

TOWN OF BRASELTON, GEORGIA



ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2019**

TOWN OF BRASELTON, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

TOWN OF BRASELTON, GEORGIA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Braselton, Georgia (the "Town") as of and for the fiscal year ended June 30, 2019, 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, 2019, 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 December 10, 2019 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.

Clifton, Lipford, Davidson & Parker LLC

Macon, Georgia
December 10, 2019

MANAGEMENT'S DISCUSSION & ANALYSIS

TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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, 2019. 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, 2019 by \$70,202,655 (net position). The Town's net position had an increase of \$5,197,629 compared to June 30, 2018.
- The Town's investment in capital assets, net of related debt increased by \$2,577,769 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 widening and paving projects.
- Governmental activities general revenues increased by \$175,986 over the previous year. This is mainly due to the increase in economic activity resulting in increased sales tax revenues.
- Governmental activities expenses increased by \$1,581,289. This increase was primarily due to advancements in both Public Safety and Public Works department.
- Business-type activities operating revenues increased \$227,305 or almost 3% compared to fiscal year ending June 30, 2018, due to an increase in new customers.
- Business-type activities operating expenses had a slight increase of \$638,644 or about 10%. The Town diligently tries to keep operating costs lower by purchasing less water from other governments to assist offsetting the increased costs of supplies and equipment.

Overall, the Town's financial condition is adequate, with signs of a stable 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, 2019

(CONTINUED)

The statement of net position presents information on all 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, 2019
(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 accompanying 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 49 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 \$70,202,655 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, 2019, the investment consists of \$133,653,794 in assets, with accumulated depreciation of \$29,852,279 and outstanding debt of \$51,544,302.

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, 2019
 (CONTINUED)

The following table is a condensed version of the government-wide statement and summarizes net position for the year ended June 30, 2019 and 2018:

	Summary of Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 10,348,657	\$ 12,234,106	\$ 9,591,698	\$ 8,693,381	\$ 19,940,355	\$ 20,927,487
Capital assets	50,475,398	47,385,551	53,326,117	52,443,667	103,801,515	99,829,218
Total assets	60,824,055	59,619,657	62,917,815	61,137,048	123,741,870	120,756,705
Deferred outflows of resources						
Deferred charges on refunding	11,834	14,201	554,102	636,604	565,936	650,805
Total deferred outflows of resources	11,834	14,201	554,102	636,604	565,936	650,805
Liabilities						
Current and other liabilities	2,117,148	2,582,529	2,361,391	2,581,288	4,478,539	5,163,817
Long-term liabilities	13,832,101	14,344,024	35,794,511	36,894,643	49,626,612	51,238,667
Total liabilities	15,949,249	16,926,553	38,155,902	39,475,931	54,105,151	56,402,484
Net position						
Net investment in capital assets	37,751,164	37,373,061	17,742,620	15,542,954	55,493,784	52,916,015
Restricted	4,892,341	7,335,912	3,934,599	3,614,856	8,826,940	10,950,768
Unrestricted	2,243,135	(2,001,668)	3,638,796	3,139,911	5,881,931	1,138,243
Total net position	\$ 44,886,640	\$ 42,707,305	\$ 25,316,015	\$ 22,297,721	\$ 70,202,655	\$ 65,005,026

TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2019
 (CONTINUED)

The following table is a condensed version of the government-wide statement of activities and summarizes changes for the year ended June 30, 2019 and 2018 in net position:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 2,648,188	\$ 2,318,220	\$ 8,720,825	\$ 8,486,932	\$ 11,369,013	\$ 10,805,152
Operating grants and contributions	106,746	120,788	-	-	106,746	120,788
Capital grants and contributions	1,313,202	2,286,403	2,225,700	3,951,287	3,538,902	6,237,690
General revenues						
Taxes	4,606,423	4,442,176	-	-	4,606,423	4,442,176
Investment revenues	55,366	75,837	87,724	47,206	143,090	123,043
Miscellaneous	311,928	279,718	23,199	21,383	335,127	301,101
Total Revenues	9,041,853	9,523,142	11,057,448	12,506,808	20,099,301	22,029,950
Expenses						
General government	707,329	807,780	-	-	707,329	807,780
Public safety	2,066,101	1,695,197	-	-	2,066,101	1,695,197
Public works	1,363,813	611,287	-	-	1,363,813	611,287
Other	2,730,838	2,172,528	-	-	2,730,838	2,172,528
Water and Sewer	-	-	8,033,591	6,947,031	8,033,591	6,947,031
Total Expenses	6,868,081	5,286,792	8,033,591	6,947,031	14,901,672	12,233,823
Increase (decrease) in net position before transfers	2,173,772	4,236,350	3,023,857	5,559,777	5,197,629	9,796,127
Transfers	5,563	-	(5,563)	-	-	-
Increase (decrease) in net position	2,179,335	4,236,350	3,018,294	5,559,777	5,197,629	9,796,127
Net position - beginning of year	42,707,305	38,470,955	22,297,721	16,737,944	65,005,026	55,208,899
Net position - end of year	\$ 44,886,640	\$ 42,707,305	\$ 25,316,015	\$ 22,297,721	\$ 70,202,655	\$ 65,005,026

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 2018 were over \$9,523,142, as compared to \$9,041,853 in 2019. This decrease is primarily from \$973,201 less in capital grants and contributions.

Business-type Activities

The major proprietary fund is the Town's water and sewer utility fund. The operating revenues for this fund increased from \$8,555,521 in 2018 to \$8,831,748 in 2019 or approximately 3.2%. In comparison, operating costs increased by 10% due to an increase in supplies and equipment. The Town continues to be proactive in upgrading its water and sewer infrastructure to keep ahead of long-term projected growth, due to its favorable location, available infrastructure and other factors.

