

TOWN OF BRASELTON, GEORGIA



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2018

TOWN OF BRASELTON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
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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, 2018, 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, 2018, 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 November 27, 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
November 27, 2018

Clifton, Lipford, Anderson & Parker LLC

MANAGEMENT'S DISCUSSION & ANALYSIS

TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018

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, 2018. 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, 2018 by \$65,005,026 (net position). The Town's net position had an increase of \$9,796,127 compared to June 30, 2017.
- The Town's investment in capital assets, net of related debt increased by \$8,624,737 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 work towards completing the Town's Parking Deck and several street paving projects.
- Governmental activities general revenues increased by \$388,699 over the previous year. This is mainly due to the increase in economic activity resulting in increased tax revenues.
- Governmental activities expenses decreased by \$1,045,431. This decrease was primarily due to work and completion of major capital projects such as the Town's Parking Deck.
- Business-type activities operating revenues increased by \$942,283 or 12% compared to fiscal year ending June 30, 2017, due to an increase of over 500 new customers.
- Business-type activities expenses had a slight increase of \$55,397 or less than 1%. The Town diligently tries to keep operating costs lower by purchasing less water from other governments.

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.

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.

TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

(CONTINUED)

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 through 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.

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 21 of this report.

TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

(CONTINUED)

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 22 through 26 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. These are found on pages 27 through 50 of this report.

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 \$65,005,026 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, 2018, the investment consists of \$126,991,925 in assets, with accumulated depreciation of \$27,162,707 and outstanding debt of \$46,913,203.

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, 2018
 (CONTINUED)

The following table is a condensed version of the government-wide statement and summarizes net position for the year ended June 30, 2018 and 2017:

	Summary of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 12,234,106	\$ 15,324,973	\$ 8,693,381	\$ 7,988,347	\$ 20,927,487	\$ 23,313,320
Capital assets	47,385,551	39,136,106	52,443,667	49,064,614	99,829,218	88,200,720
Total assets	59,619,657	54,461,079	61,137,048	57,052,961	120,756,705	111,514,040
Deferred outflows of resources						
Deferred charges on refunding	14,201	16,568	636,604	720,026	650,805	736,594
Total deferred outflows of resources	14,201	16,568	636,604	720,026	650,805	736,594
Liabilities						
Current and other liabilities	2,582,529	1,242,741	2,581,288	2,307,072	5,163,817	3,549,813
Long-term liabilities	14,344,024	14,833,269	36,894,643	38,727,971	51,238,667	53,561,240
Total liabilities	16,926,553	16,076,010	39,475,931	41,035,043	56,402,484	57,111,053
Net position						
Net investment in capital assets	37,373,061	32,790,845	15,542,954	11,500,433	52,916,015	44,291,278
Restricted	7,335,912	11,678,958	3,614,856	3,717,730	10,950,768	15,396,688
Unrestricted (Deficit)	(2,001,668)	(6,068,166)	3,139,911	1,519,781	1,138,243	(4,548,385)
Total net position	\$ 42,707,305	\$ 38,401,637	\$ 22,297,721	\$ 16,737,944	\$ 65,005,026	\$ 55,139,581

TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2018
 (CONTINUED)

The following table is a condensed version of the government-wide statement of activities and summarizes changes for the year ended June 30, 2018 and 2017 in net position:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	2017	2018	Restated 2017
Revenues						
Program revenues						
Charges for services	\$ 2,318,220	\$ 2,401,822	\$ 8,486,932	\$ 7,548,649	\$ 10,805,152	\$ 9,950,471
Operating grants and contributions	120,788	319,257	-	6,684	120,788	325,941
Capital grants and contributions	2,286,403	1,057,372	3,951,287	-	6,237,690	1,057,372
General revenues						
Taxes	4,442,176	4,079,926	-	-	4,442,176	4,079,926
Investment revenues	75,837	14,637	47,206	8,938	123,043	23,575
Miscellaneous	279,718	314,469	21,383	17,383	301,101	331,852
Gain on sale of capital asset	-	-	-	8,050	-	8,050
Total Revenues	9,523,142	8,187,483	12,506,808	7,589,704	22,029,950	15,777,187
Expenses						
General government	807,780	1,454,643	-	-	807,780	1,454,643
Public safety	1,695,197	1,742,359	-	-	1,695,197	1,742,359
Public works	611,287	513,273	-	-	611,287	513,273
Other	2,172,528	2,552,630	-	-	2,172,528	2,552,630
Water and Sewer	-	-	6,947,031	7,353,479	6,947,031	7,353,479
Total Expenses	5,286,792	6,262,905	6,947,031	7,353,479	12,233,823	13,616,384
Increase (decrease) in net position before transfers	4,236,350	1,924,578	5,559,777	236,225	9,796,127	2,160,803
Transfers	-	(76,199)	-	76,199	-	-
Increase (decrease) in net position	4,236,350	1,848,379	5,559,777	312,424	9,796,127	2,160,803
Net position - beginning of year	38,470,955	36,622,576	16,737,944	16,425,520	55,208,899	53,048,096
Net position - end of year	\$ 42,707,305	\$ 38,470,955	\$ 22,297,721	\$ 16,737,944	\$ 65,005,026	\$ 55,208,899

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 2017 were over \$8,187,483, as compared to \$9,523,142 in 2018 for an increase of \$1,335,659.

Business-type Activities

The major proprietary fund is the Town's water and sewer utility fund. The operating revenues for this fund increased from \$7,589,704 in 2017 to \$8,555,521 or approximately 12% in 2018. In comparison, operating costs decreased by 5%. The Town continues to be proactive in upgrading its water and sewer

TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

(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, 2018 the Town's governmental funds reported combined ending fund balances of \$10,138,529. The unassigned fund balance reflects a balance of \$2,693,805. A total of \$7,335,912 is restricted or assigned to indicate that it is not available for new spending except where it has already been committed for restricted purposes. A total of \$108,812 is non-spendable because it has been allocated as a prepaid expense for the next fiscal year.

The fund balance of the Town's governmental funds decreased by \$4,586,094 during the current year, mainly due to the construction of the Town's new parking deck.

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 \$3,139,911.

General Fund Budgetary Highlights

In total, the Town realized approximately 7.5% more revenues than estimated in original budget. For the total general fund budget, expenditures were aligned with original appropriations within less than 1%. The variation in revenues projected versus 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 federal 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 Parks and Recreation increase.

