

TOWN OF BRASELTON, GEORGIA



ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

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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, 2020, 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 Town'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, 2020, 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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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, the Downtown Development Authority statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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, the Downtown Development Authority statements, and schedule of expenditures of federal awards 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, the Downtown Development Authority statements,

and schedule of expenditures of federal awards 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 May 6, 2021 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, Lippard, Hardison & Parker LLC

Macon, Georgia
May 6, 2021

FINANCIAL STATEMENTS

TOWN OF BRASELTON, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 7,595,035	\$ 4,135,251	\$ 11,730,286	\$ 241,641
Restricted investments	10,529,556	4,451,942	14,981,498	-
Receivables, net of allowance				
Taxes	110,760	-	110,760	-
Accounts	222,313	1,154,991	1,377,304	-
Due from other governments	357,937	-	357,937	-
Due from component unit	182,095	-	182,095	-
Internal balances	272,867	(272,867)	-	-
Prepays	111,261	57,227	168,488	-
Noncurrent Assets:				
Non depreciable	20,690,735	6,475,336	27,166,071	-
Depreciable, net	31,820,421	50,689,122	82,509,543	154,755
Total Assets	71,892,980	66,691,002	138,583,982	396,396
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charges on refunding	9,467	922,655	932,122	-
Total deferred outflows of resources	9,467	922,655	932,122	-

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, 2020
 (CONTINUED)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<u>LIABILITIES</u>				
Accounts payable	1,466,626	571,899	2,038,525	14,963
Accrued liabilities	29,801	-	29,801	-
Retainage payable	-	116,525	116,525	-
Accrued interest	-	130,391	130,391	-
Customer deposits payable	-	661,877	661,877	-
Unearned revenue	155,817	111,378	267,195	-
Due to primary government	-	-	-	182,095
Noncurrent liabilities				
Due within one year				
Notes payable	-	246,851	246,851	34,737
Bonds payable	844,474	1,270,000	2,114,474	-
Compensated absences	72,800	49,000	121,800	-
Due in more than one year				
Notes payable	-	3,098,347	3,098,347	70,585
Bonds payable	22,063,859	32,020,048	54,083,907	-
Compensated absences	93,947	63,742	157,689	-
Total Liabilities	<u>24,727,324</u>	<u>38,340,058</u>	<u>63,067,382</u>	<u>302,380</u>
<u>NET POSITION</u>				
Net investment in capital assets	40,141,846	22,594,739	62,736,585	49,433
Restricted for				
Capital outlay	13,556,775	-	13,556,775	-
Debt service	-	3,934,599	3,934,599	-
Loan program	196,778	-	196,778	-
Law enforcement	203,039	-	203,039	-
Unrestricted (Deficit)	<u>(6,923,315)</u>	<u>2,744,261</u>	<u>(4,179,054)</u>	<u>44,583</u>
Total Net Position	<u>\$ 47,175,123</u>	<u>\$ 29,273,599</u>	<u>\$ 76,448,722</u>	<u>\$ 94,016</u>

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities				
General government	\$ 1,443,833	\$ 1,824,047	\$ -	\$ 1,176
Judicial	178,904	-	-	-
Public safety	2,364,495	-	-	-
Public works	207,849	491,312	414,617	934,526
Tourism	962,996	-	-	344,238
Planning and development	496,347	-	-	-
Economic and community development	538,990	-	-	-
Parks and recreation	91,170	-	-	202,274
Libraries	219,112	-	-	-
Interest expense	649,268	-	-	-
Total governmental activities	<u>7,152,964</u>	<u>2,315,359</u>	<u>414,617</u>	<u>1,482,214</u>
Business-Type Activities				
Water and Sewer	<u>8,100,919</u>	<u>8,945,648</u>	<u>95,219</u>	<u>2,951,191</u>
Total business-type activities	<u>8,100,919</u>	<u>8,945,648</u>	<u>95,219</u>	<u>2,951,191</u>
Total Primary Government	<u>\$ 15,253,883</u>	<u>\$ 11,261,007</u>	<u>\$ 509,836</u>	<u>\$ 4,433,405</u>
Component Unit:				
Downtown Development Authority	<u>\$ 87,334</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ -</u>
Total Component Unit	<u>\$ 87,334</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ -</u>

General Revenues

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

Change in Net Position

Net Position - Beginning of year

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, 2020
(CONTINUED)

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
\$ 381,390	\$ -	\$ 381,390	\$ -
(178,904)	-	(178,904)	-
(2,364,495)	-	(2,364,495)	-
1,632,606	-	1,632,606	-
(618,758)	-	(618,758)	-
(496,347)	-	(496,347)	-
(538,990)	-	(538,990)	-
111,104	-	111,104	-
(219,112)	-	(219,112)	-
(649,268)	-	(649,268)	-
(2,940,774)	-	(2,940,774)	-
-	3,891,139	3,891,139	-
-	3,891,139	3,891,139	-
(2,940,774)	3,891,139	950,365	-
			(57,334)
			(57,334)
1,306,830	-	1,306,830	-
1,185,681	-	1,185,681	-
586,495	-	586,495	-
881,708	-	881,708	-
1,075,976	-	1,075,976	-
56,454	61,034	117,488	88
136,113	5,411	141,524	25,496
5,229,257	66,445	5,295,702	25,584
2,288,483	3,957,584	6,246,067	(31,750)
44,886,640	25,316,015	70,202,655	125,766
\$ 47,175,123	\$ 29,273,599	\$ 76,448,722	\$ 94,016

