year Ending June 30,	Series 2015 A		Series 2015 B		Total
	Principal	Interest	Principal	Interest	
2018	\$ -	\$ 366,375	\$ 835,000	\$ 30,750	\$ 1,232,125
2019	-	366,375	880,000	13,600	1,259,975
2020	385,000	358,675	240,000	2,400	986,075
2021	20,000	350,725	-	-	370,725
2022	15,000	350,288	-	-	365,288
2023-2027	235,000	1,740,313	-	-	1,975,313
2028-2032	2,355,000	1,496,900	-	-	3,851,900
2033-2037	4,290,000	966,919	-	-	5,256,919
2038	2,215,000	41,531	-	-	2,256,531
Total	\$ 9,515,000	\$ 6,038,101	\$ 1,955,000	\$ 46,750	\$ 15,553,101

**Notes Payable**

The Town's Water and Sewer Fund has several Georgia Environmental Finance Authority (GEFA) loans for the construction of various water and sewer system projects. Portions of the loans were paid off through the issuance of Water and Sewer Series 2015A and 2015B revenue bonds, as previously discussed in this note. Notes payable outstanding as of June 30, 2017 are as follows:

Loan	Interest Rate %	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2009-L16-WQ	2.81%	03/01/27	\$ 227,397	\$ -	\$ (18,380)	\$ 209,017
2009-L18-WQ	2.81%	03/01/32	781,852	-	(40,033)	741,819
2007-L22-WS	3.40%	08/01/32	4,358,955	-	(205,838)	4,153,117
2013-L32-WS	0.70%	10/01/25	145,936	-	(15,184)	130,752
2013-L25-WS	0.70%	07/01/25	793,672	-	(84,926)	708,746
CWSRF 14-010	1.03%	07/01/38	1,842,249	-	-	1,842,249
2016-009 GEFA	0.98%	07/01/22	-	290,000	(33,106)	256,894
Total GEFA Notes Payable			\$ 8,150,061	\$ 290,000	\$ (397,467)	\$ 8,042,594

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

Annual debt service requirements, as of June 30, 2017, for the notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 431,032	\$ 190,635	\$ 621,667
2019	517,727	179,952	697,679
2020	536,143	168,471	704,614
2021	547,986	156,626	704,612
2022	525,403	144,526	669,929
2023-2027	2,482,887	539,932	3,022,819
2028-2032	2,341,517	214,392	2,555,909
2033-2037	549,161	18,860	568,021
2038-2039	110,738	660	111,398
Total	<u>\$ 8,042,594</u>	<u>\$ 1,614,054</u>	<u>\$ 9,656,648</u>

**Component Unit**

Long-term liability activity for the year ended June 30, 2017 for the Downtown Development Authority was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Discretely Presented Component Unit:					
Notes payable	\$ 148,918	\$ -	\$ (75,700)	\$ 73,218	\$ 3,227
Discretely Presented Component Unit					
Long-term liabilities	\$ 148,918	\$ -	\$ (75,700)	\$ 73,218	\$ 3,227

**Notes Payable**

In July 2014, the DDA entered into a note payable in the amount of \$160,000 with a bank to assist with the purchase of property. In June 2017, the DDA renewed the note payable in the amount of \$73,614. The loan matures on May 9, 2020 and carries an interest rate of 4.00%. Activity of the notes payable for the year ended June 30, 2017 was as follows:

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,227	\$ 2,870	\$ 6,097
2019	3,359	2,739	6,098
2020	66,720	2,602	69,322
Total	<u>\$ 73,306</u>	<u>\$ 8,211</u>	<u>\$ 81,517</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2017, is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Hotel / Motel Fund	\$ 309,825
	URA Fund	945,557
	Water and Sewer Fund	454,605
Water and Sewer Fund	Hotel / Motel Fund	35,000
URA Fund	General Fund	36,711
		<u>\$ 1,781,698</u>

Due to / from component units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Downtown Development Authority	\$ 171,500
Hotel / Motel Fund	Downtown Development Authority	341
		<u>\$ 171,841</u>

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

Interfund transfers:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Hotel / Motel Fund	\$ 551,048
	URA Fund	79,363
URA Fund	General Fund	1,576,949
Water and Sewer Fund	SPLOST Fund	76,199

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

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

**NOTE 8 – Defined Contribution Pension Plan**

The Town of Braselton offers a defined contribution retirement plan for all full-time employees administered by Nationwide Retirement Solutions. Employees are eligible for the Plan on the first day of employment and become eligible for the Town's match after three years of service. The Town matches 50% of eligible employee contributions up to 3%. During the year ended June 30, 2017, there were 21 employees participating in the Plan who contributed \$56,783 while the Town's contributions totaled \$25,786.