A detailed comparison of the general fund budget to actual amounts can be found on pages 19 through 20 of this report.

TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2018
 (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, 2018 totals \$99,829,218 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 \$11,628,498. Detailed information regarding the capital asset activity for 2018 can be found in Note 5 of this report.

**Capital Assets at Year-End
 (Net of Accumulated Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 16,347,567	\$ 16,282,567	\$ 1,623,322	\$ 1,612,957	\$ 17,970,889	\$ 17,895,524
Construction in progress	7,133,787	644,967	752,220	488,319	7,886,007	1,133,286
Buildings and improvements	9,524,752	9,699,682	2,688,508	2,198,835	12,213,260	11,898,517
Infrastructure	13,458,312	11,840,536	47,082,942	44,520,687	60,541,254	56,361,223
Vehicles	467,354	459,120	-	-	467,354	459,120
Machinery and equipment	453,779	209,234	296,675	243,816	750,454	453,050
Total	<u>\$ 47,385,551</u>	<u>\$ 39,136,106</u>	<u>\$ 52,443,667</u>	<u>\$ 49,064,614</u>	<u>\$ 99,829,218</u>	<u>\$ 88,200,720</u>

Long-Term Debt

At the end of the fiscal year, the Town had \$53,562,942 in outstanding debt as compared to \$55,476,459 in fiscal year 2017. A decrease of \$1,913,517, which includes a total of \$2,324,275 due in one year. The majority of the governmental debt 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 2018 can be found in Note 6.

Economic Conditions Affecting the Town

The Town of Braselton remains in an adequate financial position in an improved 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 commercial growth and residential growth that 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, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 6,328,112	\$ 3,044,408	\$ 9,372,520	\$ 211,111
Restricted investments	4,666,787	4,734,908	9,401,695	-
Receivables, net of allowance				
Taxes	88,548	-	88,548	-
Accounts	221,551	1,220,508	1,442,059	-
Due from other governments	259,260	-	259,260	-
Due from component unit	181,319	-	181,319	-
Internal balances	379,717	(379,717)	-	-
Prepays	108,812	73,274	182,086	-
Noncurrent Assets:				
Non depreciable	23,481,354	2,375,542	25,856,896	-
Depreciable, net	23,904,197	50,068,125	73,972,322	144,000
Total Assets	59,619,657	61,137,048	120,756,705	355,111
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charges on refunding	14,201	636,604	650,805	-
Total deferred outflows of resources	14,201	636,604	650,805	-

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, 2018

(CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
LIABILITIES				
Accounts payable	1,212,764	142,588	1,355,352	-
Retainage payable	524,353	37,178	561,531	-
Accrued interest	19,678	115,391	135,069	-
Customer deposits payable	-	278,288	278,288	-
Unearned revenue	358,460	150,842	509,302	-
Due to primary government	-	-	-	181,319
Noncurrent liabilities				
Due within one year				
Notes payable	-	517,727	517,727	3,359
Bonds payable	349,454	1,245,000	1,594,454	-
Compensated absences	117,820	94,274	212,094	-
Due in more than one year				
Notes payable	-	7,024,410	7,024,410	66,629
Bonds payable	14,344,024	29,870,233	44,214,257	-
Total Liabilities	16,926,553	39,475,931	56,402,484	251,307
NET POSITION				
Net investment in capital assets	37,373,061	15,542,954	52,916,015	74,012
Restricted for				
Capital outlay	6,931,175	-	6,931,175	-
Debt service	-	3,614,856	3,614,856	-
Loan program	116,654	-	116,654	-
Law enforcement	288,083	-	288,083	-
Unrestricted (Deficit) - Restated	(2,001,668)	3,139,911	1,138,243	29,792
Total Net Position	\$ 42,707,305	\$ 22,297,721	\$ 65,005,026	\$ 103,804

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, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	\$ 807,780	\$ 1,035,166	\$ -	\$ 439
Judicial	139,738	-	-	-
Public safety	1,695,197	705,192	-	-
Public works	611,287	577,862	120,788	1,962,562
Tourism	490,967	-	-	-
Planning and development	394,293	-	-	-
Economic and community development	514,316	-	-	-
Parks and recreation	96,949	-	-	323,402
Libraries	197,110	-	-	-
Interest expense	339,155	-	-	-
Total governmental activities	<u>5,286,792</u>	<u>2,318,220</u>	<u>120,788</u>	<u>2,286,403</u>
Business-Type Activities				
Water and Sewer	6,947,031	8,486,932	-	3,951,287
Total business-type activities	<u>6,947,031</u>	<u>8,486,932</u>	<u>-</u>	<u>3,951,287</u>
Total Primary Government	<u>\$ 12,233,823</u>	<u>\$ 10,805,152</u>	<u>\$ 120,788</u>	<u>\$ 6,237,690</u>
Component Unit:				
Downtown Development Authority	\$ 54,531	\$ -	\$ -	\$ -
Total Component Unit	<u>\$ 54,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Sales tax
Franchise tax
Insurance premium tax
Hotel / Motel occupancy tax
Other tax
Investment earnings
Miscellaneous
Total General Revenues

Change in Net Position

Net Position - Beginning of year - Restated

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, 2018
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position				Component Unit
Primary Government			Downtown Development Authority	
Governmental Activities	Business-Type Activities	Total		
\$ 227,825	\$ -	\$ 227,825	\$ -	
(139,738)	-	(139,738)	-	
(990,005)	-	(990,005)	-	
2,049,925	-	2,049,925	-	
(490,967)	-	(490,967)	-	
(394,293)	-	(394,293)	-	
(514,316)	-	(514,316)	-	
226,453	-	226,453	-	
(197,110)	-	(197,110)	-	
(339,155)	-	(339,155)	-	
(561,381)	-	(561,381)	-	
-	5,491,188	5,491,188	-	
-	5,491,188	5,491,188	-	
(561,381)	5,491,188	4,929,807	-	
			(54,531)	
			(54,531)	
949,491	-	949,491	-	
938,867	-	938,867	-	
500,451	-	500,451	-	
1,108,391	-	1,108,391	-	
944,976	-	944,976	-	
75,837	47,206	123,043	27	
279,718	21,383	301,101	141,807	
4,797,731	68,589	4,866,320	141,834	
4,236,350	5,559,777	9,796,127	87,303	
38,470,955	16,737,944	55,208,899	16,501	
\$ 42,707,305	\$ 22,297,721	\$ 65,005,026	\$ 103,804	