TOWN OF BRASELTON, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019
(CONTINUED)

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, 2019 the Town's governmental funds reported combined ending fund balances of \$8,808,783. The unassigned fund balance reflects a balance of \$3,723,140. A total of \$4,983,397 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 \$102,246 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 \$1,329,746 during the current year, due to the completion 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. The total net position of the water and sewerage operations at the end of the year is \$25,316,015 with an unrestricted portion of \$3,638,796.

General Fund Budgetary Highlights

In total, the Town realized approximately 15% more revenues than estimated in original budget due to a better than expected economy. For reporting purposes, the total general fund budgeted expenditures were less than actual. The variation in revenues projected versus actually received is due to an increase in sales tax and business taxes from the increase in the economy and large forfeitures received as a result of federal law enforcement activities. These forfeitures cannot be legally budgeted by the Town. The variation in expenditures is due primarily to the completion of the Town's parking deck and an increase in Public Safety.

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, 2019
 (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, 2019 totals \$103,801,515 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 \$3,972,397. Detailed information regarding the capital asset activity for 2019 can be found in Note 5 of this report.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 16,347,567	\$ 16,347,567	\$ 1,928,122	\$ 1,623,322	\$ 18,275,689	\$ 17,970,889
Construction in progress	1,357,942	7,133,787	1,898,559	752,220	3,256,501	7,886,007
Buildings and improvements	18,678,594	9,524,752	2,689,453	2,688,508	21,368,047	12,213,260
Infrastructure	13,122,854	13,458,312	46,550,954	47,082,942	59,673,808	60,541,254
Vehicles	413,709	467,254	-	-	413,709	467,254
Machinery and equipment	554,732	453,779	259,029	296,675	813,761	750,454
Total	\$ 50,475,398	\$ 47,385,451	\$ 53,326,117	\$ 52,443,667	\$ 103,801,515	\$ 99,829,118

Long-Term Debt

At the end of the fiscal year, the Town had \$51,799,529 in outstanding debt as compared to \$53,562,942 in fiscal year 2018. A decrease of \$1,763,413, which includes a total of \$2,172,917 due in one year. Approximately 59% 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 2019 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 surpassed pre-recession levels and substantial commercial growth is currently expanding. Braselton is experiencing both 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 requests 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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 7,424,895	\$ 3,536,762	\$ 10,961,657	\$ 214,101
Restricted investments	1,527,763	5,077,471	6,605,234	-
Receivables, net of allowance				
Taxes	82,616	-	82,616	-
Accounts	386,927	1,288,446	1,675,373	-
Due from other governments	275,493	-	275,493	-
Due from component unit	181,319	-	181,319	-
Internal balances	367,398	(367,398)	-	-
Prepays	102,246	56,417	158,663	-
Noncurrent Assets:				
Non depreciable	17,705,509	3,826,681	21,532,190	-
Depreciable, net	32,769,889	49,499,436	82,269,325	159,778
Total Assets	60,824,055	62,917,815	123,741,870	373,879
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charges on refunding	11,834	554,102	565,936	-
Total deferred outflows of resources	11,834	554,102	565,936	-

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, 2019

(CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
LIABILITIES				
Accounts payable	1,164,620	162,658	1,327,278	-
Accrued interest	-	126,535	126,535	-
Customer deposits payable	-	325,713	325,713	-
Unearned revenue	375,254	150,842	526,096	-
Due to primary government	-	-	-	181,319
Noncurrent liabilities				
Due within one year				
Notes payable	-	536,143	536,143	66,794
Bonds payable	504,474	990,000	1,494,474	-
Compensated absences	72,800	69,500	142,300	-
Due in more than one year				
Notes payable	-	6,510,272	6,510,272	-
Bonds payable	13,759,357	29,244,056	43,003,413	-
Compensated absences	72,744	40,183	112,927	-
Total Liabilities	15,949,249	38,155,902	54,105,151	248,113
NET POSITION				
Net investment in capital assets	37,751,164	17,742,620	55,493,784	92,984
Restricted for				
Capital outlay	4,369,336	-	4,369,336	-
Debt service	-	3,934,599	3,934,599	-
Loan program	156,708	-	156,708	-
Law enforcement	366,297	-	366,297	-
Unrestricted	2,243,135	3,638,796	5,881,931	32,782
Total Net Position	\$ 44,886,640	\$ 25,316,015	\$ 70,202,655	\$ 125,766

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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	\$ 707,329	\$ 2,178,802	\$ -	\$ 951
Judicial	142,717	-	-	-
Public safety	2,066,101	-	-	-
Public works	1,363,813	469,386	106,746	1,312,251
Tourism	818,984	-	-	-
Planning and development	459,555	-	-	-
Economic and community development	523,781	-	-	-
Parks and recreation	12,530	-	-	-
Libraries	202,150	-	-	-
Interest expense	571,121	-	-	-
Total governmental activities	6,868,081	2,648,188	106,746	1,313,202
Business-Type Activities				
Water and Sewer	8,033,591	8,720,825	-	2,225,700
Total business-type activities	8,033,591	8,720,825	-	2,225,700
Total Primary Government	\$ 14,901,672	\$ 11,369,013	\$ 106,746	\$ 3,538,902
Component Unit:				
Downtown Development Authority	\$ 52,816	\$ -	\$ 14,232	\$ -
Total Component Unit	\$ 52,816	\$ -	\$ 14,232	\$ -

General Revenues

- Sales tax
- Franchise tax
- Insurance premium tax
- Hotel / Motel occupancy tax
- Other tax
- Investment earnings
- Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

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, 2019
(CONTINUED)