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, 2020

<u>ASSETS</u>	General Fund	Hotel Motel Fund	SPLOST Fund	URA Fund	Total Governmental Funds
Cash and cash equivalent	\$ 4,236,209	\$ 258,374	\$ 2,897,272	\$ 203,180	\$ 7,595,035
Investments	-	-	-	10,529,556	10,529,556
Receivables, net of allowance					
Taxes	-	110,760	-	-	110,760
Accounts	207,113	-	-	15,200	222,313
Due from other governments	89,199	-	268,738	-	357,937
Due from component unit	182,095	-	-	-	182,095
Due from other funds	613,980	17,140	48,648	-	679,768
Prepays	102,457	8,804	-	-	111,261
Total Assets	\$ 5,431,053	\$ 395,078	\$ 3,214,658	\$ 10,747,936	\$ 19,788,725
 <u>LIABILITIES</u>					
Accounts payable	\$ 1,395,932	\$ 1,036	\$ 69,658	\$ -	\$ 1,466,626
Accrued liabilities	29,801	-	-	-	29,801
Unearned revenues	155,817	-	-	-	155,817
Due to other funds	65,788	-	-	341,113	406,901
Total Liabilities	1,647,338	1,036	69,658	341,113	2,059,145
 <u>FUND BALANCES</u>					
Nonspendable	102,457	8,804	-	-	111,261
Restricted	404,769	-	3,145,000	10,406,823	13,956,592
Assigned	-	385,238	-	-	385,238
Unassigned	3,276,489	-	-	-	3,276,489
Total Fund Balances	3,783,715	394,042	3,145,000	10,406,823	17,729,580
Total Liabilities and Fund Balance	\$ 5,431,053	\$ 395,078	\$ 3,214,658	\$ 10,747,936	\$ 19,788,725

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, 2020

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

Total fund balances - governmental funds	\$ 17,729,580
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	61,779,622
Accumulated depreciation	(9,268,466)
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	(166,747)
Loss on refunding	9,467
Bonds payable	<u>(22,908,333)</u>
Net Position of Governmental Activities	<u><u>\$ 47,175,123</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, 2020

	General Fund	Hotel Motel Fund	SPLOST Fund	URA Fund	Total Governmental Funds
<u>Revenues</u>					
Taxes	\$ 4,154,982	\$ 881,708	\$ -	\$ -	\$ 5,036,690
License and permits	636,959	-	-	-	636,959
Intergovernmental	414,617	-	1,481,038	-	1,895,655
Fines and forfeitures	958,350	-	-	-	958,350
Charges for Services	542,451	4,650	-	172,949	720,050
Investment earnings	1,561	125	1,176	54,768	57,630
Other revenues	120,808	12,921	-	-	133,729
Total Revenues	6,829,728	899,404	1,482,214	227,717	9,439,063
<u>Expenditures</u>					
Current:					
General government	1,001,509	-	-	-	1,001,509
Judicial	178,904	-	-	-	178,904
Public safety	2,227,553	-	-	-	2,227,553
Streets and sanitation	1,988,261	-	-	-	1,988,261
Tourism	-	603,918	-	-	603,918
Planning and development	496,347	-	-	-	496,347
Economic and community development	438,947	-	-	100,043	538,990
Parks and recreation	76,950	-	-	-	76,950
Libraries	219,112	-	-	-	219,112
Capital outlay	-	-	1,186,707	-	1,186,707
Debt service					
Principal	-	-	-	504,474	504,474
Interest	-	-	-	514,764	514,764
Issuance cost	-	-	-	236,104	236,104
Total Expenditures	6,627,583	603,918	1,186,707	1,355,385	9,773,593
Excess (Deficiency) of Revenues Over (Under) Expenditures	202,145	295,486	295,507	(1,127,668)	(334,530)
<u>Other Financing Sources (Uses)</u>					
Transfers from other funds	328,428	-	-	1,095,499	1,423,927
Transfers to other funds	(1,095,499)	-	-	(328,428)	(1,423,927)
Insurance recoveries	2,384	-	-	-	2,384
Issuance of debt	-	-	-	8,295,000	8,295,000
Premium on bonds	-	-	-	957,943	957,943
Total other financing sources (uses)	(764,687)	-	-	10,020,014	9,255,327
Net change in fund balances	(562,542)	295,486	295,507	8,892,346	8,920,797
Fund Balance, beginning of year	4,346,257	98,556	2,849,493	1,514,477	8,808,783
Fund Balance, end of year	\$ 3,783,715	\$ 394,042	\$ 3,145,000	\$ 10,406,823	\$ 17,729,580

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, 2020

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

Net Change in Fund Balances - total governmental funds	\$ 8,920,797
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Capital Assets

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

Total capital outlays	3,235,326
Total depreciation	(1,199,568)

Long-Term Debt

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of debt	(8,295,000)
Bond premium	(957,943)

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	504,474
Compensated absences	(21,203)
Amortization loss on refunding	(2,367)
Amortization on bond premium	106,992
Amortization on bond discount	(3,025)

Change in Net Position of Governmental Activities	<u><u>\$ 2,288,483</u></u>
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The notes to the financial statements are an integral part of the basic financial statements.

TOWN OF BRASELTON, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues:</u>				
Taxes:				
Sales taxes	\$ 1,362,000	\$ 1,362,000	\$ 1,306,830	\$ (55,170)
Franchise taxes	1,086,000	1,086,000	1,185,681	99,681
Insurance premium taxes	545,000	545,000	586,495	41,495
Business taxes	765,000	765,000	842,152	77,152
Other taxes	17,585	17,585	233,824	216,239
Licenses and permits	741,500	741,500	636,959	(104,541)
Intergovernmental	106,746	106,746	414,617	307,871
Fines and forfeitures	705,000	705,000	958,350	253,350
Charges for services	544,900	544,900	542,451	(2,449)
Interest income	1,000	1,000	1,561	561
Miscellaneous	83,030	83,030	120,808	37,778
Total Revenue	5,957,761	5,957,761	6,829,728	871,967
<u>Expenditures:</u>				
Current:				
General government	739,499	975,357	1,001,509	(26,152)
Judicial	196,988	196,988	178,904	18,084
Public safety	1,800,731	1,984,304	2,227,553	(243,249)
Streets and sanitation	317,365	1,984,895	1,988,261	(3,366)
Planning and development	509,810	509,810	496,347	13,463
Economic and community development	498,635	498,635	438,947	59,688
Parks and recreation	13,381	87,377	76,950	10,427
Libraries	234,924	234,924	219,112	15,812
Total Expenditures	4,311,333	6,472,290	6,627,583	(155,293)
Excess Revenue Over (Under) Expenditures	1,646,428	(514,529)	202,145	716,674