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, 2018

	General Fund	Hotel Motel Fund	SPLOST Fund	URA Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalent	\$ 3,123,068	\$ 232,391	\$ 2,874,407	\$ 98,246	\$ 6,328,112
Investments	-	-	-	4,666,787	4,666,787
Receivables, net of allowance					
Taxes	-	88,548	-	-	88,548
Accounts	180,697	-	-	40,854	221,551
Due from other governments	70,716	-	188,544	-	259,260
Due from component unit	181,319	-	-	-	181,319
Due from other funds	1,577,413	-	-	-	1,577,413
Prepays	101,312	7,500	-	-	108,812
Total Assets	\$ 5,234,525	\$ 328,439	\$ 3,062,951	\$ 4,805,887	\$ 13,431,802
LIABILITIES					
Accounts payable	\$ 1,132,054	\$ 8,233	\$ 72,477	\$ -	\$ 1,212,764
Retainage payable	524,353	-	-	-	524,353
Unearned revenues	358,460	-	-	-	358,460
Due to other funds	-	332,010	-	865,686	1,197,696
Total Liabilities	2,014,867	340,243	72,477	865,686	3,293,273
FUND BALANCES					
Nonspendable	101,312	7,500	-	-	108,812
Restricted	405,237	-	2,990,474	3,940,201	7,335,912
Unassigned (Deficit)	2,713,109	(19,304)	-	-	2,693,805
Total Fund Balances	3,219,658	(11,804)	2,990,474	3,940,201	10,138,529
Total Liabilities, Deferred inflows of Resources, and Fund Balances	\$ 5,234,525	\$ 328,439	\$ 3,062,951	\$ 4,805,887	\$ 13,431,802

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, 2018

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

Total fund balances - governmental funds	\$ 10,138,529
 Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	54,551,420
Accumulated depreciation	(7,165,869)
 Long-term Liabilities	
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:	
Compensated absences	(117,820)
Accrued interest	(19,678)
Loss on refunding	14,201
Bonds payable	<u>(14,693,478)</u>
 Net Position of Governmental Activities	 <u>\$ 42,707,305</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, 2018

	General Fund	Hotel Motel Fund	SPLOST Fund	URA Fund	Total Governmental Funds
<u>Revenues</u>					
Taxes	\$ 3,333,784	\$ 1,108,392	\$ -	\$ -	\$ 4,442,176
License and permits	945,802	-	-	-	945,802
Intergovernmental	120,787	-	1,220,366	-	1,341,153
Fines and forfeitures	714,131	-	-	-	714,131
Charges for Services	658,288	-	-	-	658,288
Investment earnings	79	38	439	75,720	76,276
Other revenues	80,526	11,296	-	187,896	279,718
Total Revenues	5,853,397	1,119,726	1,220,805	263,616	8,457,544
<u>Expenditures</u>					
Current:					
General government	6,575,126	-	-	-	6,575,126
Judicial	139,738	-	-	-	139,738
Public safety	1,722,102	-	-	-	1,722,102
Streets and sanitation	524,280	-	-	-	524,280
Tourism	-	543,167	-	-	543,167
Planning and development	427,349	-	-	-	427,349
Economic and community development	382,205	-	-	132,111	514,316
Parks and recreation	122,713	-	-	-	122,713
Libraries	201,942	-	-	-	201,942
Capital outlay	-	-	1,372,454	11,010	1,383,464
Debt service					
Principal	-	-	-	494,747	494,747
Interest	-	-	-	394,694	394,694
Total Expenditures	10,095,455	543,167	1,372,454	1,032,562	13,043,638
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,242,058)	576,559	(151,649)	(768,946)	(4,586,094)
<u>Other Financing Sources (Uses)</u>					
Transfers from other funds	4,774,765	-	-	889,440	5,664,205
Transfers to other funds	(889,440)	(443,496)	-	(4,331,269)	(5,664,205)
Total other financing sources (uses)	3,885,325	(443,496)	-	(3,441,829)	-
Net change in fund balances	(356,733)	133,063	(151,649)	(4,210,775)	(4,586,094)
Fund Balance, beginning of year - (Deficit) -Restated	3,576,391	(144,867)	3,142,123	8,150,976	14,724,623
Fund Balance, end of year - (Deficit)	\$ 3,219,658	\$ (11,804)	\$ 2,990,474	\$ 3,940,201	\$ 10,138,529

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, 2018

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

Net Change in Fund Balances - total governmental funds	\$ (4,586,094)
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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	9,132,031
Total depreciation	(882,586)

Long-Term Debt

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

Bonds payable	494,748
Compensated absences	22,712
Accrued interest on bonds payable	1,836
Amortization loss on refunding	(2,367)
Amortization on bond premium	59,095
Amortization on bond discount	(3,025)

Change in Net Position of Governmental Activities	<u>\$ 4,236,350</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, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues:</u>				
Taxes:				
Sales taxes	\$ 1,186,500	\$ 1,186,500	\$ 949,491	\$ (237,009)
Franchise taxes	857,600	857,600	938,867	81,267
Insurance premium taxes	490,000	490,000	500,451	10,451
Business taxes	640,000	640,000	769,973	129,973
Other taxes	136,900	136,900	175,003	38,103
Licenses and permits	977,000	977,000	945,802	(31,198)
Intergovernmental	-	-	120,787	120,787
Fines and forfeitures	508,000	508,000	714,131	206,131
Charges for services	585,000	585,000	658,288	73,288
Interest income	2,000	2,000	79	(1,921)
Miscellaneous	61,000	61,000	80,525	19,525
Total Revenue	5,444,000	5,444,000	5,853,397	409,397
<u>Expenditures:</u>				
Current:				
General government	6,481,698	6,481,698	6,575,126	(93,428)
Judicial	164,342	164,342	139,738	24,604
Public safety	1,784,091	1,784,091	1,722,102	61,989
Streets and sanitation	535,578	535,578	524,280	11,298
Planning and development	481,843	481,843	427,349	54,494
Economic and community development	425,000	425,000	382,205	42,795
Parks and recreation	15,865	15,865	122,713	(106,848)
Libraries	225,091	225,091	201,942	23,149
Total Expenditures	10,113,508	10,113,508	10,095,455	18,053
Excess Revenue Over (Under) Expenditures	(4,669,508)	(4,669,508)	(4,242,058)	427,450