Net (Expense) Revenue and Changes in Net Position				
Primary Government				Component Unit
Governmental Activities	Business-Type Activities	Total		Downtown Development Authority
\$ 1,472,424	\$ -	\$ 1,472,424		\$ -
(142,717)	-	(142,717)		-
(2,066,101)	-	(2,066,101)		-
524,570	-	524,570		-
(818,984)	-	(818,984)		-
(459,555)	-	(459,555)		-
(523,781)	-	(523,781)		-
(12,530)	-	(12,530)		-
(202,150)	-	(202,150)		-
(571,121)	-	(571,121)		-
(2,799,945)	-	(2,799,945)		-
-	2,912,934	2,912,934		-
-	2,912,934	2,912,934		-
(2,799,945)	2,912,934	112,989		-
				(38,584)
				(38,584)
1,058,786	-	1,058,786		-
1,050,999	-	1,050,999		-
540,142	-	540,142		-
1,120,718	-	1,120,718		-
835,778	-	835,778		-
55,366	87,724	143,090		88
311,928	23,199	335,127		60,458
4,973,717	110,923	5,084,640		60,546
5,563	(5,563)	-		-
4,979,280	105,360	5,084,640		60,546
2,179,335	3,018,294	5,197,629		21,962
42,707,305	22,297,721	65,005,026		103,804
\$ 44,886,640	\$ 25,316,015	\$ 70,202,655		\$ 125,766

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, 2019

	General Fund	Hotel Motel Fund	SPLOST Fund	URA Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalent	\$ 3,995,239	\$ 332,562	\$ 2,984,489	\$ 112,605	\$ 7,424,895
Investments	-	-	-	1,527,763	1,527,763
Receivables, net of allowance					
Taxes	-	82,616	-	-	82,616
Accounts	167,537	-	-	219,390	386,927
Due from other governments	74,290	-	201,203	-	275,493
Due from component unit	181,319	-	-	-	181,319
Due from other funds	1,029,982	-	-	-	1,029,982
Prepays	94,746	7,500	-	-	102,246
Total Assets	\$ 5,543,113	\$ 422,678	\$ 3,185,692	\$ 1,859,758	\$ 11,011,241
LIABILITIES					
Accounts payable	\$ 825,002	\$ 3,595	\$ 336,023	\$ -	\$ 1,164,620
Unearned revenues	371,854	-	-	3,400	375,254
Due to other funds	-	320,527	176	341,881	662,584
Total Liabilities	1,196,856	324,122	336,199	345,281	2,202,458
FUND BALANCES					
Nonspendable	94,746	7,500	-	-	102,246
Restricted	528,371	-	2,849,493	1,514,477	4,892,341
Assigned	-	91,056	-	-	91,056
Unassigned	3,723,140	-	-	-	3,723,140
Total Fund Balances	4,346,257	98,556	2,849,493	1,514,477	8,808,783
Total Liabilities and Fund Balance	\$ 5,543,113	\$ 422,678	\$ 3,185,692	\$ 1,859,758	\$ 11,011,241

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, 2019

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

Total fund balances - governmental funds	\$ 8,808,783
 Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	58,544,296
Accumulated depreciation	(8,068,898)
 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	(145,544)
Loss on refunding	11,834
Bonds payable	<u>(14,263,831)</u>
 Net Position of Governmental Activities	 <u><u>\$ 44,886,640</u></u>

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

TOWN OF BRASELTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Hotel Motel Fund	SPLOST Fund	URA Fund	Total Governmental Funds
<u>Revenues</u>					
Taxes	\$ 3,485,705	\$ 1,120,718	\$ -	\$ -	\$ 4,606,423
License and permits	781,458	-	-	-	781,458
Intergovernmental	106,746	-	1,312,251	-	1,418,997
Fines and forfeitures	1,144,410	-	-	-	1,144,410
Charges for Services	514,703	7,800	-	199,816	722,319
Investment earnings	1,285	111	951	53,971	56,318
Other revenues	100,903	12,205	-	182,759	295,867
Total Revenues	6,135,210	1,140,834	1,313,202	436,546	9,025,792
<u>Expenditures</u>					
Current:					
General government	2,883,454	-	-	-	2,883,454
Judicial	142,717	-	-	-	142,717
Public safety	2,075,813	-	-	-	2,075,813
Streets and sanitation	762,594	-	-	-	762,594
Tourism	-	581,440	-	-	581,440
Planning and development	459,555	-	-	-	459,555
Economic and community development	482,856	-	-	40,925	523,781
Parks and recreation	10,876	-	-	-	10,876
Libraries	202,150	-	-	-	202,150
Capital outlay	-	-	1,454,183	82,145	1,536,328
Debt service					
Principal	-	-	-	553,952	553,952
Interest	-	-	-	644,502	644,502
Total Expenditures	7,020,015	581,440	1,454,183	1,321,524	10,377,162
Excess (Deficiency) of Revenues Over (Under) Expenditures	(884,805)	559,394	(140,981)	(884,978)	(1,351,370)
<u>Other Financing Sources (Uses)</u>					
Transfers from other funds	2,584,972	-	-	589,629	3,174,601
Transfers to other funds	(589,629)	(449,034)	-	(2,130,375)	(3,169,038)
Insurance recoveries	16,061	-	-	-	16,061
Total other financing sources (uses)	2,011,404	(449,034)	-	(1,540,746)	21,624
Net change in fund balances	1,126,599	110,360	(140,981)	(2,425,724)	(1,329,746)
Fund Balance, beginning of year - (Deficit)	3,219,658	(11,804)	2,990,474	3,940,201	10,138,529
Fund Balance, end of year	\$ 4,346,257	\$ 98,556	\$ 2,849,493	\$ 1,514,477	\$ 8,808,783

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, 2019

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

Net Change in Fund Balances - total governmental funds	\$ (1,329,746)
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	4,073,424
Total depreciation	(983,577)
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	373,577
Compensated absences	(27,724)
Accrued interest on bonds payable	19,678
Amortization loss on refunding	(2,367)
Amortization on bond premium	59,095
Amortization on bond discount	(3,025)
	<hr/>
Change in Net Position of Governmental Activities	<u><u>\$ 2,179,335</u></u>