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, 2020
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Other Financing Sources (Uses):</u>				
Transfer from other funds	-	-	328,428	328,428
Transfer to other funds	(1,312,400)	(1,312,400)	(1,095,499)	216,901
Insurance recoveries	-	-	2,384	2,384
Total Other Financing Sources (Uses)	(1,312,400)	(1,312,400)	(764,687)	547,713
Net change in fund balance	334,028	(1,826,929)	(562,542)	1,264,387
Fund balance, beginning of year	4,346,257	4,346,257	4,346,257	-
Fund balance, end of year	\$ 4,680,285	\$ 2,519,328	\$ 3,783,715	\$ 1,264,387

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, 2020
 (CONTINUED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>Revenues:</u>				
Hotel / Motel occupance taxes	\$ 600,000	\$ 600,000	\$ 881,708	\$ 281,708
Rental income	11,000	11,000	4,650	(6,350)
Interest income	100	100	125	25
Miscellaneous	5,000	5,000	12,921	7,921
Total Revenue	616,100	616,100	899,404	283,304
<u>Expenditures:</u>				
Current:				
Tourism	616,100	616,100	603,918	12,182
Total Expenditures	616,100	616,100	603,918	12,182
Net change in fund balance	-	-	295,486	295,486
Fund balance, beginning of year	98,556	98,556	98,556	-
Fund balance, end of year	\$ 98,556	\$ 98,556	\$ 394,042	\$ 295,486

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, 2020

<u>ASSETS</u>	<u>Water and Sewer Fund</u>
Current assets:	
Cash and cash equivalents	\$ 4,135,251
Accounts receivable, net	1,154,991
Prepaid items	57,227
	<hr/>
Total current assets	5,347,469
	<hr/>
Noncurrent assets:	
Restricted investments	4,451,942
Capital assets:	
Non depreciable	6,475,336
Depreciable, net	50,689,122
	<hr/>
Total noncurrent assets	61,616,400
	<hr/>
Total Assets	66,963,869
	<hr/>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred charges on refunding	922,655
	<hr/>
Total Deferred outflows of resources	922,655
	<hr/>

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

TOWN OF BRASELTON, GEORGIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2020
 (CONTINUED)

<u>LIABILITIES</u>	Water and Sewer Fund
Current liabilities:	
Accounts payable	571,899
Retainage payable	116,525
Due to other funds	272,867
Accrued interest	130,391
Unearned revenue	111,378
Compensated absences payable	49,000
Customer deposits payable	661,877
Notes payable, current	246,851
Bonds payable, current	1,270,000
	1,270,000
Total current liabilities	3,430,788
Noncurrent liabilities:	
Compensated absences payable	63,742
Notes payable	3,098,347
Bonds payable	32,020,048
	32,020,048
Total noncurrent liabilities	35,182,137
Total Liabilities	38,612,925
<u>NET POSITION</u>	
Net Investment in Capital Assets	22,594,739
Restricted for Debt Service	3,934,599
Unrestricted	2,744,261
	2,744,261
Total Net Position	\$ 29,273,599

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

TOWN OF BRASELTON, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Water and Sewer Fund
<u>Operating revenues:</u>	
Charges and fees	\$ 8,945,648
Miscellaneous revenue	5,411
	<hr/>
Total operating revenues	8,951,059
	<hr/>
<u>Operating expenses:</u>	
Personal services and benefits	1,720,793
Purchased and contracted services	1,302,015
Supplies and equipment	767,873
Depreciation	1,855,625
Miscellaneous	992,764
	<hr/>
Total operating expenses	6,639,070
	<hr/>
Operating income (loss)	2,311,989
	<hr/>
<u>Nonoperating revenues (expenses):</u>	
Investment earnings	61,034
Intergovernmental revenue	95,219
Interest expense	(1,461,849)
	<hr/>
Total nonoperating revenues (expenses)	(1,305,596)
	<hr/>
Net income (loss) before transfers	1,006,393
	<hr/>
Contributed Capital	2,951,191
	<hr/>
Change in net position	3,957,584
	<hr/>
Total Net Position - Beginning of Year	25,316,015
	<hr/>
Total Net Position - Ending of Year	\$ 29,273,599
	<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, 2020

	<u>Water and Sewer Fund</u>
<u>Cash Flows from Operating Activities:</u>	
Cash received from customers	\$ 9,084,514
Cash paid to employees	(1,781,476)
Cash paid to suppliers for goods and services	<u>(2,335,527)</u>
Net Cash Flows Provided by (Used for) Operating Activities	<u>4,967,511</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Intergovernmental revenue	95,219
Proceeds on notes payable	1,093,157
Proceeds on bond issue	23,785,000
Purchases of capital assets	(2,742,775)
Principal paid on notes payable	(4,794,374)
Interest paid on notes payable	(148,278)
Principal paid on bonds payable	(20,910,000)
Interest paid on bonds payable	<u>(1,499,232)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(5,121,283)</u>
<u>Cash Flows from Investing Activities:</u>	
Restricted investment - bonds	691,227
Interest income	<u>61,034</u>
Net Cash Flows Provided by (Used for) Investing Activities	<u>752,261</u>
Net Increase (Decrease) in Cash and Cash Equivalents	598,489
Cash and Cash Equivalents, Beginning of Year	<u>3,536,762</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 4,135,251</u></u>

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

TOWN OF BRASELTON, GEORGIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 (CONTINUED)