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, 2018
 (CONTINUED)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<u>Other Financing Sources (Uses):</u>				
Transfer from other funds	5,845,000	5,845,000	4,774,765	(1,070,235)
Transfer to other funds	-	-	(889,440)	(889,440)
Total Other Financing Sources (Uses)	5,845,000	5,845,000	3,885,325	(1,959,675)
Net change in fund balance	1,175,492	1,175,492	(356,733)	(1,532,225)
Fund balance, beginning of year - restated	3,576,391	3,576,391	3,576,391	-
Fund balance, end of year	\$ 4,751,883	\$ 4,751,883	\$ 3,219,658	\$ (1,532,225)

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, 2018
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues:</u>				
Hotel / Motel occupance taxes	\$ 400,000	\$ 400,000	\$ 1,108,391	\$ 708,391
Interest income	500	500	38	(462)
Miscellaneous	5,000	5,000	11,297	6,297
Total Revenue	405,500	405,500	1,119,726	714,226
<u>Expenditures:</u>				
Current:				
Tourism	570,500	570,500	543,167	27,333
Total Expenditures	570,500	570,500	543,167	27,333
Excess Revenue Over (Under) Expenditures	(165,000)	(165,000)	576,559	741,559
<u>Other Financing Sources (Uses):</u>				
Transfer to other funds	-	-	(443,496)	(443,496)
Total Other Financing Sources (Uses)	-	-	(443,496)	(443,496)
Net change in fund balance	(165,000)	(165,000)	133,063	298,063
Fund balance, beginning of year	(144,867)	(144,867)	(144,867)	-
Fund balance, end of year	\$ (309,867)	\$ (309,867)	\$ (11,804)	\$ 298,063

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, 2018

<u>ASSETS</u>	<u>Water and Sewer Fund</u>
Current assets:	
Cash and cash equivalents	\$ 3,044,408
Accounts receivable, net	1,220,508
Prepaid items	73,274
	<hr/>
Total current assets	4,338,190
	<hr/>
Noncurrent assets:	
Restricted investments	4,734,908
Capital assets:	
Non depreciable	2,375,542
Depreciable, net	50,068,125
	<hr/>
Total noncurrent assets	57,178,575
	<hr/>
Total Assets	61,516,765
	<hr/>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charges on refunding	636,604
	<hr/>
Total Deferred outflows of resources	636,604
	<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, 2018
 (CONTINUED)

LIABILITIES

Current liabilities:

Accounts payable	142,588
Retainage payable	37,178
Due to other funds	379,717
Accrued interest	115,391
Unearned revenue	150,842
Compensated absences payable	94,274
Customer deposits payable	278,288
Notes payable, current	517,727
Bonds payable, current	1,245,000

Total current liabilities	<u>2,961,005</u>
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Noncurrent liabilities:

Notes payable	7,024,410
Bonds payable	29,870,233

Total noncurrent liabilities	<u>36,894,643</u>
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Total Liabilities	<u>39,855,648</u>
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NET POSITION

Net Investment in Capital Assets	15,542,954
Restricted for Debt Service	3,614,856
Unrestricted	3,139,911

Total Net Position	<u><u>\$ 22,297,721</u></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, 2018

	Water and Sewer Fund
<u>Operating revenues:</u>	
Charges and fees	\$ 8,486,932
Miscellaneous revenue	21,383
	<hr/>
Total operating revenues	8,508,315
	<hr/>
<u>Operating expenses:</u>	
Personal services and benefits	1,478,546
Purchased and contracted services	1,207,815
Supplies and equipment	781,856
Depreciation	1,723,881
Miscellaneous	816,275
	<hr/>
Total operating expenses	6,008,373
	<hr/>
Operating income (loss)	2,499,942
	<hr/>
<u>Nonoperating revenues (expenses):</u>	
Investment earnings	47,206
Contributed Capital	3,951,287
Interest expense	(938,658)
	<hr/>
Total nonoperating revenues (expenses)	3,059,835
	<hr/>
Change in net position	5,559,777
	<hr/>
Total Net Position - Beginning of Year	16,737,944
	<hr/>
Total Net Position - Ending of Year	\$ 22,297,721
	<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, 2018

	Water and Sewer Fund
<u>Cash Flows from Operating Activities:</u>	
Cash received from customers	\$ 8,175,228
Cash paid to employees	(1,481,900)
Cash paid to suppliers for goods and services	<u>(2,596,475)</u>
Net Cash Flows Provided by (Used for) Operating Activities	<u>4,096,853</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Purchases of capital assets	(1,151,647)
Principal paid on notes payable	(500,457)
Interest paid on notes payable	(190,387)
Principal paid on bonds payable	(835,000)
Interest paid on bonds payable	<u>(1,132,018)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(3,809,509)</u>
<u>Cash Flows from Investing Activities:</u>	
Restricted investment proceeds	692,618
Interest income	<u>47,206</u>
Net Cash Flows Provided by (Used for) Investing Activities	<u>739,824</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,027,168
Cash and Cash Equivalents, Beginning of Year	<u>2,017,240</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,044,408</u>

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, 2018
 (CONTINUED)

	Water and Sewer Fund
<u>Cash Flows From Operating Activities:</u>	
Operating income	<u>\$ 2,499,942</u>
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	1,723,881
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(333,087)
(Increase) decrease in due from other funds	35,000
(Increase) decrease in prepaid items	2,491
Increase (decrease) in accounts payable	32,601
Increase (decrease) in retainage payable	23,095
Increase (decrease) in due to other funds	(74,888)
Increase (decrease) in unearned revenue	80,850
Increase (decrease) in compensated absences	(3,354)
Increase (decrease) in customer deposits payable	<u>110,322</u>
Total Adjustments	<u>1,596,911</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 4,096,853</u>
 NONCASH CAPITAL FINANCING ACTIVITIES	
Contributions of capital assets	<u>\$ 3,951,287</u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

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

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.

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

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

Fund Financial Statements

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

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

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expense, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Town reports the following major governmental funds:

The **General Fund** – 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 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

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. Investments are reported at fair value.

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

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	15-25

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

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.

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.