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

TOWN OF BRASELTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues:</u>				
Taxes:				
Sales taxes	\$ 886,800	\$ 886,800	\$ 1,058,786	\$ 171,986
Franchise taxes	903,000	903,000	1,050,999	147,999
Insurance premium taxes	530,000	530,000	540,142	10,142
Business taxes	659,000	659,000	808,614	149,614
Other taxes	133,800	133,800	27,164	(106,636)
Licenses and permits	887,000	887,000	781,458	(105,542)
Intergovernmental	169,298	169,298	106,746	(62,552)
Fines and forfeitures	550,000	1,143,136	1,144,410	1,274
Charges for services	493,500	493,500	514,703	21,203
Interest income	500	500	1,285	785
Miscellaneous	87,500	87,500	100,903	13,403
Total Revenue	5,300,398	5,893,534	6,135,210	241,676
<u>Expenditures:</u>				
Current:				
General government	721,523	2,895,516	2,883,454	12,062
Judicial	160,488	160,488	142,717	17,771
Public safety	1,739,307	2,080,019	2,075,813	4,206
Streets and sanitation	293,475	765,463	762,594	2,869
Planning and development	508,730	508,730	459,555	49,175
Economic and community development	471,623	570,183	482,856	87,327
Parks and recreation	11,267	11,267	10,876	391
Libraries	224,888	224,888	202,150	22,738
Total Expenditures	4,131,301	7,216,554	7,020,015	196,539
Excess Revenue Over (Under) Expenditures	1,169,097	(1,323,020)	(884,805)	438,215

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, 2019
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Other Financing Sources (Uses):</u>				
Transfer from other funds	440,000	2,570,375	2,584,972	14,597
Transfer to other funds	(1,072,700)	(589,629)	(589,629)	-
Insurance recoveries	-	-	16,061	16,061
Total Other Financing Sources (Uses)	(632,700)	1,980,746	2,011,404	30,658
Net change in fund balance	536,397	657,726	1,126,599	468,873
Fund balance, beginning of year	3,219,658	3,219,658	3,219,658	-
Fund balance, end of year	\$ 3,756,055	\$ 3,877,384	\$ 4,346,257	\$ 468,873

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, 2019
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues:</u>				
Hotel / Motel occupancy taxes	\$ 575,000	\$ 1,024,034	\$ 1,120,718	\$ 96,684
Rental income	-	-	7,800	7,800
Interest income	500	500	111	(389)
Miscellaneous	10,000	10,000	12,205	2,205
Total Revenue	585,500	1,034,534	1,140,834	106,300
<u>Expenditures:</u>				
Current:				
Tourism	585,500	585,500	581,440	4,060
Total Expenditures	585,500	585,500	581,440	4,060
Excess Revenue Over (Under) Expenditures	-	449,034	559,394	110,360
<u>Other Financing Sources (Uses):</u>				
Transfer to other funds	-	(449,034)	(449,034)	-
Total Other Financing Sources (Uses)	-	(449,034)	(449,034)	-
Net change in fund balance	-	-	110,360	110,360
Fund balance, beginning of year	(11,804)	(11,804)	(11,804)	-
Fund balance, end of year	\$ (11,804)	\$ (11,804)	\$ 98,556	\$ 110,360

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

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TOWN OF BRASELTON, GEORGIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2019

<u>ASSETS</u>	Water and Sewer Fund
Current assets:	
Cash and cash equivalents	\$ 3,536,762
Accounts receivable, net	1,288,446
Prepaid items	56,417
Total current assets	4,881,625
Noncurrent assets:	
Restricted investments	5,077,471
Capital assets:	
Non depreciable	3,826,681
Depreciable, net	49,499,436
Total noncurrent assets	58,403,588
Total Assets	63,285,213
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charges on refunding	554,102
Total Deferred outflows of resources	554,102

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, 2019
 (CONTINUED)

<u>LIABILITIES</u>	Water and Sewer Fund
Current liabilities:	
Accounts payable	162,658
Due to other funds	367,398
Accrued interest	126,535
Unearned revenue	150,842
Compensated absences payable	69,500
Customer deposits payable	325,713
Notes payable, current	536,143
Bonds payable, current	990,000
	<hr/>
Total current liabilities	2,728,789
	<hr/>
Noncurrent liabilities:	
Compensated absences payable	40,183
Notes payable	6,510,272
Bonds payable	29,244,056
	<hr/>
Total noncurrent liabilities	35,794,511
	<hr/>
Total Liabilities	38,523,300
	<hr/>
<u>NET POSITION</u>	
Net Investment in Capital Assets	17,742,620
Restricted for Debt Service	3,934,599
Unrestricted	3,638,796
	<hr/>
Total Net Position	\$ 25,316,015
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The notes to the financial statements are an integral part of the basic financial statements.

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TOWN OF BRASELTON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Water and Sewer Fund
<u>Operating revenues:</u>	
Charges and fees	\$ 8,720,825
Miscellaneous revenue	14,795
	<hr/>
Total operating revenues	8,735,620
	<hr/>
<u>Operating expenses:</u>	
Personal services and benefits	1,617,356
Purchased and contracted services	1,254,476
Supplies and equipment	1,067,085
Depreciation	1,794,532
Miscellaneous	913,568
	<hr/>
Total operating expenses	6,647,017
	<hr/>
Operating income (loss)	2,088,603
	<hr/>
<u>Nonoperating revenues (expenses):</u>	
Investment earnings	87,724
Insurance recoveries	8,404
Interest expense	(1,386,574)
	<hr/>
Total nonoperating revenues (expenses)	(1,290,446)
	<hr/>
Net income (loss) before transfers	798,157
	<hr/>
Contributed Capital	2,225,700
Transfer to other funds	(5,563)
	<hr/>
Change in net position	3,018,294
	<hr/>
Total Net Position - Beginning of Year	22,297,721
	<hr/>
Total Net Position - Ending of Year	\$ 25,316,015
	<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, 2019