	Water and Sewer Fund
	<u> </u>
<u>Cash Flows From Operating Activities:</u>	
Operating income	\$ 2,311,989
	<u> </u>
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	1,855,625
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	133,455
(Increase) decrease in prepaid items	(810)
Increase (decrease) in accounts payable	409,241
Increase (decrease) in retainage payable	116,525
Increase (decrease) in due to other funds	(94,531)
Increase (decrease) in unearned revenue	(39,464)
Increase (decrease) in compensated absences	(60,683)
Increase (decrease) in customer deposits payable	336,164
	<u> </u>
Total Adjustments	2,655,522
	<u> </u>
Net Cash Provided by (Used for) Operating Activities	\$ 4,967,511
	<u> </u>
 NONCASH CAPITAL FINANCING ACTIVITIES	
Contributions of capital assets	\$ 2,951,191
	<u> </u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020
(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, 2020
(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, 2020
(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, 2020
(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, 2020
(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, 2020
(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, 2020
(CONTINUED)

The following is a summary of the fund balance classifications as of June 30, 2020:

	General Fund	Hotel / Motel Fund	SPLOST Fund	URA Fund	Total
Fund Balances:					
Nonspendable					
Prepays	\$ 102,457	\$ 8,804	\$ -	\$ -	\$ 111,261
Restricted for:					
Capital outlay	4,952	-	3,145,000	10,406,823	13,556,775
Law enforcement	203,039	-	-	-	203,039
Loan program	196,778	-	-	-	196,778
Assigned to:					
Hotel Motel	-	385,238	-	-	385,238
Unassigned	3,276,489	-	-	-	3,276,489
Total fund balances	\$ 3,783,715	\$ 394,042	\$ 3,145,000	\$ 10,406,823	\$ 17,729,580

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, 2020
(CONTINUED)

NOTE 2 – LEGAL COMPLIANCE – BUDGETS

A. Budget Process

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

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

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

B. Excess of Expenditures over Appropriations

The following General Fund departments had excess of expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2020.

General Fund:		
General Government	\$	26,152
Public Safety		243,249
Streets and Sanitation		3,366

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, 2020, the Town had no bank balances that were exposed to custodial credit risk.

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

B. Investments

As of June 30, 2020, The Town had amounts in money market mutual funds with U.S. Bank, to pay future debt obligations and to be used for construction projects. The Town classifies these amounts as investments.

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

Credit Risk – Georgia Law and the Town’s Investment Policy allow investments in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime banker’s acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2020, 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	\$ 12,064,995
Fidelity Money Mkt Treasury Mutual Fund - Class II	39 Days	1,442,207
Fidelity Money Mkt Treasury Mutual Fund - Class III	39 Days	119,635
Fidelity Money Mkt Treasury Select Mutual Fund	39 Days	1,354,661
		\$ 14,981,498

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, 2020:

Investments	Level 1	Level 2	Level 3	Fair Value
First American Treasury Obligation Mutual Fund	\$ 12,064,995	\$ -	\$ -	\$ 12,064,995
Fidelity Money Mkt Treasury Mutual Fund - Class II	1,442,207	-	-	1,442,207
Fidelity Money Mkt Treasury Mutual Fund - Class III	119,635	-	-	119,635
Fidelity Money Mkt Treasury Select Mutual Fund	1,354,661	-	-	1,354,661
	\$ 14,981,498	\$ -	\$ -	\$ 14,981,498

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

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

NOTE 4 – RECEIVABLES

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

Receivables at June 30, 2020, 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	\$ -	\$ 110,760	\$ -	\$ -	\$ -	\$ 110,760
Accounts	207,113	-	15,200	-	1,459,789	1,682,102
Intergovernmental	89,199	-	-	268,738	-	357,937
Gross total receivables	296,312	110,760	15,200	268,738	1,459,789	2,150,799
Less allowance for uncollectible	-	-	-	-	(304,798)	(304,798)
Net total receivables	\$ 296,312	\$ 110,760	\$ 15,200	\$ 268,738	\$ 1,154,991	\$ 1,846,001

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, 2020
(CONTINUED)

NOTE 5 – CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended June 30, 2020, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 16,347,567	\$ -	\$ -	\$ 16,347,567
Construction in Progress	1,357,942	2,985,226	-	4,343,168
Total	<u>17,705,509</u>	<u>2,985,226</u>	<u>-</u>	<u>20,690,735</u>
Capital assets, being depreciated:				
Buildings and improvements	22,548,258	183,573	-	22,731,831
Infrastructure and improvements	15,389,767	-	-	15,389,767
Vehicles	1,172,145	54,936	-	1,227,081
Machinery and equipment	1,728,617	11,591	-	1,740,208
Total	<u>40,838,787</u>	<u>250,100</u>	<u>-</u>	<u>41,088,887</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,869,664)	(581,014)	-	(4,450,678)
Infrastructure and improvements	(2,266,913)	(350,077)	-	(2,616,990)
Vehicles	(758,436)	(165,459)	-	(923,895)
Machinery and equipment	(1,173,885)	(103,018)	-	(1,276,903)
Total	<u>(8,068,898)</u>	<u>(1,199,568)</u>	<u>-</u>	<u>(9,268,466)</u>
Total capital assets, being depreciated, net	<u>32,769,889</u>	<u>(949,468)</u>	<u>-</u>	<u>31,820,421</u>
Governmental activities capital assets, net	<u>\$ 50,475,398</u>	<u>\$ 2,035,758</u>	<u>\$ -</u>	52,511,156
				Less related long-term debt outstanding (22,908,333)
				Unspent bond proceeds 10,529,556
				Deferred amounts from refundings <u>9,467</u>
				<u>\$ 40,141,846</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,928,122	\$ -	\$ -	\$ 1,928,122
Construction in Progress	1,898,559	2,648,655	-	4,547,214
Total	<u>3,826,681</u>	<u>2,648,655</u>	-	<u>6,475,336</u>
Capital assets, being depreciated:				
Buildings and improvements	3,365,608	-	-	3,365,608
Plant and infrastructure	66,617,362	2,942,677	-	69,560,039
Machinery and equipment	1,299,847	102,634	-	1,402,481
Total	<u>71,282,817</u>	<u>3,045,311</u>	-	<u>74,328,128</u>
Less accumulated depreciation for:				
Buildings and improvements	(676,155)	(102,444)	-	(778,599)
Plant and infrastructure	(20,066,408)	(1,664,070)	-	(21,730,478)
Machinery and equipment	(1,040,818)	(89,111)	-	(1,129,929)
Total	<u>(21,783,381)</u>	<u>(1,855,625)</u>	-	<u>(23,639,006)</u>
Total capital assets, being depreciated, net	<u>49,499,436</u>	<u>1,189,686</u>	-	<u>50,689,122</u>
Business-type activities capital assets, net	<u>\$ 53,326,117</u>	<u>\$ 3,838,341</u>	<u>\$ -</u>	<u>57,164,458</u>
		Less related long-term debt outstanding		(36,635,246)
		Unspent bond proceeds		1,142,872
		Deferred amounts from refundings		922,655
				<u>\$ 22,594,739</u>