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

- 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, 2018
(CONTINUED)

The following is a summary of the fund balance classifications as of June 30, 2018:

	General Fund	Hotel / Motel Fund	SPLOST Fund	URA Fund	Total
Fund Balances:					
Nonspendable					
Prepays	\$ 101,312	\$ 7,500	\$ -	\$ -	\$ 108,812
Restricted for:					
Capital outlay	-	-	2,990,474	3,940,201	6,930,675
Law enforcement	288,083	-	-	-	288,083
Loan program	116,654	-	-	-	116,654
Police and Library	500	-	-	-	500
Unassigned (Deficit)	2,713,109	(19,304)	-	-	2,693,805
Total fund balances	\$ 3,219,658	\$ (11,804)	\$ 2,990,474	\$ 3,940,201	\$ 10,138,529

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, 2018
(CONTINUED)

O. Fund Balance Deficits

At June 30, 2018 the Hotel Motel fund had a fund balance deficit of \$11,804. 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, 2018.

General Fund:	
General Government	\$ 93,428
Parks and Recreation	106,848
Transfer to Other Funds	889,440
Special Revenue Fund:	
Hotel Motel Fund	
Transfer to Other Funds	443,496

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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, 2018, the Town had no bank balances that were exposed to custodial credit risk.

B. Investments

As of June 30, 2018, 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, 2018, 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	19 Days	\$ 107,546
Fidelity Money Mkt Treasury Mutual Fund - Class II	28 Days	4,666,787
Fidelity Money Mkt Treasury Mutual Fund - Class III	28 Days	199,382
Fidelity Money Mkt Treasury Select Mutual Fund	28 Days	4,427,980
		\$ 9,401,695

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, 2018:

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

Investments	Level 1	Level 2	Level 3	Fair Value
First American Treasury Obligation Mutual Fund	\$ 107,546	\$ -	\$ -	\$ 107,546
Fidelity Money Mkt Treasury Mutual Fund - Class II	4,666,787	-	-	4,666,787
Fidelity Money Mkt Treasury Mutual Fund - Class III	199,382	-	-	199,382
Fidelity Money Mkt Treasury Select Mutual Fund	4,427,980	-	-	4,427,980
	<u>\$ 9,401,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,401,695</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 levy 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, 2018, 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	\$ -	\$ 88,548	\$ -	\$ -	\$ -	\$ 88,548
Accounts	180,697	-	40,854	-	1,525,306	1,746,857
Intergovernmental	70,716	-	-	188,544	-	259,260
Gross total receivables	<u>251,413</u>	<u>88,548</u>	<u>40,854</u>	<u>188,544</u>	<u>1,525,306</u>	<u>2,094,665</u>
Less allowance for uncollectible	-	-	-	-	(304,798)	(304,798)
Net total receivables	<u>\$ 251,413</u>	<u>\$ 88,548</u>	<u>\$ 40,854</u>	<u>\$ 188,544</u>	<u>\$ 1,220,508</u>	<u>\$ 1,789,867</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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, 2018, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 16,282,567	\$ 65,000	\$ -	\$ -	\$ 16,347,567
Construction in Progress	644,967	6,556,511	-	(67,691)	7,133,787
Total	16,927,534	6,621,511	-	(67,691)	23,481,354
Capital assets, being depreciated:					
Buildings and improvements	12,894,029	138,482	-	17,691	13,050,202
Infrastructure and improvements	13,408,265	1,907,908	-	50,000	15,366,173
Vehicles	967,262	151,506	-	-	1,118,768
Machinery and equipment	1,222,299	312,624	-	-	1,534,923
Total	28,491,855	2,510,520	-	67,691	31,070,066
Less accumulated depreciation for:					
Buildings and improvements	(3,194,347)	(331,103)	-	-	(3,525,450)
Infrastructure and improvements	(1,567,729)	(340,132)	-	-	(1,907,861)
Vehicles	(508,142)	(143,272)	-	-	(651,414)
Machinery and equipment	(1,013,065)	(68,079)	-	-	(1,081,144)
Total	(6,283,283)	(882,586)	-	-	(7,165,869)
Total capital assets, being depreciated, net	22,208,572	1,627,934	-	67,691	23,904,197
Governmental activities capital assets, net	\$ 39,136,106	\$ 8,249,445	\$ -	\$ -	47,385,551
					Less related long-term debt outstanding (14,693,478)
					Unspent bond proceeds 4,666,787
					Deferred amounts from refundings 14,201
					<u>\$ 37,373,061</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 1,612,957	\$ 10,365	\$ -	\$ -	\$ 1,623,322
Construction in Progress	488,319	263,901	-	-	752,220
Total	2,101,276	274,266	-	-	2,375,542
Capital assets, being depreciated:					
Buildings and improvements	2,682,930	580,143	-	-	3,263,073
Plant and infrastructure	61,433,045	4,111,801	-	-	65,544,846
Machinery and equipment	1,120,320	136,724	-	-	1,257,044
Total	65,236,295	4,828,668	-	-	70,064,963
Less accumulated depreciation for:					
Buildings and improvements	(484,095)	(90,470)	-	-	(574,565)
Plant and infrastructure	(16,912,358)	(1,549,546)	-	-	(18,461,904)
Machinery and equipment	(876,504)	(83,865)	-	-	(960,369)
Total	(18,272,957)	(1,723,881)	-	-	(19,996,838)
Total capital assets, being depreciated, net	46,963,338	3,104,787	-	-	50,068,125
Business-type activities capital assets, net	\$ 49,064,614	\$ 3,379,053	\$ -	\$ -	52,443,667
					Less related long-term debt outstanding (38,657,370)
					Unspent bond proceeds 1,120,053
					Deferred amounts from refundings 636,604
					<u>\$ 15,542,954</u>

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

Governmental activities:	
General government	\$ 344,495
Public safety	172,670
Public works	281,350
Culture and recreation	84,071
Total depreciation expense - governmental activities	<u>\$ 882,586</u>
Business-type activities:	
Water and Sewer	\$ 1,723,881
Total depreciation expense - business-type activities	<u>\$ 1,723,881</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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	(12,000)	(4,000)	-	(16,000)
Total	<u>(12,000)</u>	<u>(4,000)</u>	<u>-</u>	<u>(16,000)</u>
Total capital assets, being depreciated, net	<u>148,000</u>	<u>(4,000)</u>	<u>-</u>	<u>144,000</u>
Downtown Development Authority capital assets, net	<u>\$ 148,000</u>	<u>\$ (4,000)</u>	<u>\$ -</u>	<u>\$ 144,000</u>