	Water and Sewer Fund
<u>Cash Flows from Operating Activities:</u>	
Cash received from customers	\$ 8,667,682
Cash paid to employees	(1,642,130)
Cash paid to suppliers for goods and services	(3,200,274)
	<hr/>
Net Cash Flows Provided by (Used for) Operating Activities	3,825,278
	<hr/>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Transfers to SPLOST	(5,563)
	<hr/>
Net Cash Provided by Noncapital Financing Activities	(5,563)
	<hr/>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Proceeds on insurance recoveries	8,404
Proceeds on notes payable	29,745
Purchases of capital assets	(485,686)
Principal paid on notes payable	(525,468)
Interest paid on notes payable	(179,238)
Principal paid on bonds payable	(880,000)
Interest paid on bonds payable	(1,126,011)
	<hr/>
Net Cash Provided by (Used for) Capital and Related Financing Activities	(3,158,254)
	<hr/>
<u>Cash Flows from Investing Activities:</u>	
Restricted investment - bonds	(256,831)
Interest income	87,724
	<hr/>
Net Cash Flows Provided by (Used for) Investing Activities	(169,107)
	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	492,354
	<hr/>
Cash and Cash Equivalents, Beginning of Year	3,044,408
	<hr/>
Cash and Cash Equivalents, End of Year	\$ 3,536,762
	<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, 2019
 (CONTINUED)

	Water and Sewer Fund
<u>Cash Flows From Operating Activities:</u>	
Operating income	\$ 2,088,603
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	1,794,532
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(67,938)
(Increase) decrease in prepaid items	16,857
Increase (decrease) in accounts payable	20,070
Increase (decrease) in retainage payable	(37,178)
Increase (decrease) in due to other funds	(12,319)
Increase (decrease) in compensated absences	(24,774)
Increase (decrease) in customer deposits payable	47,425
Total Adjustments	1,736,675
Net Cash Provided by (Used for) Operating Activities	\$ 3,825,278
 NONCASH CAPITAL FINANCING ACTIVITIES	
Contributions of capital assets	\$ 2,225,700

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

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NOTES TO THE FINANCIAL STATEMENTS

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019
(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, 2019
(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, 2019
(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, 2019
(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 their acquisition value at the date of donation.

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

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, 2019
(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, 2019
(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, 2019
(CONTINUED)

The following is a summary of the fund balance classifications as of June 30, 2019:

	General Fund	Hotel / Motel Fund	SPLOST Fund	URA Fund	Total
Fund Balances:					
Nonspendable					
Prepays	\$ 94,746	\$ 7,500	\$ -	\$ -	\$ 102,246
Restricted for:					
Capital outlay	5,366	-	2,849,493	1,514,477	4,369,336
Law enforcement	366,297	-	-	-	366,297
Loan program	156,708	-	-	-	156,708
Assigned to:					
Hotel Motel	-	91,056	-	-	91,056
Unassigned	3,723,140	-	-	-	3,723,140
Total fund balances	\$ 4,346,257	\$ 98,556	\$ 2,849,493	\$ 1,514,477	\$ 8,808,783

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, 2019
(CONTINUED)

NOTE 2 – LEGAL COMPLIANCE – BUDGETS

Budget Process

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

1. Prior to July 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted 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.

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, 2019, the Town had no bank balances that were exposed to custodial credit risk.

B. Investments

As of June 30, 2019, 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.

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

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, 2019, 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	\$ 496,394
Fidelity Money Mkt Treasury Mutual Fund - Class II	28 Days	1,527,763
Fidelity Money Mkt Treasury Mutual Fund - Class III	28 Days	239,534
Fidelity Money Mkt Treasury Select Mutual Fund	28 Days	4,341,543
		\$ 6,605,234

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, 2019:

Investments	Level 1	Level 2	Level 3	Fair Value
First American Treasury Obligation Mutual Fund	\$ 496,394	\$ -	\$ -	\$ 496,394
Fidelity Money Mkt Treasury Mutual Fund - Class II	1,527,763	-	-	1,527,763
Fidelity Money Mkt Treasury Mutual Fund - Class III	239,534	-	-	239,534
Fidelity Money Mkt Treasury Select Mutual Fund	4,341,543	-	-	4,341,543
	\$ 6,605,234	\$ -	\$ -	\$ 6,605,234

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.

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

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, 2019, 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	\$ -	\$ 82,616	\$ -	\$ -	\$ -	\$ 82,616
Accounts	167,537	-	219,390	-	1,608,960	1,995,887
Intergovernmental	74,290	-	-	201,203	-	275,493
Gross total receivables	241,827	82,616	219,390	201,203	1,608,960	2,353,996
Less allowance for uncollectible	-	-	-	-	(320,514)	(320,514)
Net total receivables	\$ 241,827	\$ 82,616	\$ 219,390	\$ 201,203	\$ 1,288,446	\$ 2,033,482