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

Governmental activities:	
General government	\$ 616,284
Public safety	191,878
Public works	386,186
Culture and recreation	<u>5,220</u>
Total depreciation expense - governmental activities	<u>\$ 1,199,568</u>
Business-type activities:	
Water and Sewer	<u>\$ 1,855,625</u>
Total depreciation expense - business-type activities	<u>\$ 1,855,625</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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>180,460</u>	<u>-</u>	<u>-</u>	<u>180,460</u>
Less accumulated depreciation for:				
Buildings	(20,000)	(4,000)	-	(24,000)
Site Improvements	(682)	(1,023)	-	(1,705)
Total	<u>(20,682)</u>	<u>(5,023)</u>	<u>-</u>	<u>(25,705)</u>
Total capital assets, being depreciated, net	<u>159,778</u>	<u>(5,023)</u>	<u>-</u>	<u>154,755</u>
Downtown Development Authority capital assets, net	<u>\$ 159,778</u>	<u>\$ (5,023)</u>	<u>\$ -</u>	<u>\$ 154,755</u>

NOTE 6 – LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Beginning Balances	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds					
2005 Bonds	\$ 1,652,027	\$ -	\$ (289,474)	\$ 1,362,553	\$ 289,474
2005 Discount on Bonds	(17,898)	-	3,025	(14,873)	-
2016 Bonds	8,440,000	-	-	8,440,000	30,000
2016 Premium on Bonds	601,705	-	(33,428)	568,277	-
2017 Bonds	3,280,000	-	(215,000)	3,065,000	225,000
2017 Premium on Bonds	307,997	-	(25,667)	282,330	-
2019 Bonds	-	8,295,000	-	8,295,000	300,000
2019 Premium on Bonds	-	957,943	(47,897)	910,046	-
Compensated absences	145,544	94,059	(72,856)	166,747	72,800
Governmental activity Long-term liabilities	<u>\$ 14,409,375</u>	<u>\$ 9,347,002</u>	<u>\$ (681,297)</u>	<u>\$ 23,075,080</u>	<u>\$ 917,274</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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	(154,237)	-	154,237	-	-
2012 Bonds	10,000,000	-	(10,000,000)	-	-
2012 Discount on Bonds	(47,591)	-	47,591	-	-
2015 Bonds	9,755,000	-	(625,000)	9,130,000	20,000
2015 Premium on Bonds	395,884	-	(20,836)	375,048	-
2020 Bonds	-	23,785,000	-	23,785,000	1,250,000
Notes payable	7,046,415	1,093,157	(4,794,374)	3,345,198	246,851
Compensated absences	109,683	52,198	(49,139)	112,742	49,000
Business-type activity					
Long-term liabilities	\$ 37,390,154	\$ 24,930,355	\$ (25,572,521)	\$ 36,747,988	\$ 1,565,851

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, 2020 is \$1,362,553.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	\$ 1,362,553	\$ 130,280	\$ 1,492,833

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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, 2020 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
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	105,000	326,381	431,381
2026-2030	2,075,000	1,425,300	3,500,300
2031-2035	4,045,000	847,700	4,892,700
2036-2037	2,010,000	81,200	2,091,200
Total	<u>\$ 8,440,000</u>	<u>\$ 4,003,938</u>	<u>\$ 12,443,938</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, 2020 are \$3,306,645. The result of this transaction is a decrease in future debt service payments of \$280,601 and a present value savings, or economic gain, of \$220,044. As of June 30, 2020, the outstanding principal on the Series 2017 Revenue Bonds is \$3,065,000.

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	265,000	78,900	343,900
2026-2030	1,500,000	222,800	1,722,800
2031	340,000	6,800	346,800
Total	<u>\$ 3,065,000</u>	<u>\$ 724,100</u>	<u>\$ 3,789,100</u>

Series 2019 Revenue Bonds

On November 1, 2019, the Town issued Series 2019 Urban Redevelopment Agency of the Town of Braselton revenue bonds in the amount of \$8,295,000. Interest rate on the 2019 bonds is 5.00% with annual maturities through fiscal year 2039. The bonds were issued for the purpose of providing funds to pay for the cost of the acquisition, construction, development and equipment of a civic center and related facilities. As of June 30, 2020, the outstanding principal on the Series 2019 Revenue Bonds is \$8,295,000.

Annual debt service requirements to maturity for the 2019 revenue bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 300,000	\$ 317,288	\$ 617,288
2022	310,000	302,288	612,288
2023	330,000	286,788	616,788
2024	345,000	270,288	615,288
2025	360,000	253,038	613,038
2026-2030	2,035,000	1,046,688	3,081,688
2031-2035	2,385,000	689,606	3,074,606
2036-2039	2,230,000	227,400	2,457,400
Total	<u>\$ 8,295,000</u>	<u>\$ 3,393,384</u>	<u>\$ 11,688,384</u>

Business-type Activities

Series 2009 Water and Sewer Revenue Bonds

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%. The Series 2009 Water and Sewer revenue bonds were refunded in fiscal year 2020 with the Series 2020 Water and Sewer revenue bonds as discussed below.