**NOTE 9 – SPECIAL FUNDING DEFINED BENEFIT PENSION PLAN**

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

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

**NOTE 10 – JOINT VENTURE**

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

**NOTE 11 – RISK MANAGEMENT**

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

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

common risk management and insurance program for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the Town is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim or loss.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. Settlements have not exceeded insurance coverage in the last three years.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**Litigation**

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

**Grant Contingencies**

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

**NOTE 13 – HOTEL/MOTEL OCCUPANCY TAX**

The Town imposes a hotel/motel tax on lodging facilities within the Town. The tax is assessed at 5% and, in accordance with O.C.G.A. 48-13-51, the Town is required to spend at least 40% of this for promoting tourism, conventions, and trade shows. Revenues were \$1,002,590 for the year ended June 30, 2017. Of this amount 40% was used to promote tourism.

**NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS**

The Town has evaluated subsequent events through January 11, 2018, the date which the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Expenditures				Total
	Original Budget	Amended Budget	Prior Years	Current Year	
Jackson County (1999)					
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	31,680	36,376	36,376	-	36,376
	<u>567,360</u>	<u>750,102</u>	<u>673,903</u>	<u>-</u>	<u>673,903</u>
Jackson County (2009)					
Roads, streets and bridges	563,345	697,213	813,555	90,000	903,555
Park and recreation	563,345	697,213	207,088	91,291	298,379
	<u>1,126,690</u>	<u>1,394,426</u>	<u>1,020,643</u>	<u>181,291</u>	<u>1,201,934</u>
Gwinnett County (2014)					
Water and sewer capital outlay	1,168,163	1,168,163	59,274	-	59,274
Roads, streets and bridges	389,388	389,388	66	13,238	13,304
	<u>1,557,551</u>	<u>1,557,551</u>	<u>59,340</u>	<u>13,238</u>	<u>72,578</u>
Gwinnett County (2009)					
Roads, streets and bridges	230,899	780,656	780,656	-	780,656
Gwinnett County (2004)					
Roads, streets and bridges	305,867	328,072	328,072	-	328,072
Hall County (2004)					
Roads, streets and bridges	6,046	7,610	7,609	-	7,609
Hall County (2009)					
Streetscapes	32,000	32,000	16,994	-	16,994
Barrow County (2006)					
Sewer capital outlays	263,766	263,766	18,738	-	18,738
Roads, streets, and bridges	263,766	263,766	-	-	-
Recreation	351,688	351,688	5,693	-	5,693
	<u>879,220</u>	<u>879,220</u>	<u>24,431</u>	<u>-</u>	<u>24,431</u>
Barrow County (2012)					
Roads, streets, and bridges	233,688	233,688	68	-	68
Parks and recreation	233,688	233,688	68	-	68
	<u>467,376</u>	<u>467,376</u>	<u>136</u>	<u>-</u>	<u>136</u>
	<u>\$ 5,173,009</u>	<u>\$ 6,197,013</u>	<u>\$ 2,911,784</u>	<u>\$ 194,529</u>	<u>\$ 3,106,313</u>

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TOWN OF BRASELTON, GEORGIA

BALANCE SHEET  
DOWNTOWN DEVELOPMENT AUTHORITY  
COMPONENT UNIT  
JUNE 30, 2017

ASSETS

Cash and cash equivalents	\$ 114,147
Total Assets	<u>\$ 114,147</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 498
Due to primary government	<u>171,841</u>
Total Liabilities	<u>172,339</u>
Fund Balance:	
Unassigned	<u>(58,192)</u>
Total Fund Balance	<u>(58,192)</u>
Total Liabilities and Fund Balance	<u>\$ 114,147</u>

TOWN OF BRASELTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 DOWNTOWN DEVELOPMENT AUTHORITY  
 COMPONENT UNIT  
 FOR THE YEAR ENDED JUNE 30, 2017

Revenues:

Rental income	\$ 13,200
Interest earnings	32
Other miscellaneous revenues	<u>32,217</u>
Total Revenues	<u>45,449</u>

Expenditures:

Current:

General government	26,072
Debt Service	
Principal	75,613
Interest	<u>4,737</u>

Total Expenditures	<u>106,422</u>
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Net change in fund balance	(60,973)
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Fund Balance, beginning of year	<u>2,781</u>
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Fund Balance, end of year (Deficit)	<u><u>\$ (58,192)</u></u>
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**GOVERNMENTAL REPORT**

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Braselton, Georgia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Braselton, Georgia’s basic financial statements, and have issued our report thereon dated January 11, 2018.

**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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. 2017-001, 2017-002, 2017-003, and 2017-004.

### **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's Response to Findings**

Town of Braselton, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Town of Braselton, Georgia's responses 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.

Macon, Georgia  
January 11, 2018

*Clifton, Lippard, Hardison & Parker, LLC*

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**FINANCIAL STATEMENT FINDINGS**

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

**2017-001 Issuance of Series 2016 Revenue Bonds and Series 2017 Revenue Bonds – URA Fund**

*CRITERIA*

In accordance with generally accepted accounting principles, financial statements prepared using the current financial resources measurement focus should report the issuance of long-term debt as other financing sources.

*CONDITION*

The Town did not record the issuance of the Series 2016 Revenue Bonds and the Series 2017 Revenue Bonds.