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

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

NOTE 5 – CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended June 30, 2019, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 16,347,567	\$ -	\$ -	\$ -	\$ 16,347,567
Construction in Progress	7,133,787	728,977	-	(6,504,822)	1,357,942
Total	23,481,354	728,977	-	(6,504,822)	17,705,509
Capital assets, being depreciated:					
Buildings and improvements	13,050,202	3,119,549	(18,785)	6,397,292	22,548,258
Infrastructure and improvements	15,366,173	23,594	-	-	15,389,767
Vehicles	1,118,768	109,286	(55,909)	-	1,172,145
Machinery and equipment	1,534,923	92,018	(5,854)	107,530	1,728,617
Total	31,070,066	3,344,447	(80,548)	6,504,822	40,838,787
Less accumulated depreciation for:					
Buildings and improvements	(3,525,450)	(362,999)	18,785	-	(3,869,664)
Infrastructure and improvements	(1,907,861)	(359,052)	-	-	(2,266,913)
Vehicles	(651,414)	(162,931)	55,909	-	(758,436)
Machinery and equipment	(1,081,144)	(98,595)	5,854	-	(1,173,885)
Total	(7,165,869)	(983,577)	80,548	-	(8,068,898)
Total capital assets, being depreciated, net	23,904,197	2,360,870	-	6,504,822	32,769,889
Governmental activities capital assets, net	\$ 47,385,551	\$ 3,089,847	\$ -	\$ -	50,475,398
				Less related long-term debt outstanding	(14,263,831)
				Unspent bond proceeds	1,527,763
				Deferred amounts from refundings	11,834
					<u>\$ 37,751,164</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 1,623,322	\$ 304,800	\$ -	\$ -	\$ 1,928,122
Construction in Progress	752,220	1,239,712	-	(93,373)	1,898,559
Total	<u>2,375,542</u>	<u>1,544,512</u>	<u>-</u>	<u>(93,373)</u>	<u>3,826,681</u>
Capital assets, being depreciated:					
Buildings and improvements	3,263,073	45,579	-	56,956	3,365,608
Plant and infrastructure	65,544,846	1,036,099	-	36,417	66,617,362
Machinery and equipment	1,257,044	75,859	(33,056)	-	1,299,847
Total	<u>70,064,963</u>	<u>1,157,537</u>	<u>(33,056)</u>	<u>93,373</u>	<u>71,282,817</u>
Less accumulated depreciation for:					
Buildings and improvements	(574,565)	(101,590)	-	-	(676,155)
Plant and infrastructure	(18,461,904)	(1,604,504)	-	-	(20,066,408)
Machinery and equipment	(960,369)	(88,438)	7,989	-	(1,040,818)
Total	<u>(19,996,838)</u>	<u>(1,794,532)</u>	<u>7,989</u>	<u>-</u>	<u>(21,783,381)</u>
Total capital assets, being depreciated, net	<u>50,068,125</u>	<u>(636,995)</u>	<u>(25,067)</u>	<u>93,373</u>	<u>49,499,436</u>
Business-type activities capital assets, net	<u>\$ 52,443,667</u>	<u>\$ 907,517</u>	<u>\$ (25,067)</u>	<u>\$ -</u>	<u>53,326,117</u>
				Less related long-term debt outstanding	(37,280,471)
				Unspent bond proceeds	1,142,872
				Deferred amounts from refundings	554,102
					<u>\$ 17,742,620</u>

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

Governmental activities:	
General government	\$ 686,006
Public safety	190,956
Public works	100,129
Culture and recreation	6,486
Total depreciation expense - governmental activities	<u>\$ 983,577</u>
Business-type activities:	
Water and Sewer	<u>\$ 1,794,532</u>
Total depreciation expense - business-type activities	<u>\$ 1,794,532</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

Downtown Development Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 160,000	\$ -	\$ -	\$ 160,000
Site Improvements	-	20,460	-	20,460
Total	<u>160,000</u>	<u>20,460</u>	<u>-</u>	<u>180,460</u>
Less accumulated depreciation for:				
Buildings	(16,000)	(4,000)	-	(20,000)
Site Improvements	-	(682)	-	(682)
Total	<u>(16,000)</u>	<u>(4,682)</u>	<u>-</u>	<u>(20,682)</u>
Total capital assets, being depreciated, net	<u>144,000</u>	<u>15,778</u>	<u>-</u>	<u>159,778</u>
Downtown Development Authority capital assets, net	<u>\$ 144,000</u>	<u>\$ 15,778</u>	<u>\$ -</u>	<u>\$ 159,778</u>

NOTE 6 – LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Beginning Balances	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds					
2005 Bonds	\$ 1,965,624	\$ -	\$ (313,597)	\$ 1,652,027	\$ 289,474
2005 Discount on Bonds	(20,923)	-	3,025	(17,898)	-
2009 Bonds	59,980	-	(59,980)	-	-
2016 Bonds	8,440,000	-	-	8,440,000	-
2016 Premium on Bonds	635,133	-	(33,428)	601,705	-
2017 Bonds	3,280,000	-	-	3,280,000	215,000
2017 Premium on Bonds	333,664	-	(25,667)	307,997	-
Compensated absences	<u>117,820</u>	<u>100,552</u>	<u>(72,828)</u>	<u>145,544</u>	<u>72,800</u>
Governmental activity Long-term liabilities	<u>\$ 14,811,298</u>	<u>\$ 100,552</u>	<u>\$ (502,475)</u>	<u>\$ 14,409,375</u>	<u>\$ 577,274</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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	(163,310)	-	9,073	(154,237)	-
2012 Bonds	10,000,000	-	-	10,000,000	365,000
2012 Discount on Bonds	(58,177)	-	10,586	(47,591)	-
2015 Bonds	10,635,000	-	(880,000)	9,755,000	625,000
2015 Premium on Bonds	416,720	-	(20,836)	395,884	-
Notes payable	7,542,137	29,745	(525,467)	7,046,415	536,143
Compensated absences	94,274	85,065	(69,656)	109,683	69,500
Business-type activity Long-term liabilities	\$ 38,751,644	\$ 114,810	\$ (1,476,300)	\$ 37,390,154	\$ 1,595,643

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, 2019 is \$1,652,027.

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

Year Ending June 30,	Principal	Interest	Total
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	289,474	15,493	304,967
2025	204,657	4,596	209,253
Total	\$ 1,652,027	\$ 188,262	\$ 1,840,289

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 Series 2009 bonds were fully refunded as of June 30, 2019.

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, 2019 is \$8,440,000.