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

Series 2012 Water and Sewer Revenue Bonds

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%. Interest rates on the 2012B bonds range from 2.00% to 2.50%. The Series 2012 Water and Sewer revenue bonds were refunded in fiscal year 2020 with the Series 2020 Water and Sewer revenue bonds as discussed below.

Series 2015 Water and Sewer Revenue Bonds

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. The 2015B Water and Sewer Taxable Revenue bonds were paid in full during fiscal year 2020.

Annual debt service requirements, as of June 30, 2020, for the Series 2015A Bonds, are as follows:

Year Ending June 30,	Series 2015 A		Total
	Principal	Interest	
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	25,000	348,413	373,413
2026-2030	1,550,000	1,645,838	3,195,838
2031-2035	2,545,000	1,208,375	3,753,375
2036-2038	4,920,000	344,025	5,264,025
Total	\$ 9,130,000	\$ 4,946,677	\$ 14,076,677

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

Series 2020 Water and Sewer Revenue Bonds

On April 7, 2020, the Town issued Series 2020 Water and Sewerage Refunding Revenue bonds in the amount of \$23,785,000. Interest rates on the 2020 bonds is 5.00% with annual maturities through fiscal year 2035. The bonds were issued for the purpose of refunding \$10,523,688 in outstanding Series 2009 Water and Sewer Revenue bonds, refunding \$9,708,944 in outstanding Series 2012A Water and Sewer Revenue bonds, refunding \$4,345,807 of principal outstanding on certain Georgia Environmental Finance Authority (GEFA) Loans, to purchase the reserve fund surety, and to pay all or a portion of the costs of issuance of the Series 2020 bonds. The result of this transaction is a decrease in future debt service payments of \$6,410,856 and a present value savings, or economic gain, of \$5,608,842.

Annual debt service requirements to maturity for the 2020 Water and Sewer revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,250,000	\$ 341,151	\$ 1,591,151
2022	1,675,000	437,994	2,112,994
2023	1,695,000	404,663	2,099,663
2024	1,730,000	371,003	2,101,003
2025	1,755,000	336,551	2,091,551
2026-2030	7,810,000	1,194,732	9,004,732
2031-2035	7,870,000	440,550	8,310,550
Total	<u>\$ 23,785,000</u>	<u>\$ 3,526,644</u>	<u>\$ 27,311,644</u>

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. Notes payable outstanding as of June 30, 2020 are as follows:

Loan	Interest Rate %	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2009-L16-WQ	2.81%	03/01/27	\$ 170,675	\$ -	\$ (170,675)	\$ -
2009-L18-WQ	2.81%	03/01/32	658,299	-	(658,299)	-
2007-L22-WS	3.40%	08/01/32	3,719,868	-	(3,719,868)	-
2013-L32-WS	0.70%	10/01/25	100,063	-	(15,506)	84,557
2013-L25-WS	0.70%	07/01/25	537,101	-	(86,728)	450,373
CWSRF 14-010	1.03%	07/01/38	1,688,723	-	(84,972)	1,603,751
2016-009 GEFA	0.98%	07/01/22	141,941	-	(58,326)	83,615
CW2016030			29,745	469,907	-	499,652
CW2018013			-	623,250	-	623,250
Total GEFA Notes Payable			<u>\$ 7,046,415</u>	<u>\$ 1,093,157</u>	<u>\$ (4,794,374)</u>	<u>\$ 3,345,198</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

GEFA Loans CW2016030 and CW2018013 are still in the construction phase as of June 30, 2020. Payback of loans CW2016030 and CW2018013 will not begin until after the funded projects have been completed.

Annual debt service requirements, as of June 30, 2020, for the notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 246,851	\$ 20,881	\$ 267,732
2022	214,266	18,784	233,050
2023	191,170	17,107	208,277
2024	192,801	15,476	208,277
2025	194,446	13,831	208,277
2026-2030	469,690	52,760	522,450
2031-2035	480,931	28,618	509,549
2036-2039	232,140	5,067	237,207
Total	<u>\$ 2,222,295</u>	<u>\$ 172,524</u>	<u>\$ 2,394,819</u>

Component Unit

Long-term liability activity for the year ended June 30, 2020 for the Downtown Development Authority was as follows:

	<u>Beginning</u>		<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Balance</u>	<u>One Year</u>
Discretely Presented Component Unit:				
Notes payable	\$ 66,794	\$ 105,322	\$ 105,322	\$ 34,737
Discretely Presented Component Unit				
Long-term liabilities	\$ 66,794	\$ 105,322	\$ 105,322	\$ 34,737

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, 2020 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>
2021	\$ 34,737	\$ 3,581	\$ 38,318
2022	36,153	2,165	38,318
2023	34,432	692	35,124
Total	<u>\$ 105,322</u>	<u>\$ 6,438</u>	<u>\$ 111,760</u>

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2020, is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	URA Fund	\$ 341,113
	Water Sewer Fund	272,867
Hotel Motel Fund	General Fund	17,140
SPLOST Fund	General Fund	48,648
		<u>\$ 679,768</u>

Due to / from component units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Downtown Development Authority	\$ 182,095
		<u>\$ 182,095</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	URA Fund	\$ 1,095,499
URA Fund	General Fund	328,428

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

Primary government / component unit transfers:

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

TOWN OF BRASELTON, GEORGIA

NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020, there were 23 employees participating in the Plan who contributed \$77,898 while the Town's contributions totaled \$30,662.

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, 2020
(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 \$881,708 for the year ended June 30, 2020. Of this amount 60% was used to promote tourism.