*CONTEXT*

Material audit adjustments were required to fairly state and classify debt activity for the year ended June 30, 2017.

- Material audit adjustments of \$8,440,000 and \$668,561 were required to record the Series 2016 Revenue Bonds proceeds and premiums, in addition audit adjustments of \$8,882,466 and \$238,937 were required to record the Series 2016 Revenue Bonds escrow accounts and issuance cost.
- Material audit adjustments of \$3,280,000 and \$359,331 were required to record the Series 2017 Revenue Bonds proceeds and premiums, in addition audit adjustments of \$3,413,530 and \$189,349 were required to record the Series 2017 Revenue Bonds escrow accounts and issuance cost.
- Material audit adjustment of \$3,413,530 was required to record the partial advance refunding of the Series 2009 Revenue Bonds.

*EFFECT*

The Town's accounting records did not contain the issuance of the Series 2016 Revenue Bonds and the Series 2017 Revenue Bonds, these material omissions were identified and adjusted during the annual audit process.

*CAUSE*

The Town did not have adequate internal control procedures in place to insure the proper recording of the issuance of revenue bonds.

*RECOMMENDATION*

We recommend that the Town establish procedures to insure the proper recording of all long-term debt transactions in future periods.



TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(CONTINUED)

VIEWES OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The Town concurs with this finding. The Town now has procedures in place to more accurately record long term debt including bonds with amortization schedules of bond issuance to help in recording financial statements. Future training of staff will be implemented.

**2017-002 Accounts Receivable / Revenue**

*CRITERIA*

Accounting procedures should be designed to insure that revenue is accrued and recognized when they become both measurable and available to finance expenditures of the fiscal period.

*CONDITION*

Various revenue items were not recorded in the proper fiscal period of 2017.

*CONTEXT*

Material audit adjustments were required to fairly state and classify revenues for the year ended June 30, 2017.

- A material adjustment of \$64,441 was required in the General Fund to record June 2017 Local Option Sale Tax receipts.
- An adjustment of \$26,305 was required in the General Fund to record the third and fourth quarter City of Buford franchise fees.
- Material audit adjustments of \$266,563 and \$90,976 were required in the Water and Sewer Fund to correct the recording of Water and Sewer accounts receivable and allowance for doubtful accounts.
- Material audit adjustment of \$76,199 was required in the SPLOST Fund to remove an old receivable. In addition, a transfer of \$76,199 was required to move the receipts to the Water and Sewer Fund.

*EFFECT*

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

*CAUSE*

The Town did not have adequate accounting procedures in place to insure the accrual of revenues in the proper fiscal year.

*RECOMMENDATION*

We recommend that the Town develop procedures to insure the recording of revenues when they become measurable and available to finance expenditures of the fiscal period.

VIEWES OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The Town concurs with this finding. The Town now reviews recordings of revenue earned from respective entities and other governments to properly record and account for revenue accruals.

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(CONTINUED)

**2017-003 Restricted Investment Activity – Water and Sewer Fund**

*CRITERIA*

An effective system of internal controls includes the requirement that all investment accounts are reconciled with the general ledger on a monthly basis and the reconciliations are reviewed by management or another responsible official.

*CONDITION*

Monthly investment account reconciliations were not being performed during fiscal year 2017.

*CONTEXT*

A material audit adjustment of \$103,603 was required to correct the reporting of the investment accounts, interest income, interest expense, and bonds payable as of June 30, 2017.

*EFFECT*

The failure to reconcile investment accounts on a timely basis resulted in incomplete or inaccurate recording of transactions in the Town's financial records for 2017.

*CAUSE*

The Town did not have adequate accounting procedures in place to insure the proper recording of investment account activity for fiscal year 2017.

*RECOMMENDATION*

We recommend that the Town reconcile the investment accounts monthly and record the needed activity to the general ledger control accounts.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS**

The Town concurs with this finding and has gained knowledge to better record the needed activity related to the investment accounts.

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(CONTINUED)

**2017-004 Capital Assets**

*CRITERIA*

Accounting and control procedures should be designed to insure that capital asset activity is recorded and reported. Capital asset records must be supported by detailed records that include location, department, cost, estimated useful life, depreciation and other detail supporting documentation.

*CONDITION*

The Town's Governmental Activities capital asset subsidiary ledger contained an error in the calculation of depreciation expense for a group of assets.

*CONTEXT*

The Town's Governmental Activities capital asset subsidiary ledgers under reported current year depreciation expense by \$99,280.

*EFFECT*

Material audit adjustment of \$99,280 was necessary to correct current year Governmental Activities depreciation expense.

*CAUSE*

The Town did not have adequate internal control procedures in place to insure that Governmental Activities capital asset subsidiary ledgers were correctly calculating depreciation expense.

*RECOMMENDATION*

We recommend that the Town establish additional internal control procedures to insure that the proper reconciling procedures are being performed monthly and at year-end to balance and reconcile capital asset records.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS**

The Town concurs with this finding. The formula error that was found has been corrected and the Town will work to ensure depreciation is properly recorded before year-end.