NOTE 6 – LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balances	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds					
2005 Bonds	\$ 2,230,975	\$ -	\$ (265,351)	\$ 1,965,624	\$ 289,474
2005 Discount on Bonds	(23,948)	-	3,025	(20,923)	-
2009 Bonds	289,376	-	(229,396)	59,980	59,980
2016 Bonds	8,440,000	-	-	8,440,000	-
2016 Premium on Bonds	668,561	-	(33,428)	635,133	-
2017 Bonds	3,280,000	-	-	3,280,000	-
2017 Premium on Bonds	359,331	-	(25,667)	333,664	-
Compensated absences	<u>140,532</u>	<u>40,210</u>	<u>(62,922)</u>	<u>117,820</u>	<u>117,820</u>
Governmental activity Long-term liabilities	<u>\$ 15,384,827</u>	<u>\$ 40,210</u>	<u>\$ (613,739)</u>	<u>\$ 14,811,298</u>	<u>\$ 467,274</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

	Beginning Balances	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds					
2009 Bonds	\$ 10,285,000	\$ -	\$ -	\$ 10,285,000	\$ -
2009 Discount on Bonds	(172,383)	-	9,073	(163,310)	-
2012 Bonds	10,000,000	-	-	10,000,000	365,000
2012 Discount on Bonds	(68,763)	-	10,586	(58,177)	-
2015 Bonds	11,470,000	-	(835,000)	10,635,000	880,000
2015 Premium on Bonds	437,556	-	(20,836)	416,720	-
Notes payable	8,042,594	-	(500,457)	7,542,137	517,727
Compensated absences	97,628	43,077	(46,431)	94,274	94,274
Business-type activity					
Long-term liabilities	\$ 40,091,632	\$ 43,077	\$ (1,383,065)	\$ 38,751,644	\$ 1,857,001

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

Governmental Activities

Series 2005 Revenue Bonds

The Town, on June 15, 2005, issued \$5,500,000 in revenue bonds through the Urban Development Agency (URA) of the Town of Braselton to finance the cost of a new law enforcement center and library. The bonds, maturing in June 2025, have an interest rate of 3.67% and the amount of revenue bonds outstanding at June 30, 2018 is \$1,965,624.

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

Year Ending June 30,	Principal	Interest	Total
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	289,474	26,117	315,591
2024-2025	518,254	20,089	538,343
Total	\$ 1,965,624	\$ 257,073	\$ 2,222,697

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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, 2018 is \$59,980.

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>
2019	\$ 59,980	\$ 2,777	\$ 62,757
Total	<u>\$ 59,980</u>	<u>\$ 2,777</u>	<u>\$ 62,757</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, 2037, have an interest rate of 4.00% and the amount of revenue bonds outstanding at June 30, 2018 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>
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	60,000	329,813	389,813
2024-2028	1,370,000	1,560,031	2,930,031
2029-2033	3,065,000	1,131,700	4,196,700
2034-2037	3,870,000	317,200	4,187,200
Total	<u>\$ 8,440,000</u>	<u>\$ 4,665,926</u>	<u>\$ 13,105,926</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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, 2018 are \$3,306,645. 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, 2018, the outstanding principal on the Series 2017 Revenue Bonds is \$3,280,000.

Annual debt service requirements to maturity for the 2018 revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	245,000	99,300	344,300
2024-2028	1,385,000	338,100	1,723,100
2029-2031	975,000	59,700	1,034,700
Total	<u>\$ 3,280,000</u>	<u>\$ 982,200</u>	<u>\$ 4,262,200</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, 2018, 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, 2018
(CONTINUED)

Remaining annual debt service requirements, as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 477,375	\$ 477,375
2020	-	477,375	477,375
2021	-	477,375	477,375
2022	-	477,375	477,375
2023	-	477,375	477,375
2024-2028	1,290,000	2,377,525	3,667,525
2029-2033	6,125,000	1,578,765	7,703,765
2034-2035	2,870,000	211,575	3,081,575
Total	<u>\$ 10,285,000</u>	<u>\$ 6,554,740</u>	<u>\$ 16,839,740</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, 2018 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, 2018, for the Series 2012A Bonds, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,270,000	167,464	1,437,464
2024-2027	4,680,000	313,091	4,993,091
Total	<u>\$ 10,000,000</u>	<u>\$ 1,415,173</u>	<u>\$ 11,415,173</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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, 2018, 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	
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	20,000	349,850	-	-	369,850
2024-2028	725,000	1,725,763	-	-	2,450,763
2029-2033	2,350,000	1,404,075	-	-	3,754,075
2034-2038	6,000,000	765,975	-	-	6,765,975
Total	\$ 9,515,000	\$ 5,671,726	\$ 1,120,000	\$ 16,000	\$ 16,322,726

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, 2018 are as follows:

Loan	Interest Rate %	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2009-L16-WQ	2.81%	03/01/27	\$ 209,017	\$ -	\$ (18,902)	\$ 190,115
2009-L18-WQ	2.81%	03/01/32	741,819	-	(41,174)	700,645
2007-L22-WS	3.40%	08/01/32	4,153,117	-	(212,948)	3,940,169
2013-L32-WS	0.70%	10/01/25	130,752	-	(15,290)	115,462
2013-L25-WS	0.70%	07/01/25	708,746	-	(85,522)	623,224
CWSRF 14-010	1.03%	07/01/38	1,842,249	-	(69,426)	1,772,823
2016-009 GEFA	0.98%	07/01/22	256,894	-	(57,195)	199,699
Total GEFA Notes Payable			\$ 8,042,594	\$ -	\$ (500,457)	\$ 7,542,137

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

Annual debt service requirements, as of June 30, 2018, for the notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	512,644	132,512	645,156
2024-2028	2,415,144	476,774	2,891,918
2029-2033	2,051,017	151,020	2,202,037
2034-2038	436,073	13,538	449,611
Total	<u>\$ 7,542,137</u>	<u>\$ 1,423,419</u>	<u>\$ 8,965,556</u>

Component Unit

Long-term liability activity for the year ended June 30, 2018 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	\$ 73,218	\$ -	\$ (3,230)	\$ 69,988	\$ 3,359
Discretely Presented Component Unit					
Long-term liabilities	\$ 73,218	\$ -	\$ (3,230)	\$ 69,988	\$ 3,359

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, 2018 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>
2019	\$ 3,359	\$ 2,739	\$ 6,098
2020	66,629	2,602	69,231
Total	<u>\$ 69,988</u>	<u>\$ 5,341</u>	<u>\$ 75,329</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2018, is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Hotel Motel Fund	\$ 332,010
	URA Fund	865,686
	Water Sewer Fund	379,717
		<u>\$ 1,577,413</u>

Due to / from component units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Downtown Development Authority	\$ 181,319
		<u>\$ 181,319</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	\$ 443,496
	URA Fund	4,331,269
URA Fund	General Fund	889,440

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.