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

Year Ending June 30,	Principal	Interest	Total
2020	\$ -	\$ 332,175	\$ 332,175
2021	30,000	332,175	362,175
2022	45,000	331,838	376,838
2023	60,000	330,994	390,994
2024	70,000	328,350	398,350
2025-2029	1,730,000	1,500,481	3,230,481
2030-2034	3,545,000	999,500	4,544,500
2035-2037	2,960,000	189,600	3,149,600
Total	<u>\$ 8,440,000</u>	<u>\$ 4,345,113</u>	<u>\$ 12,785,113</u>

Series 2017 Revenue Bonds

On February 1, 2017, the Town issued Series 2017 Refunding Revenue Bonds in the amount of \$3,280,000. Interest rate on the 2017 bonds is 4.00% 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, 2019 are \$3,306,645. The result of this transaction is a decrease in future debt service payments of

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

\$280,601 and a present value savings, or economic gain, of \$220,044. As of June 30, 2019, 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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	255,000	89,300	344,300
2025-2029	1,440,000	281,600	1,721,600
2030-2031	665,000	26,900	691,900
Total	<u>\$ 3,280,000</u>	<u>\$ 851,000</u>	<u>\$ 4,131,000</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, 2019, the outstanding principal on the bonds is \$10,285,000.

Remaining annual debt service requirements, as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 477,375	\$ 477,375
2021	-	477,375	477,375
2022	-	477,375	477,375
2023	-	477,375	477,375
2024	-	477,375	477,375
2025-2029	1,290,000	2,377,525	3,667,525
2030-2034	6,125,000	1,578,765	7,703,765
2035-2036	2,870,000	211,576	3,081,576
Total	<u>\$ 10,285,000</u>	<u>\$ 6,554,741</u>	<u>\$ 16,839,741</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

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, 2019 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, 2019, for the Series 2012A Bonds, are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 365,000	\$ 257,518	\$ 622,518
2021	1,200,000	251,130	1,451,130
2022	1,230,000	227,130	1,457,130
2023	1,255,000	198,840	1,453,840
2024	1,270,000	150,638	1,420,638
2025-2028	4,680,000	245,788	4,925,788
Total	<u>\$ 10,000,000</u>	<u>\$ 1,331,044</u>	<u>\$ 11,331,044</u>

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.

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

Annual debt service requirements, as of June 30, 2019, 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	
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	35,000	349,163	-	-	384,163
2025-2029	1,125,000	1,694,275	-	-	2,819,275
2030-2034	2,445,000	1,308,175	-	-	3,753,175
2035-2038	5,470,000	544,200	-	-	6,014,200
Total	\$ 9,515,000	\$ 5,305,351	\$ 240,000	\$ 2,400	\$ 15,062,751

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, 2019 are as follows:

Loan	Interest Rate %	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2009-L16-WQ	2.81%	03/01/27	\$ 190,115	\$ -	\$ (19,440)	\$ 170,675
2009-L18-WQ	2.81%	03/01/32	700,645	-	(42,346)	658,299
2007-L22-WS	3.40%	08/01/32	3,940,169	-	(220,301)	3,719,868
2013-L32-WS	0.70%	10/01/25	115,462	-	(15,399)	100,063
2013-L25-WS	0.70%	07/01/25	623,224	-	(86,123)	537,101
CWSRF 14-010	1.03%	07/01/38	1,772,823	-	(84,100)	1,688,723
2016-009 GEFA	0.98%	07/01/22	199,699	-	(57,758)	141,941
CW2016030			-	29,745	-	29,745
Total GEFA Notes Payable			\$ 7,542,137	\$ 29,745	\$ (525,467)	\$ 7,046,415

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

Annual debt service requirements, as of June 30, 2019, for the notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	524,957	120,200	645,157
2025-2029	2,377,657	413,105	2,790,762
2030-2034	1,690,464	99,227	1,789,691
2035-2039	331,161	8,800	339,961
Total	<u>\$ 7,046,415</u>	<u>\$ 1,243,467</u>	<u>\$ 8,289,882</u>

Component Unit

Long-term liability activity for the year ended June 30, 2019 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	\$ 69,988	\$ -	\$ (3,194)	\$ 66,794	\$ 66,794
Discretely Presented Component Unit					
Long-term liabilities	\$ 69,988	\$ -	\$ (3,194)	\$ 66,794	\$ 66,794

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, 2019 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>
2020	\$ 66,794	\$ 2,602	\$ 69,396
Total	<u>\$ 66,794</u>	<u>\$ 2,602</u>	<u>\$ 69,396</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2019, is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Hotel Motel Fund	\$ 320,527
	SPLOST Fund	176
	URA Fund	341,881
	Water Sewer Fund	367,398
		<u>\$ 1,029,982</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	\$ 449,034
	URA Fund	2,130,375
	Water & Sewer Fund	5,563
URA Fund	General Fund	589,629

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	9,231

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019, there were 22 employees participating in the Plan who contributed \$77,342 while the Town's contributions totaled \$30,513.

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, 2019
(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 \$1,120,718 for the year ended June 30, 2019. Of this amount 60% was used to promote tourism.