SUPPLEMENTARY INFORMATION

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	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	237,626	584,388	822,014
	<u>1,365,300</u>	<u>1,365,300</u>	<u>237,626</u>	<u>584,388</u>	<u>822,014</u>
Gwinnett County (2017)					
Roads, streets and bridges	3,500,000	3,500,000	81	98,803	98,884
	<u>3,500,000</u>	<u>3,500,000</u>	<u>81</u>	<u>98,803</u>	<u>98,884</u>
Gwinnett County (2014)					
Water and sewer capital outlay	1,168,163	1,168,163	982,044	8,514	990,558
Transportation	389,388	389,388	80,636	280,707	361,343
	<u>1,557,551</u>	<u>1,557,551</u>	<u>1,062,680</u>	<u>289,221</u>	<u>1,351,901</u>
Gwinnett County (2009)					
Roads, streets and bridges	230,899	780,656	1,239,015	79,497	1,318,512
	<u>230,899</u>	<u>780,656</u>	<u>1,239,015</u>	<u>79,497</u>	<u>1,318,512</u>
Hall County (2015)					
Streets, Sidewalks, Stormwater	1,270,589	1,270,589	610,139	123,735	733,874
	<u>1,270,589</u>	<u>1,270,589</u>	<u>610,139</u>	<u>123,735</u>	<u>733,874</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	209,901	1,980	211,881
Parks and recreation	233,688	233,688	68	9,083	9,151
	<u>467,376</u>	<u>467,376</u>	<u>209,969</u>	<u>11,063</u>	<u>221,032</u>
	<u>\$ 10,397,625</u>	<u>\$ 11,215,118</u>	<u>\$ 4,891,365</u>	<u>\$ 1,186,707</u>	<u>\$ 6,078,072</u>

TOWN OF BRASELTON, GEORGIA

BALANCE SHEET
DOWNTOWN DEVELOPMENT AUTHORITY
COMPONENT UNIT
JUNE 30, 2020

ASSETS

Cash and cash equivalents	\$ 241,641
Total Assets	<u>\$ 241,641</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 14,963
Due to primary government	<u>182,095</u>
Total Liabilities	<u>197,058</u>
Fund Balance:	
Unassigned	<u>44,583</u>
Total Fund Balance	<u>44,583</u>
Total Liabilities and Fund Balance	<u>\$ 241,641</u>

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

Total fund balances - governmental funds	\$ 44,583
Capital Assets	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Cost of the assets	180,460
Accumulated depreciation	<u>(25,705)</u>
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:	
Notes Payable	<u>(105,322)</u>
Net Position of Governmental Activities	<u>\$ 94,016</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, 2020

<u>Revenues:</u>	
Rental income	\$ 9,900
Intergovernmental	30,000
Interest earnings	88
Donations	14,321
Other miscellaneous revenues	<u>1,275</u>
Total Revenues	<u>55,584</u>
<u>Expenditures:</u>	
Current:	
General government	79,273
Debt Service	
Principal	66,794
Interest	<u>3,038</u>
Total Expenditures	<u>149,105</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(93,521)</u>
<u>Other Financing Sources</u>	
Issuance of debt	<u>105,322</u>
Total Other Financing Sources	<u>105,322</u>
Net change in fund balance	11,801
Fund Balance, beginning of year	<u>32,782</u>
Fund Balance, end of year	<u><u>\$ 44,583</u></u>

TOWN OF BRASELTON, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 DOWNTOWN DEVELOPMENT AUTHORITY
 COMPONENT UNIT
 FOR THE YEAR ENDED JUNE 30, 2020

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

Net Change in Fund Balances - total governmental funds	11,801
--	--------

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 depreciation	(5,023)
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Long-Term Debt

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of debt	(105,322)
------------------	-----------

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:

Notes payable	<u>66,794</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (31,750)</u></u>
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SINGLE AUDIT SECTION

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Justice</u>				
Direct Programs				
Federal Forfeiture Program	16.922		\$ -	\$ 235,702
Total Direct Programs			-	235,702
Total U.S. Department of Justice			-	235,702
<u>U.S. Department of Commerce</u>				
Passed through the Georgia Environmental Finance Authority				
ARC Grant	23.002	GA-18520	-	95,219
Total Pass-through Programs			-	95,219
Total U.S. Department of Commerce			-	95,219
<u>U.S. Department of Natural Resources</u>				
Passed through the Georgia Environmental Finance Authority				
Clean Water State Revolving Fund	66.458	CW2016030	-	519,812
Clean Water State Revolving Fund	66.458	CW2018013	-	803,049
Subtotal for CFDA 66.458 Clean Water State Revolving Fund Cluster			-	1,322,861
Total Pass-through Programs			-	1,322,861
Total U.S. Department of Natural Resources			-	1,322,861
Total Expenditures of Federal Awards			\$ -	\$ 1,653,782

See accompanying notes to schedule of expenditures of federal awards

TOWN OF BRASELTON, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Town of Braselton, Georgia under programs of the federal government for the fiscal year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Braselton, Georgia, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Braselton, Georgia.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

Town of Braselton, Georgia has elected not to use the 10 – percent de minimis indirect cost rate allowed under the Uniform Guidance.



MAYOR
Bill Orr
COUNCIL MEMBERS
District 1
Becky Richardson
District 2
Peggy B. Slappey
District 3
James C. Joedecke, Jr.
District 4
Hardy B. Johnson

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FINANCIAL STATEMENT FINDINGS

2019-001	<u>Long-term Debt – Governmental Activities</u>
Status:	Corrective action was taken during FY 20.
2019-002	<u>Long-term Debt – Water and Sewer Fund</u>
Status:	Unresolved. See CY Finding 2020-003.
2019-003	<u>Capital Assets – Water and Sewer Fund</u>
Status:	Corrective action was taken during FY 20.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE REPORTED



MAYOR
Bill Orr
COUNCIL MEMBERS
District 1
Becky Richardson
District 2
Peggy B. Slappey
District 3
James C. Joedecke, Jr.
District 4
Hardy B. Johnson

May 6, 2021

CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FINANCIAL STATEMENT FINDINGS

2020-001 Bank Accounts

Name of Contact Person: Jennifer Scott, Town Manager

Recommendation: We recommend that bank accounts are reconciled to their general ledger control accounts on a monthly basis.

Corrective Action: Management concurs with the finding and will ensure bank accounts are reconciled to their general ledger control accounts on a monthly basis.