Primary government / component unit transfers:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Downtown Development Authority	\$ 10,000
Downtown Development Authority	General Fund	30,000

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

NOTE 8 – DEFINED CONTRIBUTION PENSION PLAN

The Town of Braselton offers a defined contribution retirement plan for all full-time employees administered by John Hancock Retirement Solutions. Employees are eligible for the Plan on the first day of employment and become eligible for the Town's match after three years of service. The Town matches 50% of eligible employee contributions up to 3%. During the year ended June 30, 2018, there were 22 employees participating in the Plan who contributed \$69,099 while the Town's contributions totaled \$26,973.

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 organizations. Town membership in the RC and ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for their organization structure. Braselton is a member of three by virtue of the Town's limits being located in four Counties. RC and ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the RC. Separate financial statements may be obtained from the Northeast Georgia Regional Commission at 305 Research Drive, Athens, Georgia 30605. Separate statements may be obtained from the Georgia Mountains Regional Commission at P.O. Box 1720, Gainesville, Georgia 30503. Separate financial statements may be obtained from the Atlanta Regional Commission at 40 Courtland Street NE, Atlanta, GA 30303.

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, 2018
(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 \$1,108,392 for the year ended June 30, 2018. Of this amount 60% was used to promote tourism.

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS

The Town has evaluated subsequent events through November 27, 2018, the date which the financial statements were available to be issued.

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

NOTE 15 – RESTATEMENT OF EQUITY BALANCES

A. Prior Period Adjustment – Governmental Activities Accounts Payables

The Town determined that a prior period adjustment was necessary to correct the reporting of accounts payable. In FY 2018, an error was identified in accounts payable for financial reporting purposes. A prior period adjustment of \$69,319 was required to correct the beginning accounts payable balance as of June 30, 2017.

The effects of this adjustment are as follows:

	<u>General Fund</u>	<u>Governmental Activities</u>
Net Position / Fund Balance June 30, 2017, as previously reported	\$ 3,507,072	\$ 38,401,636
Correction of an error	<u>69,319</u>	<u>69,319</u>
Net Position / Fund Balance June 30, 2017, restated	<u>\$ 3,576,391</u>	<u>\$ 38,470,955</u>

SUPPLEMENTARY INFORMATION

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Amended Budget	Expenditures		Total
			Restated 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	574,243	84,481	658,724
Park and recreation	563,345	697,213	627,691	-	627,691
	<u>1,126,690</u>	<u>1,394,426</u>	<u>1,201,934</u>	<u>84,481</u>	<u>1,286,415</u>
Jackson County (2017)					
Multipurpose Civic Center with Parking Deck	1,365,300	1,365,300	-	81	81
	<u>1,365,300</u>	<u>1,365,300</u>	<u>-</u>	<u>81</u>	<u>81</u>
Gwinnett County (2017)					
Roads, streets and bridges	3,500,000	3,500,000	-	81	81
	<u>3,500,000</u>	<u>3,500,000</u>	<u>-</u>	<u>81</u>	<u>81</u>
Gwinnett County (2014)					
Water and sewer capital outlay	1,168,163	1,168,163	59,274	-	59,274
Transportation	389,388	389,388	66	10,000	10,066
	<u>1,557,551</u>	<u>1,557,551</u>	<u>59,340</u>	<u>10,000</u>	<u>69,340</u>
Gwinnett County (2009)					
Roads, streets and bridges	230,899	780,656	793,893	375,129	1,169,022
	<u>230,899</u>	<u>780,656</u>	<u>793,893</u>	<u>375,129</u>	<u>1,169,022</u>
Gwinnett County (2004)					
Roads, streets and bridges	305,867	328,072	328,072	-	328,072
	<u>305,867</u>	<u>328,072</u>	<u>328,072</u>	<u>-</u>	<u>328,072</u>
Hall County (2004)					
Roads, streets and bridges	6,046	7,610	7,610	-	7,610
	<u>6,046</u>	<u>7,610</u>	<u>7,610</u>	<u>-</u>	<u>7,610</u>
Hall County (2009)					
Streetscapes	32,000	32,000	16,994	15,006	32,000
	<u>32,000</u>	<u>32,000</u>	<u>16,994</u>	<u>15,006</u>	<u>32,000</u>

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

	Original Budget	Amended Budget	Expenditures		Total
			Restated Prior Years	Current Year	
Hall County (2015)					
Streets, Sidewalks, Stormwater	1,270,589	1,270,589	-	607,280	607,280
	<u>1,270,589</u>	<u>1,270,589</u>	<u>-</u>	<u>607,280</u>	<u>607,280</u>
Barrow County (2006)					
Sewer capital outlays	263,766	263,766	-	-	-
Roads, streets, and bridges	263,766	263,766	24,431	221,009	245,440
Recreation, Streetscapes	351,688	351,688	-	-	-
	<u>879,220</u>	<u>879,220</u>	<u>24,431</u>	<u>221,009</u>	<u>245,440</u>
Barrow County (2012)					
Roads, streets, and bridges	233,688	233,688	68	59,387	59,455
Parks and recreation	233,688	233,688	68	-	68
	<u>467,376</u>	<u>467,376</u>	<u>136</u>	<u>59,387</u>	<u>59,523</u>
	<u>\$ 11,308,898</u>	<u>\$ 12,332,902</u>	<u>\$ 3,106,313</u>	<u>\$ 1,372,454</u>	<u>\$ 4,478,767</u>

Note 1: The prior year accumulative balances have been reclassified to agree with actual Town project expenditures.

Note 2: The Jackson County 1999 SPLOST was closed out during fiscal year 2018.

Note 3: The Gwinnett County 2004 SPLOST was closed out during fiscal year 2018.

Note 4: The Hall County 2004 SPLOST was closed out during fiscal year 2018.

Note 5: The Hall County 2009 SPLOST was closed out during fiscal year 2018.