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS

The Town has evaluated subsequent events through December 10, 2019, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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TOWN OF BRASELTON, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Amended Budget	Expenditures		Total
			Prior Years	Current Year	
Jackson County (2009)					
Roads, streets and bridges	\$ 563,345	\$ 697,213	\$ 658,724	\$ -	\$ 658,724
Park and recreation	563,345	697,213	627,691	-	627,691
	<u>1,126,690</u>	<u>1,394,426</u>	<u>1,286,415</u>	<u>-</u>	<u>1,286,415</u>
Jackson County (2017)					
Multipurpose Civic Center with Parking Deck	1,365,300	1,365,300	81	237,545	237,626
	<u>1,365,300</u>	<u>1,365,300</u>	<u>81</u>	<u>237,545</u>	<u>237,626</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>81</u>	<u>-</u>	<u>81</u>
Gwinnett County (2014)					
Water and sewer capital outlay	1,168,163	1,168,163	59,274	922,770	982,044
Transportation	389,388	389,388	10,066	70,570	80,636
	<u>1,557,551</u>	<u>1,557,551</u>	<u>69,340</u>	<u>993,340</u>	<u>1,062,680</u>
Gwinnett County (2009)					
Roads, streets and bridges	230,899	780,656	1,169,022	69,993	1,239,015
	<u>230,899</u>	<u>780,656</u>	<u>1,169,022</u>	<u>69,993</u>	<u>1,239,015</u>
Hall County (2015)					
Streets, Sidewalks, Stormwater	1,270,589	1,270,589	607,280	2,859	610,139
	<u>1,270,589</u>	<u>1,270,589</u>	<u>607,280</u>	<u>2,859</u>	<u>610,139</u>
Barrow County (2006)					
Sewer capital outlays	263,766	263,766	-	-	-
Roads, streets, and bridges	263,766	263,766	245,440	-	245,440
Recreation, Streetscapes	351,688	351,688	-	-	-
	<u>879,220</u>	<u>879,220</u>	<u>245,440</u>	<u>-</u>	<u>245,440</u>
Barrow County (2012)					
Roads, streets, and bridges	233,688	233,688	59,455	150,446	209,901
Parks and recreation	233,688	233,688	68	-	68
	<u>467,376</u>	<u>467,376</u>	<u>59,523</u>	<u>150,446</u>	<u>209,969</u>
	<u>\$ 10,397,625</u>	<u>\$ 11,215,118</u>	<u>\$ 3,437,182</u>	<u>\$ 1,454,183</u>	<u>\$ 4,891,365</u>

TOWN OF BRASELTON, GEORGIA

BALANCE SHEET
DOWNTOWN DEVELOPMENT AUTHORITY
COMPONENT UNIT
JUNE 30, 2019

ASSETS

Cash and cash equivalents	\$ 214,101
Total Assets	<u>\$ 214,101</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Due to primary government	\$ 181,319
Total Liabilities	<u>181,319</u>
Fund Balance:	
Unassigned	<u>32,782</u>
Total Fund Balance	<u>32,782</u>
Total Liabilities and Fund Balance	<u>\$ 214,101</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, 2019

<u>Revenues:</u>	
Rental income	\$ 13,200
Intergovernmental	14,232
Interest earnings	88
Donations	43,784
Other miscellaneous revenues	<u>3,474</u>
Total Revenues	<u>74,778</u>
<u>Expenditures:</u>	
Current:	
General government	45,231
Capital outlay	20,460
Debt Service	
Principal	3,190
Interest	<u>2,907</u>
Total Expenditures	<u>71,788</u>
Net change in fund balance	2,990
Fund Balance, beginning of year	<u>29,792</u>
Fund Balance, end of year	<u><u>\$ 32,782</u></u>

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GOVERNMENTAL REPORT

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Braselton, Georgia, as of and for the year ended June 30, 2019, 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 December 10, 2019.

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 2019-001, 2019-002, and 2019-003 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 were 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.

Clifton, Lippford, Hardison & Parker LLC

Macon, Georgia
December 10, 2019

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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*:

2019-001 Long-term Debt – Governmental Activities

CRITERIA

Timely and accurate financial reports are essential in order to perform analysis of the financial condition of the Town, review data for accuracy and completeness, monitor compliance with budget appropriations, and to prepare annual financial statements.

CONDITION

The Town's internal controls did not identify the third party excess billings on the partially refunded Series 2009 Revenue Bonds.

CONTEXT

During FY 19, the Town was over charged for debt service billing activity related to the partially refunded Series 2009 Revenue Bonds. A material adjustment of \$182,759 was required to record the receivable from Bank of America for the overpayment of debt service payments.

EFFECT

The Town overstated debt service expenditures for the fiscal year ended June 30, 2019.

CAUSE

The Town did not have adequate internal control procedures in place to insure that debt service charges were for outstanding debts of the Town.

RECOMMENDATION

The Town should establish procedures for evaluating all debt service charges related to the Town's outstanding long-term debt. The Town should also consider providing additional training to finance personnel.

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 and tighten internal control procedures when approving and paying third party bills.

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

2019-002 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 accurately record the amortization of premiums, discounts and deferred charges of outstanding bonds for the fiscal year ended June 30, 2019.

CONTEXT

The Town's long-term debt accounting records were inaccurate for the fiscal year ended June 30, 2019.

EFFECT

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

- 2015 Revenue Bonds
 - Audit adjustment of \$14,784 was required to record current year bond premium amortization.
- 2012 Revenue Bonds
 - Audit adjustment of \$214,858 was required to correct the recording of the bond advance refunding amortization.
- 2009 Revenue Bonds
 - Audit adjustment of \$2,462 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.

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 continuing to gain knowledge to more accurately record long term debt, discounts, and deferred charges to help in recording financial statements.

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

2019-003 Capital Assets - Water and Sewer Fund

CRITERIA

Timely and accurate financial reports are essential in order to perform analysis of the financial condition of the Town, review data for accuracy and completeness, monitor compliance with budget appropriations, and to prepare annual financial statements.

CONDITION

The Town did not record all of the current year capital asset additions in the Water and Sewer Fund for FY 2019.

CONTEXT

The Town did not record the construction in progress for FY 2019.

EFFECT

A material audit adjustment of \$922,770 was necessary to record a capital contribution from the Town's SPLOST Fund for water and sewer system additions for FY 2019.

CAUSE

The Town did not have adequate internal control procedures in place to insure that internal capital contributions to the water and sewer system were properly recorded.

RECOMMENDATION

The Town should establish procedures to insure the proper recording of water and sewer system additions.

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 now more informed on how to properly record capital contributions from the SPLOST Fund to the Town's other Funds.