Anticipated Completion Date: June 1, 2021

2020-002 Accounts Payable / Retainage Payable – Water and Sewer Fund

Name of Contact Person: Jennifer Scott, Town Manager

Recommendation: The Town should establish procedures to ensure the proper accrual of all liabilities incurred during the fiscal period.

Corrective Action: Management concurs with the finding and will establish procedures to ensure the proper accrual of all liabilities incurred during the fiscal period.

Anticipated Completion Date: June 1, 2021

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“It’s Better in Braselton”



MAYOR
Bill Orr
COUNCIL MEMBERS
District 1
Becky Richardson
District 2
Peggy B. Slappey
District 3
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Hardy B. Johnson

2020-003 Long-term Debt – Water and Sewer Fund

Name of Contact Person: Jennifer Scott, Town Manager

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

Corrective Action: Management concurs with the finding and will establish procedures to ensure the proper recording of all long-term debt transactions in future periods.

Anticipated Completion Date: June 1, 2021

2020-004 Violation of Georgia Law – SPLOST Fund

Name of Contact Person: Jennifer Scott, Town Manager

Recommendation: The Town should enhance internal controls in regards to monitoring internal balances.

Corrective Action: Management concurs with the finding and will enhance internal controls in regards to monitoring internal balances.

Anticipated Completion Date: June 1, 2021



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, 2020, 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 May 6, 2021.

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) as a basis for designing 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 Town’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 questioned costs as items 2020-001, 2020-002, and 2020-003 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2020-004.

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 questioned costs. 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clifton, Gipford, Hardison & Parker LLC

Macon, Georgia
May 6, 2021



**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Braselton, Georgia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Braselton, Georgia's major federal programs for the year ended June 30, 2020. Town of Braselton, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Braselton, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Braselton, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town of Braselton, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Clifton, Lippard, Hardison & Parker LLC

Macon, Georgia
May 6, 2021

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)	None Reported
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
66.458	Clean Water State Revolving Fund

Dollar threshold used to distinguish between Type A and Type B program	\$ 750,000
Auditee qualified as low-risk auditee	No

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

Section II – 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*:

2020-001 Bank Accounts

CRITERIA

An effective system of internal controls includes the requirement that all bank accounts be reconciled with the general ledger control accounts monthly.

CONDITION

The General Fund and the Water and Sewer Fund operating bank accounts were not properly reconciled to the general ledger control accounts as of June 30, 2020.

CONTEXT

The Town recorded a net adjustment of \$51,448 to the General Fund operating cash account to reconcile the account to the general ledger control account. In addition, audit procedures identified an unreconciled difference of \$15,805 in the Water and Sewer Fund operating cash account at fiscal year-end.

EFFECT

The failure to properly reconcile the bank accounts resulted in incomplete or inaccurate recording of transactions in the Town’s financial records during 2020.

CAUSE

The Town sustained turnover in the finance department during fiscal year 2020, and reassigned department responsibilities amongst finance employees. During the transition period, the bank reconciliation process was not properly completed.

RECOMMENDATION

We recommend that bank accounts are reconciled to their general ledger control accounts on a monthly basis.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding and will ensure bank accounts are reconciled to their general ledger control accounts on a monthly basis.

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

2020-002 Accounts Payable / Retainage Payable - Water and Sewer Fund

CRITERIA

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

CONDITION

The Town had not properly accrued the June activity for the GEFA CW 2016030 and GEFA CW 2018013 projects.

CONTEXT

Audit adjustments were required as follows:

- An audit adjustment of \$153,948 was required to record the GEFA CW 2016030 project June activity.
- An audit adjustment of \$299,720 was required to record the GEFA CW 2018013 project June activity.
- An audit adjustment of \$116,525 was required to record the GEFA CW 2018013 project retainage payable as of June 30, 2020.

EFFECT

Audit adjustments were needed to fairly state accounts payable and retainage payable for the year ended June 30, 2020.

CAUSE

The Town lacked accounting procedures to ensure the recording of year-end accruals.

RECOMMENDATION

The Town should establish procedures to ensure the proper accrual of all liabilities incurred during the fiscal period.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding and will establish procedures to ensure the proper accrual of all liabilities incurred during the fiscal period.

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

2020-003 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.

CONDITION

The Town did not accurately record the loss of refunding on the issuance of the 2020 Water and Sewer Refunding Revenue bonds. In addition, the Town did not record accrued interest on the 2020 Water and Sewer Refunding Revenue bonds at year-end.

CONTEXT

Audit adjustments were required as follows:

- An audit adjustment of \$186,589 was required to adjust the loss on refunding at year-end.
- An audit adjustment of \$109,887 was required to record the accrued interest payable on the 2020 Water and Sewer Refunding Revenue bonds at year-end.

EFFECT

Audit adjustments were needed to fairly state the deferred loss on the 2020 Water and Sewer Refunding Revenue bonds and accrued interest payable for the year ended June 30, 2020.

CAUSE

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

RECOMMENDATION

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

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding and will establish procedures to ensure the proper recording of all long-term debt transactions in future periods.

TOWN OF BRASELTON, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

Compliance Finding

2020-004 Violation of Georgia Law – SPLOST Fund

CRITERIA

The Official Code of Georgia (O.C.G.A.) Section 48-8-121(a)(1) requires that SPLOST proceeds cannot in any manner be commingled with other Town funds prior to their expenditures.

CONDITION

At June 30, 2020, the SPLOST fund had a receivable from the General Fund.

CONTEXT

The Town receives SPLOST intergovernmental payments from several governments each month. In April 2020, Gwinnett County remitted the March 2020 \$48,648 SPLOST payment directly into the General Fund bank account in error.

EFFECT

The Town is in violation of O.C.G.A. Section 48-8-121(a)(1).

CAUSE

An error created by an external government created the inter-fund receivable in the SPLOST Fund. Town personnel responsible for monitoring accounting activity did not identify and correct the error until after year-end.

RECOMMENDATION

The Town should enhance internal controls in regards to monitoring internal balances.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Management concurs with the finding and will enhance internal controls in regards to monitoring internal balances, especially those received via wire transfers.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.