TOWN OF BRASELTON, GEORGIA

BALANCE SHEET
DOWNTOWN DEVELOPMENT AUTHORITY
COMPONENT UNIT
JUNE 30, 2018

ASSETS

Cash and cash equivalents	\$ 211,111
Total Assets	<u>\$ 211,111</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Due to primary government	<u>\$ 181,319</u>
Total Liabilities	<u>181,319</u>
Fund Balance:	
Unassigned	<u>29,792</u>
Total Fund Balance	<u>29,792</u>
Total Liabilities and Fund Balance	<u>\$ 211,111</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, 2018

Revenues:

Rental income	\$ 13,200
Intergovernmental	30,000
Interest earnings	27
Donations	97,932
Other miscellaneous revenues	<u>675</u>
Total Revenues	<u>141,834</u>

Expenditures:

Current:

General government	47,844
Debt Service	
Principal	3,230
Interest	<u>2,776</u>
Total Expenditures	<u>53,850</u>

Net change in fund balance	87,984
Fund Balance, beginning of year (deficit)	<u>(58,192)</u>
Fund Balance, end of year	<u><u>\$ 29,792</u></u>

GOVERNMENTAL REPORT

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, 2018, 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 November 27, 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 as items 2018-001, 2018-002, 2018-003, 2018-004, and 2018-005 that we consider to be material weaknesses.

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
November 27, 2018

Clifters, Lifford, Hardison & Parker LLC

TOWN OF BRASELTON, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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*:

2018-001 Restatement – Accounts Payable

CRITERIA

In accordance with generally accepted accounting principles, expenditures are recognized as soon as a liability is incurred. Year-end procedures are necessary to insure that expenditures and accounts payable are recorded in the appropriate period.

CONDITION

The Town overstated their accounts payable for the fiscal year ended June 30, 2017.

CONTEXT

The Town's accounting software was unable to create a detailed listing of accounts payable as of June 30, 2017. During fiscal year 2018 it was determined by the Town that liabilities and expenditures had been overstated at June 30, 2017 by \$69,319.

EFFECT

A restatement of beginning accounts payable and fund balance was required to remove \$69,319 of prior year expenditures that should not have been reported within accounts payable at June 30, 2017.

CAUSE

The Town lacked accounting procedures to insure the proper reporting of accounts payable at June 30, 2017.

RECOMMENDATION

The Town should establish procedures to insure the proper reporting of all liabilities at year end.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The Town concurs with this finding. The reporting error has been corrected with implementation of new financial software and the Town will work to ensure accruals are properly recorded before year-end close.

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

2018-002 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

The Town did not record the June 2018 Local Option Sales Tax in the proper fiscal period of 2018.

CONTEXT

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

EFFECT

A material audit adjustment of \$70,716 was required in the General Fund to record the June 2018 Local Option Sale Tax Receipts for the year ended June 30, 2018.

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.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The Town concurs with this finding. The Town will make efforts to review 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, 2018
(CONTINUED)

2018-003 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 2018.

CONTEXT

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 2018.

EFFECT

Audit adjusting entries were needed to correct the reporting of the investment accounts within the Water and Sewer Fund as follow:

- An audit adjustment of \$93,077 was required to increase interest revenue to correct a posting error.
- An audit adjustment of \$40,397 was required to decrease the investment account asset balance at year-end based on the investment statements.

CAUSE

The Town did not have adequate accounting procedures in place to insure the proper recording of investment account activity for fiscal year 2018.

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 completed needed transaction procedures but recorded said transactions inaccurately. The Town is implementing guidelines to better record the needed activity related to the investment accounts by reconciling monthly.

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

2018-004 Long-term Debt - Water and Sewer Fund

CRITERIA

Proprietary fund financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount and premiums.

CONDITION

The Town did not evaluate and adjust the 2009 Revenue Bonds, 2012 Revenue Bonds, and the 2015 Revenue Bonds accrued interest and current year amortization of bond premiums and discounts for the year ended June 30, 2018.

CONTEXT

The Town's financial records were incomplete or inaccurate for year ended June 30, 2018.

EFFECT

Audit adjusting entries were needed to correct the reporting of long-term debt within the Water and Sewer Fund as follow:

- 2009 Revenue Bonds
 - Audit adjustment of \$212,311 was required to reduce accrued interest.
 - Audit adjustment of \$9,073 was required to record current year bond discount amortization.
- 2012 Revenue Bonds
 - Audit adjustment of \$94,250 was required to reduce accrued interest.
 - Audit adjustment of \$10,587 was required to record current year bond discount amortization.
 - Audit adjustment of \$62,098 was required to record current year bond advance refunding amortization.
- 2015 Revenue Bonds
 - Audit adjustment of \$159,432 was required to reduce accrued interest.
 - Audit adjustment of \$28,333 was required to reduce the principle debt outstanding at year-end.
 - Audit adjustment of \$21,324 was required to record current year bonds loss on refunding amortization.
 - Audit adjustment of \$20,836 was required to record current year bond premium amortization.

CAUSE

The Town did not have adequate internal control procedures in place to insure the proper reporting of Water and Sewer Fund long-term debt.

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The Town concurs with this finding and is gaining knowledge to more accurately record long term debt including accrued interest to help in recording financial statements.

2018-005 Recording of Interfund Transfers

CRITERIA

Generally accepted accounting principles require consideration of the collectability of receivables of all kinds whether external or internal to the Town. As part of that process, the Town should review the amounts included in due to / from accounts (interfund receivables and payables) in each fund to determine if amounts should instead be treated as a transfer in / out during any given fiscal year.

CONDITION

The Town did not manage due to / from activity or record the transfers required between the General Fund and the Urban Residential Authority (URA) Fund.

CONTEXT

See condition above.

EFFECT

Material audit adjusting entries were needed to record transfers between the General Fund and URA Fund as follows:

- Adjustment of \$4,291,269 was necessary to decrease the URA Funds due from General Fund account balance and to record as a current year transfer to the General Fund.
- Adjustment of \$889,440 was necessary to decrease the General Funds due from URA Fund account balance and to record as a current year transfer to the URA Fund.

CAUSE

The control weakness is the result of the Town not establishing adequate internal controls to monitor the collectability of interfund receivable and payable accounts.

RECOMMENDATION

We recommend the Town review all interfund receivables and payables on a monthly basis and consider the need for timely settlements between funds.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The Town agrees with the finding and has updated their financial software to help establish the difference between due to / from and transfers processes and going forward will make necessary entries to correct balances.